

NWT Mineral Development Strategy

DISCUSSION PAPER

Department of Industry, Tourism and Investment

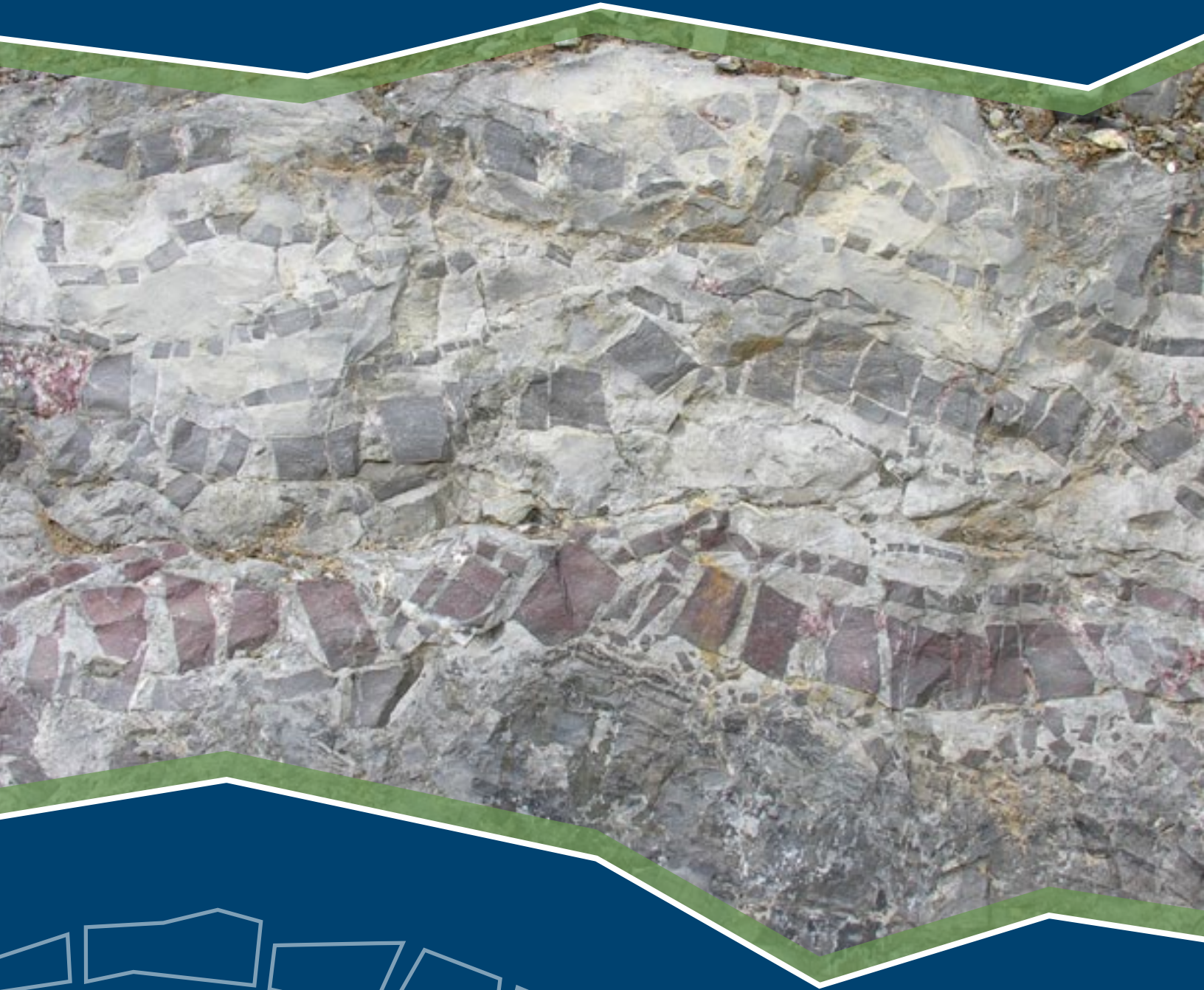






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MINISTER'S MESSAGE

The Northwest Territories (NWT) economy rests on the pillars of mineral exploration and mining. Combined, the NWT's four producing mines and different projects at various stages of development contribute a staggering \$770 million annually in spending and employs more than 3,000 people. For the foreseeable future, the mining sector will continue to be essential for economic growth in the NWT.

However, mineral reserves are not in unlimited supply and all mines eventually exhaust their economic reserves. By continuing to attract investment in new mining projects, we can ensure NWT residents continue to benefit from our land's wealth of resources. To this end, the Government of the Northwest Territories (GNWT) is currently developing a long-term NWT Mineral Development Strategy.

The GNWT's Mineral Development Strategy is intended to support sustainable mineral development in the NWT and address priorities established by the members of 17th Legislative Assembly in their document *"Believing in People and Building on the Strength of Northerners"*. The following paper is the first step in the process of developing a long-term plan; identifying key areas for discussion and outlining some questions for NWT residents to consider during the Strategy's development.

During the past 60 years, the GNWT has been an active participant in numerous mineral exploration and mining projects. This experience has provided us with an awareness of the benefits and risks that result from these activities. We have identified sustainable development - both social and environmental - as a key to future mineral activity in the NWT. We believe that sustainability can be achieved while simultaneously maximizing benefits to NWT residents and the development of this Strategy will help us in reaching that goal.

The development of this Strategy will employ a collaborative approach. We intend to constructively engage industry and residents in considering how best to promote mineral development in a manner that will be most beneficial for us all. We will seek comments and recommendations from individuals, governments, business leaders and other organizations- gathering as much information as possible to craft an informed, comprehensive strategy that will benefit all stakeholders in the industry - from residents, to industry, to government.

