

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE
QUESTION 290-19(2): Dominion Diamond Mine Creditor Protection

June 3, 2020

MR. O'REILLY: Merci, Monsieur le President. As I mentioned in my statement earlier today, there has been no communication from Cabinet to Regular MLAs on what GNWT is doing or not with regard to creditor protection proceeding on the Dominion Diamond group of companies. Can the Premier tell us when GNWT began participating in the legal proceeding and what roles do we expect to play? Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you, Member for Frame Lake. Honourable Premier.

HON. CAROLINE COCHRANE: Thank you, Mr. Speaker. That doesn't go across all departments. It really is specified. On that, I would defer the questions to our Minister of Finance. Thank you, Mr. Speaker.

MR. SPEAKER: Thank you. Minister of Finance.

HON. CAROLINE WAWZONEK: Thank you, Mr. Speaker. Actually, it works out well to have those two roles combined in this particular instance. The Department of Finance does have the lead in terms of monitoring the CCAA proceedings and does work with Justice in terms of providing legal counsel and coordinating instructions to our external legal counsel in partnership with ITI as they, of course, have relationships with this industry more directly. Back to the Member's question about when we got involved, we do have experienced counsel involved in CCAA proceedings based in Alberta. We were notified of the filing on the day it was filed, and that is how we got involved. Thank you.

MR. O'REILLY: I want to thank the Minister for that. The Ekati Mine provides a substantial amount of revenue to the GNWT in the form of payroll taxes, property taxes, corporate taxes, sometimes, when it files in the Northwest Territories, mining royalties, carbon and fuel taxes, and more. Can the Premier tell us whether any of the Dominion Diamond group of companies have any outstanding liabilities to GNWT and what are those amounts and types of liabilities?

HON. CAROLINE COCHRANE: Again, that is within the Minister of Justice's department, so I'll defer the question to her. Thank you, Mr. Speaker.

MR. SPEAKER: Minister of Justice.

HON. CAROLINE WAWZONEK: Thank you, Mr. Speaker. As I suspect many of the other creditors might still be fully compiling some of the data, we are in no different of a position than many others in that regard. I can say that in 2019-2020 the GNWT did collect \$14.6 million in terms of taxes. Obviously, I'm not sure if that's necessarily the same. With COVID-19 some of the reporting dates have been deferred and delayed so that data is going to still have to

continue to come in. We do, again, have the royalties that do come into us. Again, that reporting date was delayed. In addition to which, under regulation, I'm unable to break part the reporting of the royalties. They are reported in aggregate according to law. Mr. Speaker, it's just under \$2 million in general liabilities that are owed, some of which have been invoiced but some of which we're still putting together. There certainly are some risks in terms of what is owed to the GNWT from Dominion Diamond. I would just note that CCAA proceeding doesn't mean that they would be unable to pay any of their liabilities to any of their creditors. Not to minimize the significance of the proceedings or the fact that we're monitoring them very closely, but it is simply an opportunity that we hope they will fully take to restructure their finances and be operational again.

MR. O'REILLY: I want to thank the Minister for that. I know I'm kind of skating close to the line here, but I do think that the public deserves to know what kind of liabilities are outstanding. I mentioned in my statement how GNWT now holds \$295 million in financial securities of the Ekati Mine to ensure it fully complies with its regulatory requirements around reclamation. I understand the Wek'eezhii Land and Water Board is still conducting a review of parts of the third version of the inner enclosure reclamation plan that was submitted in August 2018. Can the Premier tell us whether the financial securities for the Ekati Mine are up to date and cover all the environmental liabilities at the site? Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you. Actually, the question has to go to the Minister of Justice unless she passes it on to the Premier.

HON. CAROLINE WAWZONEK: Thank you, Mr. Speaker. I will certainly defer to you on the rules. I'm not quite there yet, but I'm happy to answer this particular question. Yes, Mr. Speaker, absolutely. The securities that are required by the land and water board are up to date, and we have every confidence that they are available to the GNWT if they are needed. They are in accordance with the reclamation plan that was approved by the land and water board. I suppose it's all good news in that regard for the moment. Thank you.

MR SPEAKER: Thank you, Minister. Oral questions, Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister of Finance for that. I guess I'm not quite as optimistic as the plan. It's still under review. Until that's done and we get an up to date security estimate, I'm not sure it's fair to say that it is completely up to date. In any event, for the first time I can recall, GNWT accepted surety bonds as financial security at the Ekati Mine. Insurance companies don't stay in business by paying claims. Can the Premier or the Minister of Finance tell us with complete confidence that the form of financial security, surety bonds, from insurance companies, provide the necessary clarity and certainty to ensure full and final closure of the Ekati Mine? Mahsi, Mr. Speaker.

HON. CAROLINE WAWZONEK: The short answer is "yes," Mr. Speaker. I would be naive to think that that is going to satisfy the nature of what is really being asked here. Surety bonds are a little bit different. A lot of times, securities are held with what is called an irrevocable letter of

credit, but in this particular case, these surety bonds are more like an irrevocable letter of credit than what they might be in some other circumstances. Most importantly, Mr. Speaker, the GNWT has the ability to call in the bond if we had concerns about it. In addition, if, in fact, the bond were to be cancelled, again different from many situations with a surety bond would be, the GNWT has protection because there is notice of cancellation. Again, in such circumstances, the GNWT would have the ability to call in the bond. The Department of Finance takes it quite seriously. The Department of Finance monitors these insurance companies. These are not small companies. These are very, very large companies. Just as much as we would have confidence in a large banking organization, Mr. Speaker, we have confidence that these large insurance organizations are not going anywhere and that the bonds are secure. Thank you.