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**Northern Mine Ministers Conference
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“Preparing for Resource Development”

By

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Subject: Preparing for Resource Development

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Summary:

- ◆ Opportunities resulting from major resource development projects will be lost if communities are not prepared.
- ◆ It is necessary to build awareness among local communities of the potential benefits from major resource development projects.
- ◆ Local communities need to train their people in advance to participate in major resource development projects.
- ◆ Put the appropriate business structures in place to enable the Aboriginal population to participate in major resource development projects.
- ◆ Employ a more coordinated approach to stimulate resource development through a shared commitment and contribution by all levels of government, resource developers, aboriginal groups and other stakeholders.
- ◆ Get community based businesses prepared to participate in business opportunities through use of economic development mechanisms such as federal territorial economic development agreements and and/or a regional development agency.
- ◆ Provide transportation assistance to enable unemployed people in northern communities to access jobs that are located some distance from their community.

Considerations:

Opportunities Will Be Lost if Communities Are Not Prepared

The increased profile of resource development – most notably mineral/oil/gas, pipeline and hydroelectric development – figures prominently in the “new North”. Northern Canada is undergoing a transformation from a region with limited base sector activities, largely dependent on government to one which is beginning to realize the significant benefits that resource development can bring to the forefront of any economic development agenda. However, many of the opportunities from major resource development projects will be lost if communities are not prepared. Without the necessary preparation by northern communities, most of the benefits from resource development will instead flow to southern Canada.

Build Awareness of the Potential Benefits from Major Resource Development Projects

One of the first steps required to capitalize on resource development is to create awareness of the opportunities for local communities resulting from major resource development projects, which includes jobs for their people and business opportunities for community based businesses. In particular, there needs to be greater awareness of the nature of agreements signed with resource developers including the portions of these agreements that provide benefits for local people.

Increased awareness is also necessary to garner support from local communities for major resource development projects because of the significant benefits that they provide. As part of this message, a message needs to be sent to environmentalists by local communities that there has to be a balance between protecting the environment and utilizing resources to enhance the economic well being of local residents.

Train Local People in Advance to Participate in Major Resource Development Projects

Employment opportunities from major resource development projects will be lost if people in the local community are not trained. It is too late to wait until resource development occurs before training programs are initiated. Training must be undertaken well in advance so that resource developers can have assurance that there exist trained people locally and do they not have to undertake recruiting programs in southern Canada and elsewhere.

There needs to be a shared commitment and contribution by government, industry and aboriginal groups to develop and implement training programs that are tailored to meet the skill deficiencies of local people and to address the requirements of specific resource development activities. Industry involvement is necessary to ensure that the training programs are designed to produce graduates that are immediately employable by resource developers. Some examples of the type of trained people that should be in ample supply and are typically required by resource developers are camp hospitality workers, driller assistants and heavy equipment operators.

While there appears to exist ample funds for education and training initiatives, there exists a lack of leadership and coordination to ensure that the initiatives are focused on the needs of specific resource development sectors. Too often training is undertaken without an idea of what specific job is available for the person upon completion of the training. This typically results in frustration because the expectations of obtaining employment that were created during the training program are not realized. Greater emphasis needs to be placed on training people for specific jobs that will be available upon completion of the training program. This can only be undertaken by extensive industry involvement in the design and implementation of training programs.

The most appropriate approach to training local people is to establish partnerships involving industry, government and aboriginal groups where each partner makes a contribution and there is a shared commitment to producing graduates that are immediately employable. One example of a successful partnership is Kitikmeot Employment & Training Partners (KETP), which is a non-profit organization that has 37 partners from the private sector (airlines, mining, etc.), government departments, municipalities and Inuit organizations (e.g. Kitikmeot Inuit Association, Kitikmeot Economic Development Commission, and Kitikmeot Corporation). The founding principles of KETP are to work together to find solutions to unemployment problems and the lack of skills among the Inuit workforce. In the last three years, KETP has facilitated over 116 people participating in training programs with 110 graduates and a graduation rate of 96%. In addition, most of these graduates are now working in full time, seasonal or part time jobs. Most of the financial resources to train these people were provided by bilateral aboriginal human resource development agreements (AHRDA) signed by the Kitikmeot Inuit Association and the Kitikmeot Economic Development Commission while the private sector provided employment, subsidized air travel and guidance.

Put Appropriate Business Structures in Place to Enable Aboriginal Participation in Major Resource Development Projects

Aboriginal development corporations are emerging as one of the primary instruments of obtaining benefits from resource development activities. With the settlement of several land claim agreements throughout the North, aboriginal groups have acquired some very important strategic tools regarding economic benefits from resource development in their claim areas. Through constitutionally

enshrined provisions in land claim agreements with aboriginal people, impact benefit agreements are beginning to provide the framework for building economic capacity so aboriginal people can take advantage of resource development opportunities in the long term.