The NWT's future economic growth is closely linked to mineral development. To support mineral development that provides the greatest benefit to northern businesses, communities and residents, we must prepare a clear plan of action. As we negotiate the devolution of lands and resources from Canada, we must prepare for a greater role in managing mineral development in the near future.

Your thoughts and ideas are a critical component to this work, and we welcome them as we move forward in the development of our NWT Mineral Development Strategy.



A stylized handwritten signature in black ink, consisting of a large 'D', a period, and a 'R' followed by a long horizontal flourish.

The Honourable D. Ramsay
Minister
Industry, Tourism and Investment

WHY PREPARE AN NWT MINERAL DEVELOPMENT STRATEGY?

The first question some people ask is “Why is it important to prepare a NWT Mineral Development Strategy?”

The answer is quite straightforward. We know that mineral development activities are an important element of the NWT economy and that many residents and NWT businesses benefit from direct employment or mine spending. In addition, mineral development activities provide revenues for our governments—providing money that assists in supporting programs and services that are important to all northerners. To ensure that these benefits occur into the future, we also know that it is important to attract mining investment to the territory to encourage further exploration, and to ensure that development occurs responsibly and in a carefully planned manner that supports northerner’s long-term goals and interests.

Finally, the time is fast approaching when responsibilities for the management of NWT land and water resources will be the responsibility of the Government of the Northwest Territories (GNWT). To prepare for this, and to provide greater certainty for the public and for industry, it is important that there be a clear plan that outlines the approach that will be taken to guide decision-making related to the development of our mineral industry.

Recognizing these factors, we want to create a long-term plan that will guide our actions in promoting a sustainable exploration and mining industry over the next decade.

The NWT Mineral Development Strategy (the Strategy) will encourage governments - including the GNWT, Aboriginal governments, community governments and the Government of Canada—and industry to work together by providing a framework for action and outline goals for the next ten to fifteen years.

This discussion paper is the first step in the development of the Strategy. It is intended to stimulate critical thinking on these important topics and it asks several key questions to encourage comments and suggestions related to the development of the Strategy.





WHAT THE STRATEGY WILL CONTAIN

Our overall goal is to prepare a comprehensive long-term plan to support mineral development activities in the NWT.

During the preparation of the Strategy we must consider how to promote continuing and appropriate mineral development activities. We must also consider the impacts and benefits that further mineral development activities will have on our residents, our communities and our land. We will also include specifics that address our unique situation. For example, we will need to respect the role of Aboriginal governments and recognize the specific challenges that result from our unique geography and environment.

We can expect our Strategy will include:

- a vision for the future;
- strategy goals and key themes;
- priorities and planned actions; and
- an evaluation framework to measure success.

Ultimately, the Strategy will need to establish a balance between the interests of mineral stakeholders and those of individuals, communities, the business sector, Aboriginal governments and non-government organizations. The various interests may hold views that differ from those of the mining industry and possibly from each other. However, if we are to take advantage of the opportunities that mineral development can provide, it is important to understand the challenges industry faces and what it needs in order to operate successfully in the NWT.

When completed, the Strategy will guide the actions and activities of the GNWT as it supports mineral development.

Questions to Think About:



1. What do you want to see in the NWT Mineral Development Strategy?
2. What actions do you think we could take to strengthen our minerals industry?

WHAT IS HAPPENING NOW

The Impact of Mineral Development on the NWT Economy and Businesses

Exploration and mining has long been the largest category of private sector activity in the NWT. In 2011, mines and mineral development contributed \$768 million in spending to the NWT economy. Of this amount, over \$500 million was spent with NWT businesses. An estimated 3,000 people are employed in the mining industry in the NWT of which approximately 48% are NWT residents.

There are currently four producing mines in the NWT; three diamond mines and one tungsten mine. Table 1 shows the operational status of these producing mines.

Table 1: Producing Mines

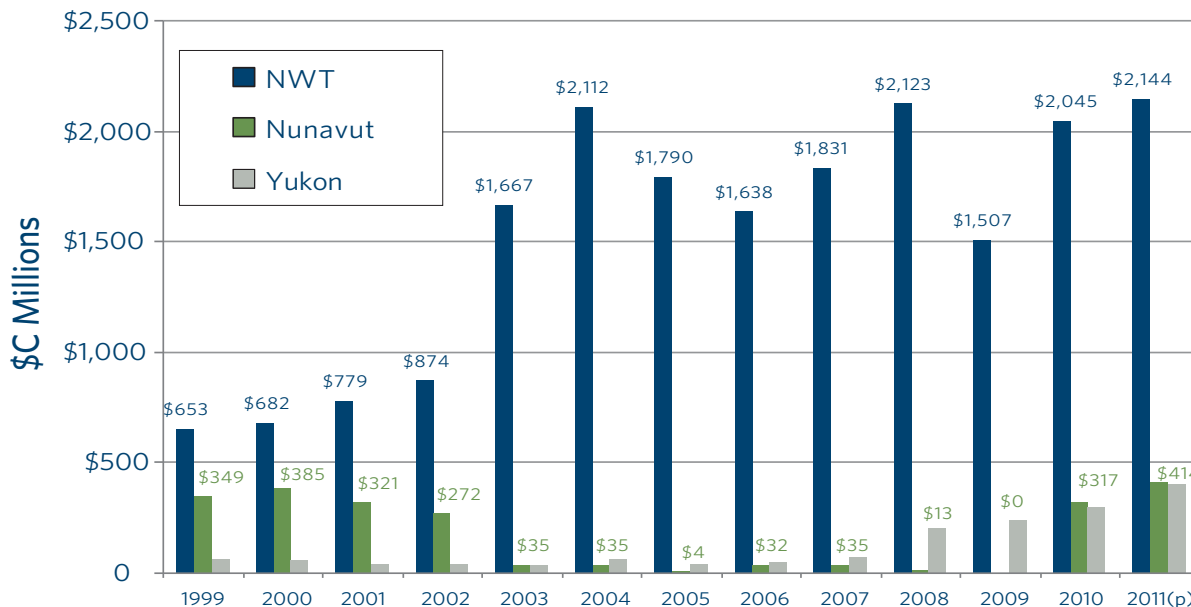
| Mine | Company | Commodity | Production | Employment (PY) 2011 |
|-----------|-------------------------|-----------|--------------------------|----------------------|
| Diavik | Rio Tinto | Diamonds | 6.7M carats | 1,137 ¹ |
| EKATI | BHP Billiton | Diamonds | 2.5 M carats | 1,528 |
| Snap Lake | De Beers Canada | Diamonds | <900,000 carats | 635 |
| Cantung | North American Tungsten | Tungsten | 2.5 M kg WO ₃ | 204 |

