

MEMBER STATEMENT—KEVIN O'REILLY MLA FRAME LAKE

NORTHWEST TERRITORIES MINERAL SECTOR REVIEW

October 18, 2017

MR. O'REILLY: Merci, Monsieur le President. On October 11, ITI released a study prepared by consultant Andrew Bauer of the Natural Resource Governance Institute. Mr. Bauer conducted a review of the NWT mineral sector under a contract from GNWT and how we should best manage mining in the interest of good governance.

The study was based on a review of publicly available and internal GNWT documents and interviews with some NWT and Aboriginal government representatives and the mining industry. Noticeably absent were non-governmental organizations.

Sixteen areas of governance and regulation were evaluated against internationally recognized criteria. The outcome of the evaluation was dismal for our government. In six of the 16 areas evaluated, existing practices do not meet international standards or significant gains could be made by adopting alternative policies. In only two of the 16 areas do our existing practices meet international standards.

A few highlights from the study, Mr. Speaker:

- Rio Tinto paid zero royalties on Diavik diamond production in 2015;
- ITI's Client Service and Community Relations Unit was viewed as "biased toward industry";
- There are potentially many missed opportunities when negotiating socio-economic agreements;
- Corporate income taxes paid by the industry are described as "paltry";
- The NWT "has one of the world's most charitable fiscal regimes for the mining sector" that captures only 20 to 30 per cent of economic rent while South Africa collects 30 to 35 per cent, Peru 45 to 60 per cent, and Western Australia 50 to 80 per cent; and
- Diamond mining has the lowest labour multiplier of any industry or sector in the Northwest Territories.

It is not clear when the study was completed as the title page is missing, but there is a June 19, 2017 interview with Mr. Bauer on the study. This raises the question of why it wasn't released any sooner to assist in the public engagement on the Mineral Resources Act. What other studies or reviews has ITI done on the subject and not released not?

The discussion paper released at the outset of the Mineral Resources Act process presents virtually no best practices or lessons learned from other jurisdictions, no analysis, and no recommendations for changes. The late release of Mr. Bauer's study throws into doubt how ITI can have a meaningful and informed Mineral Resources Act delivered in 2018. There are many questions for our Mining Minister and I will start later today. Mahsi, Mr. Speaker.