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The Socio-economic Impacts of Mineral Development in Nunavut

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House of Commons Standing Committee on Natural Resources

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8:45 to 10:45 a.m.
10 minutes

Good morning.

On behalf of the Government of Nunavut, I would like to express my appreciation for this opportunity to share our experience with the members of Standing Committee.

The map we have distributed shows what most experts and industry observers believe is the potential mining development in Nunavut this decade. About half a dozen major projects are currently at various stages of environmental review. The largest is the Mary River iron ore project which, if completed, will transform the economy of Nunavut. In addition, there are another half dozen advanced projects. To round off the picture, there are 90 early exploration projects.

Currently, Nunavut's mining sector represents at least a quarter of our economy. Its rapid growth explains why for both 2010 and 2011, Nunavut's economic growth was the highest in Canada, achieving 11.4 and 7.7 per cent respectively.

Nunavut ranks fourth in Canada in terms of mining exploration investment. Considering that our population is just over 33,000, this level of exploration activity is economically significant for Nunavut, and if even a small number

of exploration projects go on to be developed as mines, they will represent a tremendous opportunity for employment and economic development in Nunavut.

And this development also has an impact in the rest of Canada. By our estimate 80 per cent of the economic benefits of mining in Nunavut accrue to other Canadian jurisdictions.

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To briefly reiterate a point that was mentioned in earlier meetings of this committee, it is important for both our governments to maintain a steadfast commitment to geoscience funding as a foundational investment in the future of the mining industry.

A territory as vast as Nunavut holds many mineral deposits, but because of the distance from modern infrastructure there is comparatively little geoscience data, and these deposits remain largely undiscovered. Only through modern science can these opportunities be identified. These are the deposits we will need to sustain the industry thirty years from now, long after Canada has devolved control and administration of Crown lands and

resources to the Nunavut government, an objective shared by both the Government of Canada and Nunavut.

The first five years of the federal Geomapping for Energy and Minerals, or GEM, program have been very successful. But this type of research is an ongoing and long-term commitment, with a great deal of prospective ground to cover. We urge the Government of Canada to extend the GEM program to another productive 5-year term.

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Returning to the socio-economic impacts of resource development, the most basic consideration for Nunavut is local employment. Over the next decade, several thousand Nunavut residents will have the opportunity to gain employment in the mining industry, if they are prepared to take advantage of the opportunity.

Education is challenging. Specialized industrial training is essential. The three territories have determined that we have similar needs in terms of training. Jointly, we have now produced a Northern Mine Training Strategy that will respond to the imminent expansion of the mining industry we all believe is coming.

We hope that the federal government will continue to lead in providing the needed funding to develop our human resources and prepare for new employment. We believe that the return on investment in training is excellent. With increased access to training and employment, Nunavummiut and Nunavut will become more self-reliant.

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To date we have been generally satisfied with the work and professionalism of our resident regulatory agencies and related bodies. But with the increase in project applications we can predict, we must ensure that our agencies have the human and financial resources they will need. There is always a challenge in attracting and keeping skilled professionals in the North, where we believe they must be in order to see the full picture.

I encourage the committee to support the introduction into Parliament and passing of the *Nunavut Planning and Project Assessment Act*. NUPPAA, developed by the Government of Canada in close consultation with the Government of Nunavut and Nunavut Tunngavik Inc., will provide even more certainty in our regulatory process.

The mining industry requires predictability and certainty of tenure and access in order for companies to commit to long-term investment. Any lack of consistency of approach between various levels of government or owner groups can undermine the industry's commitment. A coordinated approach is preferable, and reliable and impartial dispute resolution mechanisms must be in place – like our Surface Rights Tribunal.

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A final constraint to development that should be mentioned is the lack of strategic transportation infrastructure in Nunavut. Natural resource development should not be viewed as the *only* reason for the federal government to recognize the importance of Nunavut's infrastructure; let's just say it is one of several good reasons.

The lack of infrastructure in Nunavut affects the viability of mining projects and can needlessly delay projects. This applies to different parts of a mine's life cycle. Two advanced projects that could become mines this decade, the Meliadine gold project near Rankin Inlet and the Chidliak diamond project near Iqaluit, both highlight the need for marine infrastructure in these communities. And mining projects also face limitations due to Nunavut's gravel runways and other airport infrastructure.

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Through the points I have touched on today – geoscience, training, the regulatory and tenure system and infrastructure – I hope I have communicated the fragility of this important sector of the Nunavut economy. These issues have a direct bearing on whether we will realize the anticipated growth of the mining sector and of the Nunavut economy. In some areas, these issues have already caused jobs losses instead of job gains, and economic contraction instead of growth.

However, we remain optimistic that these challenges can be managed through our own diligence and the continued support and engagement of the federal government. I would like to commend the Government of Canada for demonstrating that engagement through the recent appointment of a federal devolution negotiator.

In closing, I would like to thank the committee for this opportunity to express the Government of Nunavut's perspective on the current state of natural resource development in Nunavut.