¹Diavik Socio-Economic Report, 2011

The value of mineral production in the Northwest Territories is significant and accounts for the large numbers of jobs and business expenditures.

Natural Resources Canada tracks annual mineral production, and the following chart shows how the Northwest Territories current mining industry compares to the Yukon and Nunavut.

Figure 1: NWT, Nunavut and Yukon Mining Production

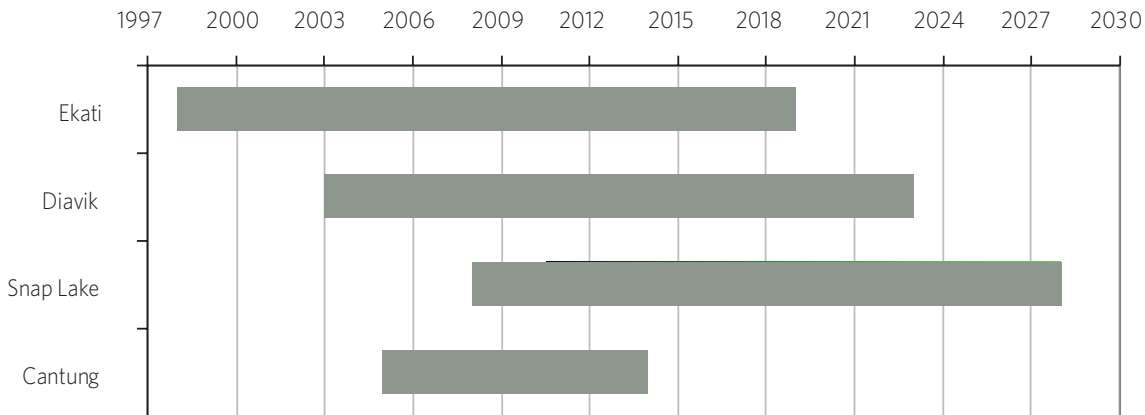


Source: Natural Resources Canada. See: <http://mmsd.mms.nrcan.gc.ca/stat-stat/prod-prod/2011-eng.aspx>

WHAT IS HAPPENING NOW

Mines have a fixed life and the benefits from mining diminish once economic minable reserves are exhausted. Figure 2 identifies the expected remaining life of the existing mines. It is clear that by 2019 we can expect employment at the existing mines to begin to reduce significantly.

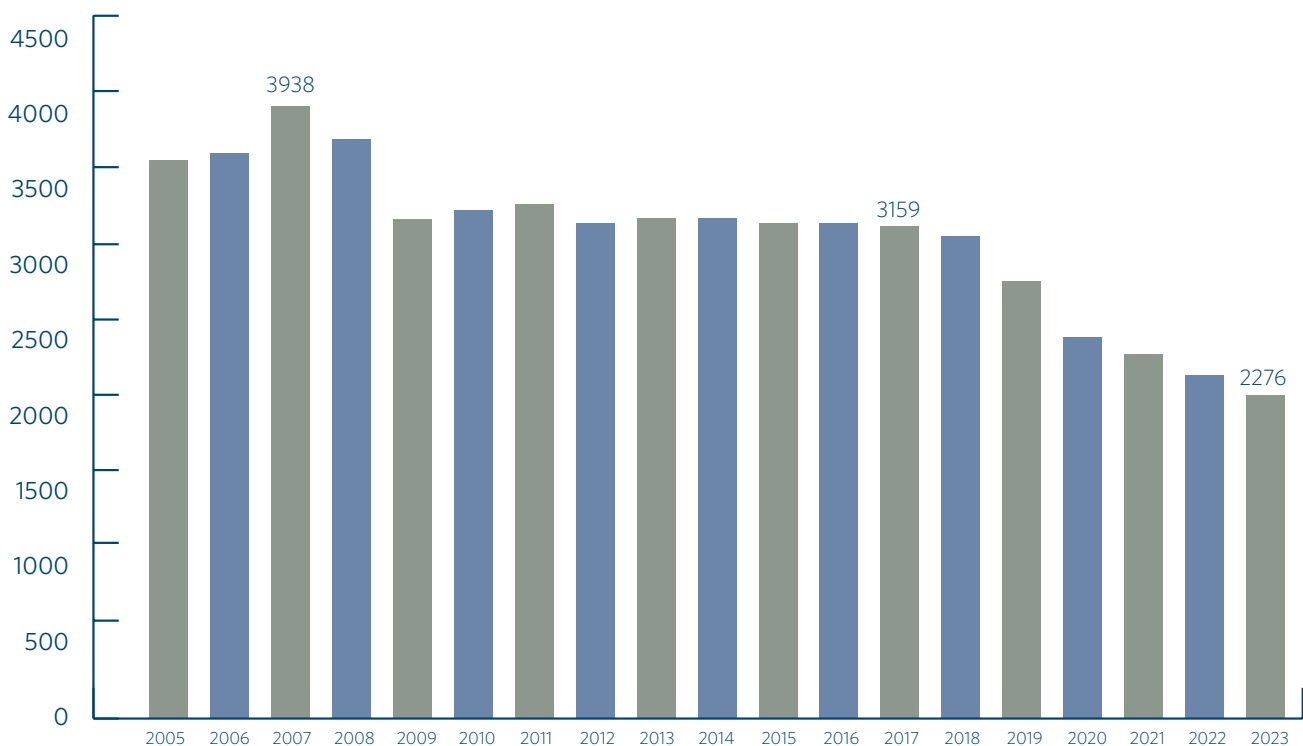
Figure 2: Projected Mine Life for Current NWT Mines



