

MEMBER STATEMENT—KEVIN O'REILLY MLA FRAME LAKE

DOMINION DIAMONDS FINANCIAL SECURITY

October 15, 2020

MR. O'REILLY: Merci, Monsieur le President. On June 3rd, I made a statement in this House about the uncertainty and lack of Cabinet communications surrounding the creditor protection proceeding for Dominion Diamond affiliates. The latest news is that the proposed sale of Ekati Mine has fallen through because the insurance companies that issued surety bonds covering the reclamation liabilities would not agree to the deal. The surety bonds cover about \$280 million of the \$295 million financial security for work that is supposed to be done in place under various licences and permits.

The GNWT now has total discretion over the form of financial security for reclamation liabilities at Ekati and any other mine. It's my understanding that GNWT also has to consent to the transfer or assignment of the water licence, land leases, land use permits, and the environmental agreement covering the Ekati Mine if they're transferred to a new entity.

It's not clear what Cabinet's position is on these assignments, and whether any terms or conditions will or have been imposed. One of the terms and conditions should be that surety bonds are converted or changed to more reliable, irrevocable letters of credit from a chartered Canadian bank. Regular MLAs were never asked about or consulted about this matter.

I'd also like to know what sort of early warning system we have in place to ensure that GNWT is not left with a public liability from Ekati. Insurance companies seem to have a problem with the new entity. The site has changed ownership several times, and it's nearing the end of its life. We've already had some failures that the GNWT was not able to adequately anticipate or mitigate. For example, the bankruptcy of Strategic Oil and Gas and its Cameron Hills sour gas field. That should never have been accepted by our government under the Devolution Agreement. Then, there's North American Tungsten that also went under during our watch with a Mactung property as part of its financial security. I'll have questions later today for the Minister of Finance who has the lead on the Dominion Diamond creditor protection proceeding. Mahsi, Mr. Speaker.