

MEMBER STATEMENT—KEVIN O'REILLY MLA FRAME LAKE

DIAMOND POLICY FRAMEWORK

February 6, 2019

MR. O'REILLY: Merci, Monsieur le President. On December 6, 2018, changes were announced to the Diamond Policy Framework. The framework was established in 1999. It was intended to foster a secondary diamond manufacturing industry and provide local employment. It has obviously not succeeded, and I have to wonder whether this new approach is going to be much better.

The new policy allows manufacturers to export a portion of their NWT rough diamonds in exchange for other investments in the NWT economy, such as jewellery manufacturing, retail outlets, tourism partnerships, and other related endeavours. The hope is that approved NWT diamond manufacturers will cut and polish higher-quality rough in Yellowknife while exporting a portion to lower-cost places such as India.

NWT manufacturers will have access to 10 percent of the roughly \$1.5 to \$2 billion worth of diamonds that flow out of the Northwest Territories each year. Manufacturers will need to provide and get approval for business plans that meet the GNWT's investment requirements.

A review was done to lead to this new approach. The review was done by the Constell Group, an international consultancy firm. That study has not been made public.

The new policy does not include any public reporting and no monitoring framework. The evaluation matrix for determining the investments required for export of diamonds is not on the ITI website, so there is a lack of transparency in how any applications and/or business plans might be reviewed or evaluated.

I'm all for development of a secondary diamond industry, but clearly our best way to retain lasting benefits is to secure an adequate share of the \$2 billion worth of diamonds flowing out of here each year through a public review of the royalty regime. When our total royalties from all extractive industries are around \$15 to \$80 million dollars a year, something is definitely not right, and that's what ITI's own consultants have said. In any event, lots of questions for the Minister later today. Mahsi, Mr. Speaker.