Source: NWT & Nunavut Chamber of Mines; company sources

Figure 3 highlights past and projected future mining industry spending and its impact on the NWT economy. It is evident that the territorial economy will experience a downturn after 2018, as a direct result of a reduction in current diamond mining activity, unless new mining projects come on stream to replace mines winding down current production levels.

Figure 3: GDP Projection (\$ Millions) - No New Mines



Source: Investment and Economic Analysis-ITI, GNWT

There are currently seven significant mineral projects in various stages of development in the NWT. These include projects proposing to mine diamonds, rare earth metals, cobalt, silver, bismuth, nickel, zinc and gold. Taken together, these projects could have a significant effect on the NWT economy and could potentially provide jobs for NWT residents affected by the projected closure of existing mines.

Table 2: Potential Mine Developments

| Project | Company | Commodity | Expected Production Start Date | Estimated Annual Direct Employment | Estimated Capital Costs for Mine Development (\$ millions) |
|--------------------------|----------------------------|-------------------------------|--------------------------------|------------------------------------|--|
| Yellowknife Gold Project | Tyhee Gold | Gold | 2015 | 330 | 193 |
| NICO | Fortune Minerals | Gold, Copper, Cobalt, Bismuth | 2015 | 150 | 200 |
| Nechalacho | Avalon Rare Earth | Rare Earth Metals | 2015 | 216 | 541 |
| Prairie Creek | Canadian Zinc | Silver, Zinc, Lead, Copper | 2015 | 220 | 193 |
| Gahcho Kué | De Beers/Mountain Province | Diamonds | 2015-16 | 380 | 650 |
| Pine Point | Tamerlane | Zinc, Lead | 2014 | 131 | 154 |
| Courageous Lake | Seabridge | Gold | 2016-17 | 350 | 1,520 ² |

Source: Company websites; www.mveirb.nt.ca, NWT & NU Chamber of Mines

² Courageous Lake Project Preliminary Feasibility Study, Seabridge Resources, July 2012

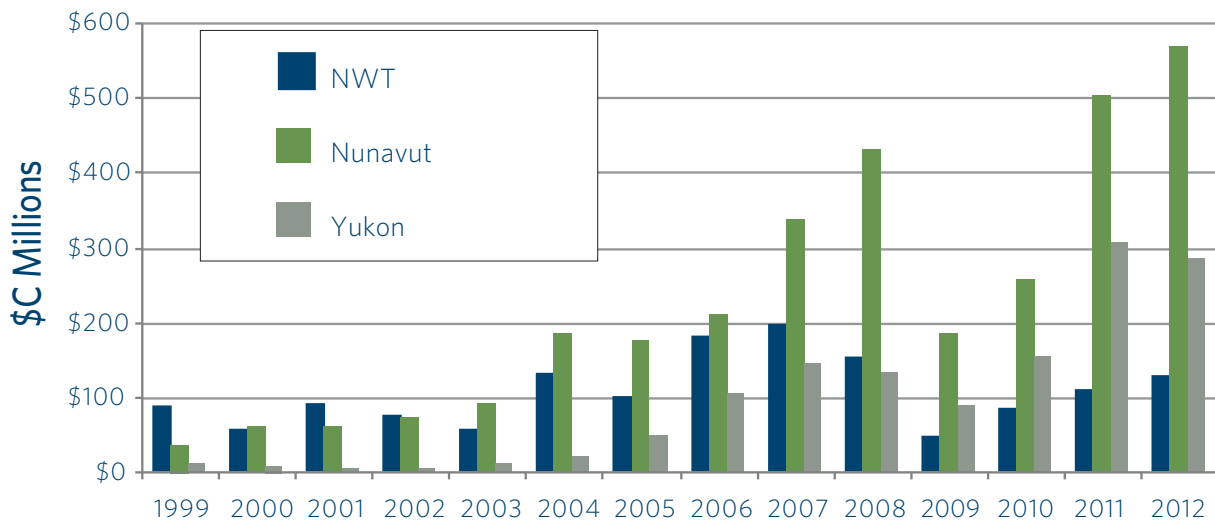
At this time, we do not know how many of the projects noted above will result in a mine. And, of course, additional mineral deposits could be identified and developed. Even under ideal circumstances a mine's development can take 10 to 15 years. Unless the industry is prepared to continue investing in exploration and preliminary mineral development activities on an ongoing basis, the current NWT mines may close before new mining projects are ready to take their place.



The odds against finding a mineable mineral deposit are very high, and only about one in a thousand exploration projects results in a mine. Maintaining healthy exploration investment is therefore important if we are to discover new mines to replace our mines as they mature and close.

Exploration has been strong globally for the past few years. Data collected by Natural Resources Canada shows that most of Canada, including our neighbours in Nunavut and the Yukon are doing very well in attracting exploration investment. As the Chart below shows, exploration investment in the Northwest Territories has not grown at the same rate.

