

## ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

### QUESTION 253-18(2): FINANCIAL SECURITY ASSOCIATED WITH PRAIRIE CREEK MINE

June 17, 2016

**MR. O'REILLY:** Masi, Mr. Speaker. Maybe it's environmental liabilities day or week. I apologize, I didn't give the Minister much heads up on this. It's been a busy week. Earlier this week, I made a statement about the significant financial security shortfall for the Cantung mine and how our government really didn't deal with the issue after we inherited the site under devolution. Today, though, I made a statement about the significant financial security shortfall for the Prairie Creek site. Can the Minister of Lands tell this house whether the GNWT holds the surface lease for the Prairie Creek site? Masi, Mr. Speaker.

**MR. SPEAKER:** Minister of Lands.

**HON. ROBERT MCLEOD:** Mr. Speaker, the answer is yes, the administration and control of the site has been transferred to the GNWT. However, through provisions of the Devolution Agreement, any historic liabilities are still the responsibility of Canada.

**MR. O'REILLY:** I appreciate the answer from the Minister. There are terms and conditions in that lease that limit the liability of Canadian Zinc and leave GNWT taxpayers at risk of having to pick up the unfunded liability of the site, which could be as little as \$6.5 million or perhaps as much as \$19 million. That lease is also in over-hold tenancy right now. Would the Minister tell this house what actions he is taking to close the financial security shortfall under the lease?

**HON. ROBERT MCLEOD:** Mr. Speaker, as the member noted, the current lease is in an over-holding tenancy and production is not allowed on this lease. Under the NWT Lands Act, the company will need to negotiate a new surface lease that allows for production and at that time, we'll negotiate updated securities in the context of the most up-to-date reclamation plan. The Member is correct that there is some liability that's held there and he mentioned the figure 2 million and out of that, \$250,000 was for the surface lease.

**MR. O'REILLY:** I appreciate the response from the Minister. The issue is, the security under the lease is not going to cover what's actually at the site now. And the issue is this company is having some financial issues. I outlined the financial warning signals on Prairie Creek in my Members' statement. Can the Minister tell us what work his department does to monitor and track the financial stability of companies where we hold financial security and if we have developed thresholds or triggers for us taking action and the action might include things like bumping up security or turning the site back to the federal government.

**HON. ROBERT MCLEOD:** Mr. Speaker, as I said in my opening response, the federal government has accepted responsibility for historical remediation or liabilities. However, on a go-forward basis, the Department of Industry, Tourism and Investment, they monitor the activities of the mineral and development petroleum companies operating in the NWT and including the financial status of the company and the work is delivered through ITI's financial analysis and royalties administration division. And as much as we would like all the companies operating in the NWT to be financially stable, our main concern is to ensure that we have all the proper securities in place so that if they were to have some financial trouble, at least we would have the protection of remediating any liabilities that might occur.

**MR. SPEAKER:** Masi. Oral questions. Member for Frame Lake.

**MR. O'REILLY:** Thank you, Mr. Speaker. Again, I appreciate the answer. In the absence of any action by our government to ensure full and adequate security for Prairie Creek, it'll be increasingly difficult to demonstrate due diligence. And without due diligence, it will be harder and harder to turn this site back to the federal government.

The clock is ticking and we have less than three years to sort it out. Can the Minister commit now to voluntarily turn the Prairie Creek site back to the federal government to avoid us picking up the expenses of remediating another contaminated site? Mahsi, Mr. Speaker.

**HON. ROBERT MCLEOD:** Mr. Speaker, my understanding is that any remediation that needs to be done at this site when it was, now, is the responsibility of the federal government. And on a go-forward basis, we need to ensure that as the Member said, we need to ensure that we're doing our due diligence to ensure that this government and the people in NWT are adequately protected when we have these sites going up.

I'll explore this further and see if there's any options out there. We want to ensure that we protect anything that we're responsible for since taking over those responsibilities through devolution.