

KEVIN O'REILLY—MLA FRAME LAKE
Land Inspections and Financial Security
Committee of the Whole—2017-2018 Operating Budget Review
Dept. of Lands—February 23, 2017

MR. O'REILLY: Thanks, Mr. Chair. I just want to return briefly to this issue of the reduced inspection budget. Why I am so passionate about this is because of a promise our government made about how we were going to do things better than the federal government. I think with reduced inspections, we are going to have increased risk of some of these sites becoming -- we are pretty good at generating abandoned, contaminated sites here in the Northwest Territories. We have a terrible track record of that under the federal government. We are now responsible for that. If we are carrying out inspections on these sites, we are responsible. We can't go back to the federal government on some of these sites. We don't have the purse that the federal government has in terms of trying to remediate contaminated sites. If we mess up now, it is going to cause us a lot of financial difficulty and prevent us from doing some of the good things we have all agreed to do in our mandate. I think cutting inspections is very short-sighted. Save some money now is going to lead to a greater risk of us inheriting sites and things that we really should be doing a much better job at preventing.

I want to transition from that, Mr. Speaker, into another topic, which is: how do we prevent and make sure that we don't inherit these sort of sites? Inspections are part of the picture. The other part of it is making sure that we have proper financial security in place. We have had at one time a unit; I can't even remember the name of whatever the entity was before. We have had some people working on this issue now. I know they are doing good work and hard work, but we have had this jurisdiction now for almost three years, and there is not one piece of policy, not one legislative change that has come about to make sure that we improve our financial securities and liabilities regime here in the Northwest Territories. When can we actually expect to see something emerge from this department in terms of it improving financial securities?

I am just going to give a couple of examples. Right now financial security is usually asked for, but it is not mandatory. It is discretionary. It is discretionary under the current legislation. Why can't we make it mandatory as it is now indeed under the Commissioners Lands Act? Because of changes that were made a few years ago because of the lessons learned from Giant Mine. We have had this jurisdiction for three years. When are we going to see some solid policy work, some solid legislative changes come out of this department to prevent us from inheriting more contaminated sites? Thanks, Mr. Chair.

CHAIRPERSON (Mr. McNeely): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Thank you, Mr. Chair. I think I certainly agree with the premise in the Member's question as to vigorous inspections. I don't want him to think that, because there has been a reduction in the travel budget, the inspections will be any less vigorous. I know that we have formed a securities project assessment division, which is 80 per cent staffed. They are building a securities tracking system. I am going to let Mr. Hagen perhaps expand on that. Thank you.

CHAIRPERSON (Mr. McNeely): Thank you, Minister Sebert. Deputy Minister Hagen.

MR. HAGEN: Thank you, Mr. Chair. There is legislation coming in this 18th Assembly; we expect to have some rolled out here in 2017-18. We do have the office set up now. Actually, we are staffed up almost 90 per cent in securities. Like you know, the securities on a development is set, not by Lands, but by the land and water boards. It is collected and kept by the Minister of Lands and by the Minister of ENR for water. The land and water boards, I think, Mr. O'Reilly, you are well aware, they set the amounts of security. I haven't heard or seen of any operation or development out there that do not have security on it going forward or even going back. If, you know, go back far enough - let's say back 20 years. Thank you, Mr. Chair.

CHAIRPERSON (Mr. McNeely): Thank you, Deputy Minister Hagen. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. We can compete about who has got a longer memory. Certainly with Giant there was \$400,000. It is going to cost the taxpayers probably over a billion dollars, maybe even closer to two by the time it gets remediated. Even as recently as last year with Norman Wells, there is no financial security, or not enough set aside. Now it is \$180 million. The Minister could accept a promissory note on the back of a napkin as financial security. That is just not good enough. There is certainly still room for improving and making greater accountability through our legislation. I know the Minister would never accept something on the back of a napkin, but I know that he will be happy to change that legislation to make sure that future Ministers can't do that either. I just want to get into a couple of specifics here. With the Cantung Mine, have we given back this surface lease to the federal government? Thanks, Mr. Chair.

CHAIRPERSON (Mr. McNeely): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: I am told that we haven't yet. Thank you, Mr. Chair.

CHAIRPERSON (Mr. McNeely): Thank you, Minister Sebert. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Is that going to happen sometime soon, or how soon? Thanks, Mr. Chair.

CHAIRPERSON (Mr. McNeely): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: I will let Mr. Hagen respond to that question.

CHAIRPERSON (Mr. McNeely): Thank you, Minister Sebert. Deputy Minister Hagen.

MR. HAGEN: Only on Cantung it is in care and maintenance under the federal government. Inspectors are federal inspectors. Now we are in discussions that have been moving along fairly well. INAC has said in correspondence they are going to take administrative control of the whole site back, which is right now in the process of happening. I would suspect within the next two months, the feds will be totally in control of Cantung.

CHAIRPERSON (Mr. McNeely): Thank you, Deputy Minister Hagen. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Glad to hear that. I really look forward to getting that

lease back to them and reduce our exposure. Let's talk a little bit about Prairie Creek now. This surface lease is in over-hold tenancy. When are we going to put in place full financial security for the assets that are on the ground right now? As any other operator has to have up-front financial security, when are we going to do that for Prairie Creek so that we are not exposed? Thanks, Mr. Chair.

CHAIRPERSON (Mr. McNeely): Thank you, Mr. O'Reilly. Minister Sebert.

HON. LOUIS SEBERT: Thank you, Mr. Chair. Prairie Creek. The government is protected from historic liability at Canadian Zinc Prairie Creek Mine through the terms of the devolution agreement. I understand that Canadian Zinc, the proponent, has met all security requirements under its permits, licence, and authorization. The Mackenzie Valley Land and Water Board has set a total security amount at \$17,700,000, which the company will be required to post in stages as the project proceeds. Thank you, Mr. Chair.

CHAIRPERSON (Mr. McNeely): Thank you, Minister Sebert. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. We could have a great debate here. My concern is the longer our fingerprints are on that through the surface lease the more difficult it is going to be for us to try to make a case to the federal government that they can and should take it back. So we've got the ability to increase the security to cover the existing assets that are on the ground, the existing liabilities; why can't we do something about it now? Thanks, Mr. Chair.