Figure 4: Exploration and Deposit Appraisal Expenditures



Source: Natural Resources Canada, March 2012. See: <http://mmsd.mms.nrcan.gc.ca/stat-stat/expl-expl/1-eng.aspx>

Government Initiatives

In the NWT, a number of major government initiatives are underway that will have a direct impact on the future of mineral development activity. For example, the finalization of some Aboriginal land claims has already established increased clarity with respect to roles and responsibilities related to land ownership, land access and the structure and operation of licensing authorities in some regions. Negotiations are continuing with other Aboriginal groups and the conclusion of negotiations should provide additional clarity for residents, governments and industry.

Over the past few years, the Government of Canada has established a new agency to support business development in the north – the Canadian Northern Economic Development Agency or CanNor. Canada is also engaged in a regulatory improvement initiative to find ways to streamline decision-making, increase predictability and reduce uncertainty. In addition, Canada continues to invest significant dollars to support training (through Human Resources and Skills Development Canada (HRSDC) programs).

The GNWT continues to prepare for the future by developing a framework of policies, legislation and plans including those focused on supporting the government's long-term goals. For example, the approval of major policy frameworks such as the GNWT's *Sustainable Development Policy*, the *NWT Water Stewardship Strategy*, prepared in cooperation with Aboriginal governments and Canada, the *NWT Protected Areas Strategy*, the tabling of a new *Wildlife Act*, and the drafting of the *Land Use and Sustainability Strategy* (currently in development), all clarify the direction the GNWT plans to take into the future. The Economic Opportunities Strategy (currently in development) will support broad NWT economic development. Taken together, these documents establish a framework for future action based on principles of cooperation

and collaboration between the GNWT, Aboriginal governments and NWT residents. The NWT Mineral Development Strategy is a critical component to the GNWT's long-term plans and will reflect the directions established in these documents.

In addition to setting a broad framework for future activity, the GNWT has undertaken a number of projects and activities targeted at more immediate results. Examples of these activities, all of which have the potential to help strengthen the environment for mineral development, include the examination of opportunities to expand the use of hydro-electric, solar and biomass to generate electricity and heat, the renewal of the *NWT Energy Strategy*, and preparation of an *NWT Labour Force Development Framework (2011)*.

Further, the GNWT has initiated a large number of infrastructure projects such as the construction of a bridge over the Mackenzie River, construction of a road between Inuvik and Tuktoyaktuk, development of a proposal for the construction of a highway along the Mackenzie Valley, and supporting the construction of a fibre optic cable to serve residents of the Dehcho, Sahtu and Inuvik Regions.

The GNWT has also strengthened the role and funding for community governments and, in terms of social programming, the GNWT continues to invest in its education and health care systems and has moved to strengthen its early childhood development program.

All of these activities help improve the status of living for residents and make the overall business climate in the NWT more attractive to investment.

In addition to government, others, like the NWT and Nunavut Chamber of Mines continue to promote the NWT to investors at major mining conferences. They have also begun to reach out to Aboriginal communities to help build bridges to future economic development, and in 2011 signed an MOU with the Akaitcho for "collaboration towards mutually beneficial mineral exploration and development in the Akaitcho Territory."

The Devolution of Responsibilities for Land and Water Management

This is a time of change in the NWT.

In the past, the Government of Canada has had the authority to make most of the decisions related to land and water use in the NWT. This has left Aboriginal governments and the GNWT in the position of trying to influence federal decisions in Ottawa, rather than participating in decision-making here in the NWT. This has been difficult and frustrating for industry and for NWT residents and businesses.

The finalization of a devolution agreement between the Government of Canada and the GNWT will be a “game changer” – it will fundamentally change northern involvement in managing and protecting our lands and waters. We can foresee a time, in the very near future, when land and water management decisions will be made in the NWT, by NWT residents – the people most directly impacted by development. As well, an agreement will lead to more northern jobs and business opportunities. To prepare for this day, it is important that we have a clear plan with respect to those most critical areas related to land and water use – one of which is mineral development.

Questions to Think About:



1. What specific actions are required to establish a more attractive investment climate in the NWT?



SUSTAINING GROWTH AND DEVELOPMENT

Given the mining industry's importance to our economy, mineral development will play a critical role in our future growth and development. As a result, it is important to consider how mineral development can best occur to the benefit of NWT residents, NWT businesses and industry.

To maximize the benefits of mineral development to NWT residents, sustainable growth and development is necessary. Growth will support self-reliance and help many NWT residents to meet their goals, be they economic or social. In this regard, the Strategy needs to consider several areas of activity.

The Role of Governments

Governments have a number of roles to carry out if mineral development activities are to occur on a sustainable basis. The GNWT, Aboriginal governments, community governments and the Government of Canada all participate in promoting or supporting mineral development. These roles include:

- establishing appropriate policies and legislation;
- establishing regulatory processes that are transparent and timely;
- providing geoscience and mapping information;
- monitoring and enforcing rules, agreements and regulations;
- supporting the development of public infrastructure;
- settling outstanding Aboriginal land claims;
- providing education and training for residents; and
- planning, delivering and evaluating programs and services.

Some of these roles can overlap and lead to confusion, as several different governments may be involved. Understanding the roles of Aboriginal governments, and those of the territorial and federal governments are important.

From an industry perspective, it is essential that governments are effective in carrying out all of their roles. For example, for the minerals industry, the availability of infrastructure such as roads, communications systems and electrical power generation and distribution directly influence project economics and whether or not a project

proceeds. While industry may develop some of the required infrastructure, the extra costs can make a project uneconomic and prevent it from being developed. In those instances, government's role in investing in and developing infrastructure is critical.

