



Alternatives North

Comments on the NWT Mineral Development Strategy

Background Information on Alternatives North

Alternatives North (AN) is an active volunteer organization with a well-established 20 year history. We function as a social justice coalition and non-profit society. AN is based in Yellowknife and operates in the Northwest Territories. Within our ranks are representatives of churches, labour unions, environmental organizations, women and family advocates, seniors and anti-poverty groups. We have worked on various issues over the years including the promotion of an anti-poverty strategy for the NWT, the Mackenzie Gas Project, the Giant Mine Remediation Project Environmental Assessment and submissions on various government policies such as the Economic Opportunities Strategy and Bill C-47, the NWT Surface Rights Board Act. We have a proven track record of providing sound research and bringing people together to work towards practical solutions.

GNWT Mineral Development Strategy

Who's in Charge?

AN is very concerned that the current lauded “partnership” between industry and public government on this initiative demonstrates a remarkable industry dominance of the public interest agenda. GNWT needs to fulfill its duties in the broader interests of all residents, not align itself so completely with the narrow interest of one economic sector. We believe GNWT is taking this approach through a lack of imagination and confidence that we can develop things other than rocks. If government put the effort into developing alternative economic development, including our human resources, we would find creative ways to diversify beyond our current dependence on the mining sector.

Questioning Assumptions

The GNWT should stop perpetuating the myth of “sustainable” mineral development. Mining, by its very nature of extracting non-renewable resources, is NOT sustainable. When rock is removed from the ground, it does not regenerate and is not available for future generations. Therefore, it is by definition, not sustainable. All inappropriate uses of the word “sustainable” should be removed.

AN is not opposed to mineral development. However, we must develop this natural capital, one-time non-renewable resource very carefully to maximize northern benefits. The real issue is how mining can contribute to truly sustainable development. The operation of the mineral extraction industry today should be designed to convert our natural capital into financial capital permanently available for investment in future economic activity.

Another mistaken assumption is that growth is inherently good. How many decades have we been conscious of “Limits to Growth” on a finite planet? The language of this discussion paper reflects a “growth is good”

mindset, even while the GNWT solicits public input on “living within our means” or recognizing limits. The focus should be how do we live well with what the land can support? The real challenge and opportunity is how mining can contribute towards developing sustainable and healthy communities, and how we can better distribute the wealth that is created from mining across generations and geographic regions of the NWT and use it to support development of a truly sustainable and diverse economy.

Who Benefits?

We acknowledge the important contribution mining has made to economic development in the NWT but further mineral development at this time will not benefit northerners unless significant changes are made to the scale and pace of development. We have reached a point where the capacity and supply of our resident labour force is not adequate to meet the demands of even current mineral development. This is clearly shown by the inability of the diamond mines to meet socio-economic targets for northern and Aboriginal workers. For whom, then, are we developing more mines?

Myth of a Broken Regulatory System

Similarly, the GNWT should stop perpetuating the myth that our regulatory systems are broken and need to be fixed. This mantra has captured national media and political attention and has become a self-fulfilling prophecy. The real problem is the failure to finish land rights settlements for the Dehcho and Akaitcho regions and the failure to fully fund and implement the integrated resource management system and land use plans. If the northern resource management regime is to be improved in the public interest, the answers lie in the NWT Environmental Audits from 2005 and 2010 to which governments have still not yet responded. Dismantling the system may facilitate resource extraction, but at costs that are not in the public interest.

The public benefit of mining in NWT is greatly diminished by the environmental and financial costs to the public. Too many contaminated sites have been left to the public purse for clean-up after corporations have either bankrupted, or moved on to other profit opportunities. This was highlighted in the very recent Report of the Commissioner of the Environment and Sustainable Development. If we do not regulate mining properly and in the public interest, there will be more Giant and Colomac mines to remediate or that require perpetual care, at taxpayer expense. The transfer of environmental risk to the public is a ‘hidden’ subsidy to the corporations and we should not be paying it. The NWT has one of the weakest mining reclamation regimes in North America and much work is required to begin to prevent further public liabilities (see Wenig and O’Reilly 2005).

Real Reform

We encourage the GNWT to view this Strategy process as an opportunity to work to reform the free-entry system for mineral resources. The free-entry system is being constitutionally challenged, and we should be prepared for its demise by developing a system more appropriate to the modern era. The following are elements of such a system:

- Consider a rights disposition regime that is more like oil and gas, where areas are nominated and then a bidding process is used to capture more revenues for the public purse (as was done by the Inuvialuit when they put subsurface rights on their lands up for bid and raised \$75 million).
- Ensure full and complete disclosure of mineral exploration data to prevent further invasive and environmentally destructive activities, and to better build our geosciences knowledge base.

- Treat mineral resources as public natural capital. Recognize the other values of the land and the people who live there. Rather than requiring exploration work, such as trenching and blasting, to keep a claim active, companies should be required first to do cultural, community and archaeological work.
- Develop a more comprehensive strategy that includes the other two factors in the “triple bottom line”: social and environment.

