

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 785-18(2): CANADIAN ZINC SITE LIABILITIES

May 30, 2017

MR. O'REILLY: Merci, Monsieur le President. Earlier today, I spoke about the current unsecured environmental liabilities at the Prairie Creek site. There are numerous buildings and pieces of infrastructure at the site that would require remediation. Can the Minister of Lands tell me the current amount of financial security held under the surface lease and water licence for this site? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister of Lands.

HON. LOUIS SEBERT: Thank you, Mr. Speaker. I can advise that the amount held is in excess of \$2 million, broken down as follows: \$1,550,000 is held as a guaranteed investment certificate under the water licence; \$250,000 is held as cash under the surface lease; and an additional \$275,000 is held as cash under land use permits, for a total amount of \$2,075,000. Thank you, Mr. Speaker.

MR. O'REILLY: I appreciate the response from the Minister, and that agrees with his written response to a written question I asked last year in the House. In doing some extra research, I noted that the Mackenzie Valley Land and Water Board, in a June 14, 2013, decision on a water licence and land use permit by Canadian Zinc, found that the environmental liability at the site for what is there on the ground right now is about \$9 million. We only hold a little over \$2 million. That is a \$7 million gap, Mr. Speaker. Can the Minister tell me: what is his department doing to close that security gap between the liabilities that are at this site and what we actually hold?

HON. LOUIS SEBERT: Yes, I understand that the most recent cost estimates were carried out in 2013, where it was found that the current site liability is \$9 million, and I understand that the way that we are looking at this is we are ensuring that the proponent is in compliance with all current security requirements. However, as the project proceeds, there may be a need for more security in the future.

MR. O'REILLY: I am worried about the liability that is on the ground now, and clearly, security that we have in place does not cover that. There is a \$7 million shortfall, and I did not really hear a plan from the Minister to deal with it.

I know that, as I mentioned earlier today, the surface lease for the site is in overhold tenancy. If our government moves to extend or renew the surface lease for the site, we may incur some additional liability. Will the Minister commit that he is going to seek legal advice to ensure that, by dealing with that lease in some way, it is not going to make us responsible for all the remediation at the site, and will he share that legal advice or opinion with the Regular MLAs on this side on a confidential basis?

HON. LOUIS SEBERT: Currently, the proponent, of course, is responsible for all remediation. The proponent holds the lease for mine site maintenance. The Government of the Northwest Territories is currently protected from the historic liability through the terms of the Devolution Agreement.

Now, at some point in the future, Canadian Zinc, the proponent in this case, if they wish to begin negotiations for us to receive a surface lease authorizing the company to commence actual mining activities at the Prairie Creek site, the full amount of reclamation securities to cover the existing and historic liabilities for the mine site would be assessed by the GNWT. Now, it is a complicated legal issue. I will seek further legal advice on this, which I may share with the Members opposite.

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

MR. O'REILLY: That is a tough act to follow, Mr. Speaker. Thank you. I think I actually heard the word "will," not "may," but it is hard to say with the Minister. I look forward to chatting with him offline about that. That is one thing that, when we start to touch the surface lease in some way, we could be incurring some liability, but he is going to get something even sooner on his desk, perhaps. The Prairie Creek all season road is going through an environmental assessment, as I said, and I don't want to put him in a difficult spot here.

That report of environmental assessment is going to land on his desk in the next several months, so what are the implications for our government in making a decision about that environmental assessment? As I had mentioned earlier, every time our fingerprints start to come out on these sites, it is going to become more challenging to convince the federal government that they are responsible. What are the implications of making a decision on the environmental assessment, with regard to our government's risk of incurring remediation liabilities? Mahsi, Mr. Speaker.

HON. LOUIS SEBERT: Thank you, Mr. Speaker. The road involved, of course, does not only go across territorial lands, but also part of a national park. Now, the Minister of Indigenous and Northern Affairs Canada will sign the decision letter for the Prairie Creek Road environmental assessment, and we will contribute to decision process, so it is a combination of us working with them once this is determined. I do share the Member opposite's concern about this. I think we all recognize that there can be downsides to development, but hopefully there is a sufficient regulatory system and security in place to allay those concerns.