One historical example of the importance of government supported infrastructure that not only helped industry but also communities can be found in the federal government's decision, made over forty-five years ago, to construct the Taltson hydroelectric generation plant to serve the Pine Point mine. Without the power system, the mine would likely not have been developed, and the resulting jobs and northern benefits would not have been available. The lasting legacy of access to a secure electricity source enjoyed by residents in the South Slave Region would also have been lost.

Governments receive revenues from industrial activities. Revenues received by northern governments include royalty payments, property and fuel taxes, corporate and personal income taxes, and payroll taxes from residents working on the projects. Once devolution has occurred, increasing industrial activities will, over time, result in increases in northern government revenues. Governments use these revenues to fund programs and services, to invest in public infrastructure, to offset any additional costs they may incur as a result of industrial activities and to build the capacity of the northern labour force.

Aboriginal governments also receive revenues from mining: directly if mines are built on Aboriginal subsurface lands, and indirectly through requirements under land claim agreements. The Gwich'in, Sahtu and Tli Cho for example, have each received over \$10 million over the past 10 years as their share of diamond mining royalties from the Federal Government. Under the devolution agreement, they are expected to receive even larger shares of government royalties generated by projects anywhere in the NWT.

For industry, payments to governments are one component of their overall operating cost. If excessively high operating costs prevent the realization of adequate return on investment for particular projects, the mining industry is not likely to develop that mine. Governments can increase cost certainty for industry by establishing and maintaining a stable tax and royalty regime.

Finding the correct balance between industry payments to governments and the overall costs of these payments to industry is a challenge, but is critical to the long-term sustainability of mineral development activities.

Supporting Community Growth

Mineral development activities always affect communities. The impact may arise from employment and business activities, or from the project's use of municipal infrastructure. They may relate to environmental or social impacts. To establish a climate for sustainable growth and development, it is critical we recognize the impact of mineral development projects on communities and outline a plan to address them - to increase the positive and minimize the potential negative.

We have some experience in tracking the impacts and benefits of mineral development in the NWT. Monitoring undertaken to assess the impact and benefits of diamond mining on communities in the North Slave Region is an example. Looking at population change, employment and income levels, and housing availability are all examples of matters that require consideration when proposing mineral development.

NWT community governments located near resource development projects have gained practical experience regarding the benefits and challenges of mineral-related activities. These valuable experiences can be used to plan and improve programs and services provided by governments in all areas of the NWT.

It is also important to note that industry can be an active supporter of communities. Contributions to community projects, providing support to non-profit organizations' initiatives, scholarships and donations, and the provision of technical advice to assist with the completion of community projects are examples of ways industry can assist communities in achieving and improving the quality of life of their residents.

Questions to Think About:



1. How can governments and industry better clarify their respective roles and responsibilities?
2. How can governments better coordinate their actions related to mineral development?
3. How can we maximize a mining project's positive benefits and mitigate negative impacts on communities? What are some concrete actions industry, communities, and government can take for future projects?
4. What can industry do to support northern priorities and goals?
5. What are the primary public infrastructure needs to support mineral development? Which of these can bring benefits to communities too?



UNDERSTANDING INDUSTRY NEEDS

The NWT has tremendous mineral development potential. The Fraser Institute's "2011/2012 Survey of Mining Companies" ranked the NWT as the 6th best jurisdiction in the world for mineral potential, out of over ninety jurisdictions surveyed. We believe there is significantly more mineral wealth to be found in the NWT, especially as geo-scientific information and exploratory technologies improve our understanding of the geology of the NWT.

However, high mineral potential is not enough to guarantee that mineral development occurs. Many members of the mining and business community as well as the NWT and Nunavut Chamber of Mines have identified a number of factors which will help the NWT to become a more attractive location for exploration and mining investment, investment that is critical if we are to discover new deposits to replace the existing mines as they mature and eventually close.

The perceptions and concerns of industry are important. An illustration of industry's views can be seen by looking at the share of national mineral exploration expenditures spent in the NWT. According to Natural Resources Canada, the NWT's share of exploration expenditures has decreased from 7% of the national total in 2007 to 3% in 2012. On the other hand, the situation in the other northern Territories has been improving. The Yukon Territory's share of exploration expenditures has grown from 5% in 2007 to 7% in 2012. The Nunavut Territory's share has grown from 12% in 2007 to 14% in 2012. This change is a concern and addressing these perceptions is important if we are to improve the NWT's investment climate.

The Mining Industry's International Nature: A Competitive World

The mineral exploration and mining industry operates in an international marketplace. Countries and jurisdictions compete for industry investment to develop their economies and provide the jobs, business development, and tax revenues, and to provide the raw materials for their manufacturing industries.

Knowing our potential investors is helpful in strategizing how we attract them to the NWT. Many of the companies that conduct exploration and mine minerals in the NWT are large multi-national corporations – called ‘majors’ – that reinvest profits from their mining operations into exploration worldwide. Important too are the historically larger numbers of small exploration companies–called ‘juniors’. With their small management teams and low overhead costs, they have proven to be a significant exploration force since they can act quickly, both in raising public and private money and in maximizing its investment in actual “on the ground” exploration. They have successfully found many mineral deposits, which they often sell to the larger ‘majors’ who have the greater financial and technical ability required to turn them into mines.

In determining where they will invest, junior and major companies evaluate jurisdictions based on certainty (or its opposite, risk) and costs. In so doing, they look at a number of considerations, including:

- geological potential;
- market price that can be obtained by selling the extracted minerals;
- costs for exploration;
- costs for mine construction and operations;
- access to funding to support mineral development projects;
- infrastructure or lack of) and implications on costs of transportation, power, etc.;
- political stability; and
- regulatory requirements and regulatory certainty.