What other “significant changes” are needed? Recommendations from our research include:

- Ensuring that mines pay a fairer share of taxes and royalties that stay in the north. This could and should happen - even before devolution - by the GNWT exercising its authority to levy a resource tax, and then reinvesting this one-time revenue into the Heritage Fund and/or more sustainable activities. Alternatives North has commissioned and produced a number of reports on the issue of non-renewable resource revenues and taxes and the challenges and benefits connected with these options (see references below). What of more sustainable activities? Some examples include: energy conservation, renewable energy development, arts and crafts, tourism, and import substitution for food, fuel and housing. One only has to refer to the NWT Bureau of Statistics’ economic multipliers data and compare, for example, forestry and logging to diamond mining to see that comparable investment in these other sustainable economic sectors creates many more jobs.
- Negotiating socio-economic agreements that have real “teeth” in terms of sanctions or penalties when northern benefits targets are not reached. The penalties could be directed to improve training, education and literacy of NWT residents. We believe there are reasons for the inability to fulfill employment quotas or objectives: our northern work force is maxed out; anyone who really wants a job in mining is already doing it. Social dysfunction and our poor education system work against more northerners getting available positions.
- The GNWT should be doing more to control the scale and pace of development so that cycles of boom and bust are modified to maximize northern benefits. This can be accomplished by supporting the integrated resource management system under the *Mackenzie Valley Resource Management Act*, especially land use planning.
- We mentioned that training and education are critical; however there are other barriers to northerners being employed by mines.
 - Proximity to communities or lack thereof, necessitating rotational camp work that is not conducive to everyone’s preferred lifestyle or family arrangements (e.g. single parents).
 - Poverty, mental health, trauma, addictions and other issues that prevent people from being able to participate in education and employment. Which comes first, the workforce able and willing to participate in the industry, or the industry?
 - Government policies that discourage employment, e.g., public housing rents being linked to total household income (e.g. when a son living at home takes a job at a mine it drives up the rental unit costs for his parents. This may seem like a non-issue for many of us, but consider that in many communities, there are no market rental options, the son cannot move out. It also discourages saving to build/buy a private market home if so much of your salary goes to rent.)

These are a few specific examples. The GNWT has a responsibility to consider and address these factors before putting resources into clearing the way for more mining projects to advance. If the prevailing approach advocated in the NWT Mineral Development Strategy is what NWT residents can expect from their government when it takes over responsibility for mining through devolution, there will be further

decline in environmental protection, more abandoned mines and concentration of effort in inherently unsustainable activities.

References

2012 Fall Report of the Commissioner of the Environment and Sustainable Development, Chapter 2—Financial Assurances for Environmental Risks. http://www.oag-bvg.gc.ca/internet/English/parl_cesd_201212_02_e_37711.html

NWT Environmental Audit 2005 and 2010 <http://www.aadncaandc.gc.ca/eng/1100100027504/1100100027505>

Economic Multipliers <http://www.statsnwt.ca/economy/multipliers/Multiplier%20Report-2012.pdf> (Table is last page of report)

Resource Revenue options:

1. Pathways to Prosperity conference Diana Gibson speech <http://alternativenorth-ca.web33.winsvr.net/Portals/0/Documents/GNWT%20Finances/2012%2010%2012%20Resource%20Wealth%20Opportunities%20and%20Challenges--Diana%20Gibson%20Speech.pdf>

2. When Government is the Landlord <http://www.pembina.org/pub/171>

3. DISCUSSION PAPER PROPOSED AMENDMENTS TO THE NORTHWEST TERRITORIES MINING ROYALTY REGIME IN THE CANADA MINING REGULATIONS. Indian and Northern Affairs Canada. August 1996. http://www.aadnc-aandc.gc.ca/DAM/DAM-INTER-HQ/STAGING/texte-text/discpap_1100100036013_eng.pdf

Previous Alternatives North Comments on similar initiatives:

Heritage Fund

<http://www.alternativenorth.ca/Portals/0/Documents/GNWT%20Finances/2011%2005%2001%20Bill10%20Heritage%20Fund%20Act%20Presentation.pdf>

Diamond Mining

<http://alternativenorth-ca.web33.winsvr.net/Portals/0/Documents/Mining%20Oil%20and%20Gas/Mining/2008%2003%2027%20Diamonds%20Are%20Forever%20Comments.pdf>

Michael M. Wenig and Kevin O'Reilly. 2005. The Mining Reclamation Regime in the Northwest Territories: A Comparison with Selected Canadian and U.S. Jurisdictions. Canadian Institute of Resources Law and Canadian Arctic Resources Committee. http://carc.org/pdfs/mining49_nwtminingreclam_final_21jan05.pdf

Prepared by Alternatives North
April 11, 2013