To ensure that the benefits of resource development reach Aboriginal populations, Aboriginal corporate capacity must be further enhanced and developed. In addition to the establishment of aboriginal development corporations, other types of business structures that should be considered, depending on the specific circumstance, include the establishment of joint ventures to take advantage of contracting and subcontracting opportunities. Other possibilities include the creation of supply and service businesses that cater to the requirements of resource developers.

Employ More Coordinated Approach to Stimulate Resource Development

These changing times and circumstances require increased and more coordinated approaches to resource development in the new North. First and foremost is a common message from all levels of government and aboriginal groups of their shared commitment to stimulate resource development. This message, including a commitment to the resolution of land claims, should also serve to create an environment of certainty for resource developers,

Cooperation and coordination among levels of government is required to streamline the regulation and approval processes for resource development. In addition, tax breaks and other incentives should be provided to increase the attractiveness of the North as a place to do business and to compete with incentives available in other parts of the world. This should include programs geared towards supporting infrastructure that opens specific areas to major resource development projects.

In order to employ a more coordinated approach to stimulating resource development, the focus should be on establishing partnerships between government, aboriginal groups and the private sector. An example of a successful partnership is the Bathurst Inlet Road and Port Committee, which is a partnership of the private sector, Government of Nunavut, and Inuit organizations (Kitikmeot Inuit Association and Kitikmeot Corporation). The purpose of this partnership is to work together to develop the Bathurst Road and Port project, which involves the construction of a port at the southern end of Bathurst Inlet in Nunavut with a dock to handling large ships as well as barges serving Kitikmeot communities. The project also involves the construction of 211 kilometres of all-weather roads to Contwoyto Lake from Bathurst Inlet to serve existing and new mines to be developed in the area. The concept is to haul fuel and operating supplies from the port to the mines and backhaul concentrate from some mines. A toll would be charged for the concentrate, fuel and operating supplies hauled over the roadways. These toll fees would generate revenues to pay for the capital and operating costs of the port and road network. The capital costs of the port and road network are estimated to be approximately \$172 million. Over the past two years, the Bathurst Inlet Road and Port Committee has raised \$4.5 million in government grants from DIAND and the Government of Nunavut and \$1.5 million from the private sector to undertake environmental and engineering studies to support the Bathurst Road and Port project.

A Northern Economic Development Strategy should also be put in place by senior levels of government to make an investment in the North and to ensure a coordinated approach to stimulating resource development. To develop this strategy, the federal government needs to work with territorial governments and other northern partners to develop a modern economic development strategy that recognizes the dynamics of the North and the need to establish more diversified economies. The benefits are substantial including less dependence on transfer payments and a means by which Northerners can address the economic and social issues they are currently facing.

Get Community Based Businesses Prepared to Participate in Business Opportunities

Community based businesses often lack the necessary capital and other resources to participate in business opportunities that result from major resource development projects. In addition, local businesses often do not have the capacity to identify and research specific business opportunities resulting from resource development such as subcontracting, service and supply opportunities. As a result, development of the local private sector does not occur and businesses in southern Canada instead benefit from resource development activities in the north.

There exists a critical need for economic development instruments to ensure that the private sector can participate in business opportunities from resource development in the north. Significant growth in the local private sector can only be stimulated by instruments that coordinate the efforts of all stakeholders and focus on major resource development opportunities. Some examples of instruments that could accomplish this task are a federal territorial economic development agreement and the establishment of a regional economic development agency.

It has been a number of years since a federal-territorial economic development agreement has been in place in northern Canada. New economic development agreements need to be signed that focus specifically on stimulating resource development. Some of the key priorities of future economic development agreements should be the following:

- Providing capital for community based businesses to participate in business opportunities resulting from resource development.

The provision of capital through mechanisms such as loan loss provisions as well as funding for market research and the preparation of business plans could enable the local private sector to establish new businesses and expand existing businesses to capitalize on these business opportunities.

- Facilitating critical infrastructure projects (e.g. roads, power, ports, etc.) for resource development activities.

By facilitating key infrastructure projects such as access roads and marine port facilities, there are numerous resources in the North that could generate significant economic development such as producing mines.

- Accelerating geoscience activities.

Geological mapping is the single most cost effective incentive that government can provide to encourage mineral industry activity. Mining today is a highly competitive global industry, and companies locate major investments where the probability of success is greatest. Two key factors in these decisions are an area's mineral potential and the quality of the geoscience knowledge base. Given the high mineral potential of the North, increased government funding is critical to accelerate the development of the geological base and to stimulate mineral exploration.

- Building aboriginal corporate capacity.

To ensure that the benefits of resource development reach the target Aboriginal populations, aboriginal corporate capacity must be enhanced and developed at the regional and community level and additional business structures must be put in place. Assistance must be provided to develop these organizations and to acquire the skills and resources to undertake