Tax obligations and tax and other government benefits also make a difference. Many jurisdictions provide financial grants or tax rebates to lower costs so as to help attract industry investment. For example, the Federal Government currently provides a Mineral Exploration Tax Credit nationally, Nunavut provides a fuel tax rebate, and Yukon’s Mining Incentive Program provides cash rebates for grassroots exploration through to advanced projects.

There are some factors influenced by circumstances well beyond the borders of the NWT. For example, access to capital is really a national or international matter, and the GNWT has no influence over the capital markets in which mineral development companies are involved. The same is true with respect to commodity prices. However, there are decisions that can be made here in the north that can increase certainty, and reduce risk and costs for industry, and thereby attract investment. Based on what industry has told us, some of the key areas for our consideration during the Strategy’s development are outlined below.

Developing Geoscience Information

Identifying the potential areas where minerals may be located can be a challenging task. To attract investment in large unmapped areas like Canada, governments generally assist industry by providing regional geoscience and geologic information. With this additional geoscience information, industry can focus its exploration efforts and resources in areas with the highest potential for success, thus reducing overall exploration costs and improving the odds of finding new economic mineral deposits.

Currently, the geology of the Northwest Territories and Nunavut is the most poorly understood in Canada. While research and analysis is in progress in the NWT, much more geoscience work is required if we are to compete with other jurisdictions.

Increasing Certainty for Developers

Industry is primarily interested in identifying and developing mineral deposits. However, it is not quite that simple. Governments establish rules and regulations to manage mineral development activities, determine access to lands, set fees and royalties, and establish other requirements that companies must meet in order to explore and develop mineral deposits. Industry must then operate within the governments’ framework.

For industry, the greater the transparency, simplicity and certainty of the governments' requirements, the easier it is to successfully explore and develop. Industry has identified a number of areas that, in their view, contribute to uncertainty in the NWT, including:

- a complex regulatory framework;
- overlap and duplication of review and licensing processes;
- limited and declining access to land; and
- expectations of industry that are unrealistic or not matched to the scope and size of the project.

During the planning process we need to confirm the importance of these issues and identify any other issues that are fundamental to the industry's success.

We need to acknowledge that there are a number of complexities in the NWT that create uncertainty for industry. Examples of current circumstances that increase uncertainty include: the negotiation of the devolution of the management of land and water resources from the federal government; unsettled land claims and self-government agreements; incomplete regional land use planning and evolving regulatory regimes. Over time, many of the areas of uncertainty will be resolved. However, until there is a resolution, it may be possible to find ways to increase industry confidence in the NWT as a "place to do business", while we ensure that all regulatory requirements are fully met.

Northern Business Capacity

Mineral development increases NWT employment and small business growth during the exploration, pre-development, construction and operational stages. In order to maximize the northern economic benefits resulting from these activities, it is important that NWT businesses are engaged and active in providing goods and services to the industry.

Over the past decade, the construction and operation of diamond mines in the NWT have resulted in significant increased business growth and activity. For example, there are now over 50 new Aboriginal companies that have arisen because of diamonds. Through mining businesses, the mining industry provides more jobs and pays more taxes to government.

For businesses to grow and flourish they need access to the market they wish to serve, capital funds for initial start-up and equipment, technologies to make the business operations effective and efficient, and access to knowledge and information. The mineral development industry, on the other hand needs supplies and materials. Linking the needs of the industry to NWT businesses can be mutually beneficial.

The Department of Industry, Tourism and Investment is currently developing a general Economic Opportunities Strategy that will highlight how business activities can be promoted and supported in all of the NWT's regions. It is expected that this Strategy will also reflect the opportunities for small business development and growth created by the needs of the mineral development industry.

Employing NWT Residents: Improving Labour Market Skills

Mineral development requires employees with specialized skills and knowledge. This is true for employees of businesses that support the industry and for those directly employed in the industry itself. In most cases, those in direct and related jobs require a solid high school record and appropriate skill or apprenticeship training. Residents interested in technical or managerial positions require post-secondary studies at a college or university level.

Skills and knowledge levels of northern workers have improved significantly over the past 20 years, but many people who are interested in working in the mining industry still need to gain additional schooling and training in order to compete for the available jobs. For northerners to gain the greatest possible employment benefits from future mining and mineral development projects it will be essential that the skills and knowledge of the northern labor force continue to be increased.

Overall NWT employment levels are quite high when compared to the national average. However, many NWT residents who are interested and available to work, and are living in smaller communities, have difficulty finding jobs. Access to work on mineral development projects may allow workers living in smaller communities, who possess the necessary skills and knowledge to gain employment, to increase their income.

It is also important to note that as mineral development and extraction techniques evolve, workers must adapt to them. Increasing or updating the skills and knowledge of those in the labour market is important to maintaining current and future employment levels.

Being able to find and hire skilled employees is an important consideration for a firm that is deciding whether or not to proceed with a mineral development project in the NWT. Making sure that northerners have the needed skills and knowledge will help to maximize employment benefits from any mineral development sector.

Questions to Think About:



1. What actions can we take to increase certainty for industry, while respecting the social, economic and political goals of NWT residents?
2. How can we identify and reduce investment risks?
3. What additional education and training activities are needed to assist NWT residents in obtaining a greater proportion of the available jobs in the mineral development and related business sectors?
4. What skills will NWT workers need to compete for future employment opportunities in the mining industry? How should they get these skills?
5. What can government, companies and communities each do to help Industry to hire more northerners?





ADDRESSING SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

Development affects people and the environment. As a result, when preparing the Strategy it is important to assess the potential social and environmental impacts of mineral development. This includes how the positive impacts of development can be increased and how negative impacts can be minimized. When we consider social and environmental impacts, it is not merely the impacts on those of us living here today, but also the potential effects of development on future generations. We need to plan for a sustainable future.

