

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 522-18(3): DIAMOND POLICY FRAMEWORK

February 6, 2019

MR. O'REILLY: Merci, Monsieur le president. My questions are for the Minister of Industry, Tourism and Investment. I certainly gave him a heads-up about this first question I want to ask him. Can the Minister tell us the maximum annual value of rough diamonds used for manufacturing here in the Northwest Territories, and what that figure is as a percentage of total production in that year? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister of Industry, Tourism and Investment.

HON. WALLY SCHUMANN: Thank you, Mr. Speaker. First of all, I can't answer part of his question because it is considered proprietary, because there is only one manufacturer. What I can tell the House is the producers make available 10 percent of their production by value to the manufacturers. Over the past eight years, only an average of 0.6 percent or \$10.6 million annually has been used by the manufacturers. That's one of the reasons you could see why we took this initiative to change this policy.

MR. O'REILLY: Thanks to the Minister for that. Wow. We're not using very many of those diamonds that are supposed to be made available. I know that the changes to the Diamond Policy Framework are relatively new, but can the Minister tell us how many approved NWT diamond manufacturers there are now and if any new ones have applied under the new policy framework?

HON. WALLY SCHUMANN: There are currently two. We've got Almod Diamonds, Limited, who recently was approved as our latest one. Crossworks Manufacturing Ltd., who operates uptown. These two are both actually working at updating their business plans to meet our new matrix. Also in response to this news when we announced this policy, I want to let this House know that these amendments were positively received. We've had preliminary discussions with two more international manufacturers who are interested in setting up here, and additional discussions with diamond brokers and industry experts who represent other manufacturers have also got hold of the department.

MR. O'REILLY: I'd like to thank the Minister for that, telling about the new interest. In my statement earlier today, I said that there is a lack of transparency around this new framework. The valuation matrix is nowhere to be found on the ITI website, so I hope these two new companies were able to find it somewhere. There doesn't seem to be any monitoring framework or public reporting under the new framework. Can the Minister explain how potential manufacturers can put together an application without knowing how they will be ranked or rated?

HON. WALLY SCHUMANN: The development of the approved diamond manufacturer application process is a lengthy collaborative process. ITI has determined that discussions with the interested manufacturers and brokers are most effective when changes to the DPF are represented in a manner that clearly outlines the department's

new amendment in investments requirements. This methodology allows the manufacturer to better understand the environment and the key investment drivers. Following these preliminary discussions, ITI has shared the matrix with others, and relayed the information to recent interested parties. I can also at this time commit that we will post this online.

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

MR. O'REILLY: Thanks, Mr. Speaker, and I want to thank the Minister for that really helpful commitment at the end. The matrix that is used to evaluate the proposals is finally going to get posted to the website.

Over the last 20 years, our efforts to establish and maintain a viable secondary diamond industry have been a failure. Would the Minister agree that the easiest and best way to retain benefits is to ensure that we would collect a fair royalty for the extraction of diamonds and other minerals and that this should be accomplished through a public and independent review?

HON. WALLY SCHUMANN: As the Member knows, and I've said it publicly, I've said it in committee, this government is committed to looking at all the taxes that are around the royalty regime. We made the decision to put that up to the 19th Legislative Assembly. Our department, I've directed them, and they have already started to do some of the legwork that is going to have to be needed to be done in the 19th Assembly so we have a full comprehensive review of what is all included in this. Thank you, Mr. Speaker.