

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 39-18(2): DEPARTMENT OF LANDS, LIABILITIES AND FINANCIAL ASSURANCES DIVISION

February 23, 2016

MR. O'REILLY: When I checked the GNWT phone directory listing on our website, there's no longer a director for the Liabilities and Financial Assurances Division, and only two staff: a project assistant and a specialist. It's not clear what is going on with the staffing of the division. Can the Minister of Lands tell us whether people are leaving this division and why, and what are the plans to fill those positions?

MR. SPEAKER: Mahsi. Minister of Lands.

HON. ROBERT MCLEOD: The Department of Lands is less than two years old and the Financial Liabilities and Financial Assurance Division was added after the creation of the Department of Lands. Turnover and staff departures and difficulty recruiting these highly-specialized positions are just some of the challenges that the organization has faced since start-up. Despite that, we have moved quickly and the Director's position now has been filled on an acting basis.

MR. O'REILLY: One of the purposes of the Liabilities and Financial Assurance Division within the Department of Lands was "lead and coordinate short and longer term policy development concerning the government's management of securities." Can the Minister of Lands indicate whether any policies and/or guidelines have been completed since the division was created last year, and table such documents in this House?

HON. ROBERT MCLEOD: A significant body of work was completed by Queen's University which provided the building blocks for the development of guidelines. There are draft guidelines currently under internal review and discussion, and we need to take into account the distribution of decision-making authorities in the NWT between resource management boards and various GNWT and federal departments. It will be incumbent on us to get these guidelines right so that they are accepted, endorsed, and found to be practical and useful by all parties. They must be grounded in operational realities and reflective of the GNWT's risk to all tolerance towards securities. We cannot afford to get these wrong and therefore, we're taking measured incremental steps to get them right.

MR. O'REILLY: I just want to better understand the slow progress on the establishment of this division and the critical work that it's starting to get place. I believe the Minister may have partially answered the question here, but can the Minister of Lands describe what the barriers are for this work and what the Department of Lands is doing to get this important work back on track.

HON. ROBERT MCLEOD: I take a different view of the progress of the Liabilities and Financial Assurance Division. In less than two years, within the department, we have successfully established a new unit that was not contemplated at the time of devolution. This unit has so far managed a significant body of work from Queen's University and

commenced work on the policy foundation that will guide them through future operations; supported the GNWT in decision-making on an innovation form of \$253-million security for Ekati; completed an initial scoping study of Cantung issues that prepared the GNWT on managing issues going on in North American Tungsten insolvency proceedings; and developed an internal tracking approach to ensure whole-project tracking of securities. These are just some of the accomplishments of this unit in a very short time period.

MR. O'REILLY: I want to again thank the Minister for his response, and if he took the impression that I don't believe the division's actually doing anything, I do understand that there is a lot of work that's underway, but we just had a \$4.5-million special warrant that was necessary to deal with the closure and reclamation of the Cantung Mine and there's some unreconciled liabilities associated with the Prairie Creek property and other sites, so I just want to get some further assurances from the Minister of Lands that our financial security systems are working and I wonder whether there's a work plan that he could table in this House for the division.

HON. ROBERT MCLEOD: The \$4.5-million special warrant allowed the GNWT to take the necessary action to transfer responsibility for the closure and the reclamation of the Cantung Mine to the Government of Canada. Both Cantung and Prairie Creek are legacy sites that were not regulated under the modern regulatory and approval systems that we have in place today, and furthermore, they were managed by another level of government with a different level of risk tolerance than the GNWT. In the case of both Cantung and Prairie Creek, the GNWT has protection from liability through the Devolution Agreement. We can't change the past, but we can and have learned from it, which is why the GNWT is carrying out work on securities and the development of systems and guidelines.