Conducting Mineral Development in Accordance with Policy and Legislation

Governments, with input from both their citizens and industry, set rules to guide mineral development. These rules protect the environment and establish a framework that enhances economic and social benefits for residents. These rules also determine what actions to take if something goes wrong – they describe how we will resolve problems and address difficult situations.

It is important that mineral development occurs within a clear policy and legislative framework set by governments. Industry understands this and frequently works with governments to ensure that the rules and regulations are workable and enforceable.

As new developments occur, technologies change and society's social needs also adjust and evolve. As a result, governments also need to change and adapt their rules and programming. The Strategy will examine these matters and define actions needed to ensure that policies and legislation are in line with changing circumstances, and best address the needs of the NWT and industry.

Understanding Mineral Development Impacts and Benefits

To make good decisions and to build a broad understanding of the impacts and benefits of mineral development in the NWT, it is important to collect and report information on the existing land and environment as well as recording the effects of activities. This information helps us to understand what occurred and assess the degree to which things have changed as a result of the activity. Analysis of data and documentation then allows us to adjust or redefine policies, legislation and programming to ensure mineral

development takes place in a way that is socially, economically and environmentally sustainable.

As a result, the Strategy will examine ways in which we can collect information, communicate with interested individuals and groups, and in the end, guide future decisions related to mineral development in the NWT.

Resolving Problems and Issues: Cooperation and Collaboration

It is important that governments and industry effectively cooperate and collaborate on key matters with the goal of finding workable solutions. Sometimes, approaches to resolution of problems and issues are described in legislation or agreements.

This being said, the most effective ways to resolve issues are, generally, transparent and simple in nature. Where possible, the 'one-stop shop' approach is effective. The Strategy will need to examine approaches to issues resolution and determine whether it is possible to improve communications and the mechanisms that are used to address issues as they arise.

Questions to Think About:



1. What were the social, economic and environmental impacts of past mineral development activities?
2. How can we best protect our NWT environment and mitigate adverse effects from mineral development?
3. What are the best approaches for environmental monitoring and best environmental practices?
4. How can we better communicate the activities associated with mineral development activities and the results of these activities to the public?

WHAT HAPPENS NEXT?

The circulation of this discussion paper is the first step in the preparation of the NWT Mineral Development Strategy. Over the next few months a number of workshops and meetings will take place in communities across the NWT to build a better understanding of issues, challenges and opportunities, as they relate to mineral development. We will use the information and perspectives shared at these sessions to build the Strategy.

While preparing the plan we intend to consult with Aboriginal governments and organizations throughout the development of the Strategy and in accordance with the *GNWT Approach to Consultation with Aboriginal Governments and Organizations*.

In addition to the workshops and meetings, we invite all residents and interested stakeholders to send comments and suggestions to the NWT Mineral Development Project Team.

You can contact the team in the following ways:

Phone: 867-920-3222

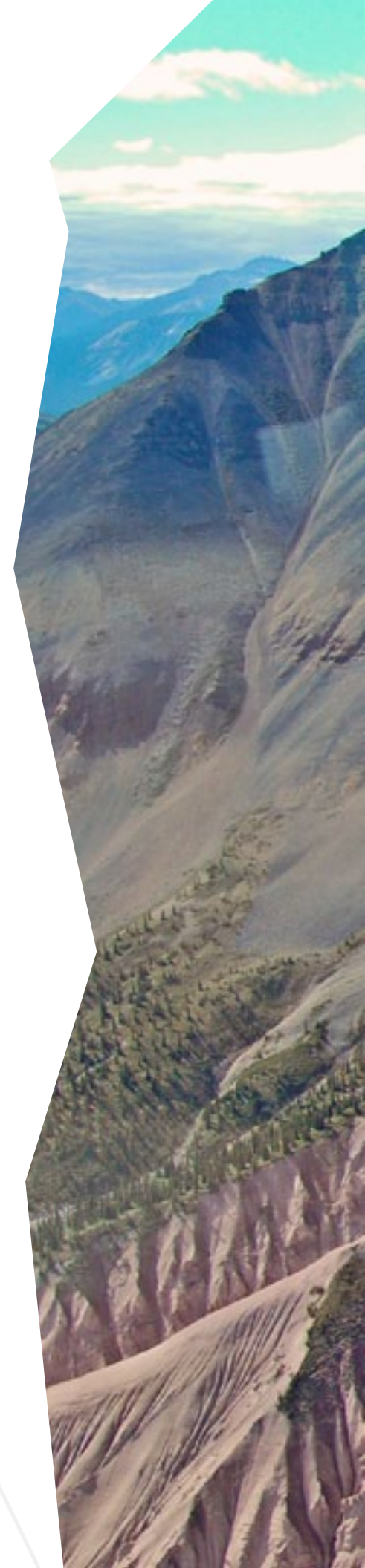
E-Mail: mineraldevelopmentstrategy@gov.nt.ca

Mailing Address:

NWT Mineral Development Strategy
Minerals, Oil and Gas Division
Department of Industry, Tourism and Investment
Government of the Northwest Territories
PO Box 1320
Yellowknife NT X1A 2L9

We will develop the Strategy over the next year with the involvement of many individuals and organizations. Your comments and suggestions are essential to the development of this important Strategy. We value your participation in this process and encourage you to provide your opinions and advice and to participate in the work that will take place in the communities around our territory.

When the NWT Mineral Development Strategy is finalized, fully considering stakeholder input, it will be published and tabled in the NWT Legislative Assembly and made available to the public through industry and government sources.





For more information, contact:

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