



House of Commons
CANADA

Standing Committee on Aboriginal Affairs and Northern Development

AANO • NUMBER 012 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, March 31, 2009

—
Chair

Mr. Bruce Stanton

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Aboriginal Affairs and Northern Development

Tuesday, March 31, 2009

• (0900)

[Translation]

The Chair (Mr. Bruce Stanton (Simcoe North, CPC)): Good morning, everyone. This is the 12th meeting of the Standing Committee on Aboriginal Affairs and Northern Development. This morning, we have the study on northern economic development on the agenda.

[English]

This morning we welcome three officials from the department to help us with our considerations for studying the issues of economic development in the north.

First off today, we welcome the assistant deputy minister, Mr. Patrick Borbey, with a statement.

Could you, in the course of your opening comments, perhaps introduce your colleagues who are with you today?

We'll have an opening statement and then proceed to questions from members.

Mr. Borbey, *vous avez dix minutes*.

Mr. Patrick Borbey (Assistant Deputy Minister, Northern Affairs, Department of Indian Affairs and Northern Development): Thank you.

Mr. Chair and members of the committee, it's a pleasure to be here today with my two colleagues: Mr. Gardiner, who is our director responsible for economic development for the north, and Mr. Traynor, who is our lead director responsible for improvements to the regulatory system in the north. I know those are two issues you're quite interested in.

I do have a short statement. I'll try to keep it to ten minutes or less and leave as much time for questions as possible.

[Translation]

The November 19, 2008 Speech from the Throne announced the intention of the government to establish a new northern economic development agency as a key element of the Northern Strategy.

The Northern Strategy has four elements: protecting our arctic sovereignty as international interest in the region increases; encouraging social and economic development and regulatory improvements that benefit northerners; adapting to climate change challenges and ensuring sensitive arctic ecosystems are protected for future generations; and, providing northerners with more control over their economic and political destiny.

As this committee well knows, the north is a region of great economic promise, particularly in oil and gas and mineral development, but also in renewable industries, such as tourism and the emerging fishery in Nunavut. Traditional economic activities continue to be important, particularly for many northern aboriginal people, but the growth in the territorial economies will be in natural resource development, for job; and for businesses. It is estimated that one third of Canada's hydrocarbon potential lies north of 60 with the bulk of that in the Mackenzie delta and Beaufort Sea area and in the Sverdrup Basin.

• (0905)

[English]

For every potential, there are challenges, and current economic conditions are different from what they were just a few short months ago. Oil prices have plunged, as well as prices for most base metals that are used in production, such as copper, aluminum, iron ore, tin, nickel, zinc, lead, and uranium. Only gold prices—

The Chair: Let's make sure we have translation.

Okay. Merci, Monsieur Gaudet.

Mr. Patrick Borbey: Only gold prices have kept their value. Even diamond prices have fallen by 40%. This has led to the recent loss of 128 jobs at the De Beers Snap Lake diamond mine.

Falling commodity prices are not the only issue in play. Tightening credit to business is also of concern to business development in the north. Consequently, we have also noted a sharp reduction in private sector intended capital expenditures across the territories, rising from a 15% reduction in the Yukon to a 33% decline in the Northwest Territories and a reduction of 44% in Nunavut compared to last year.

While commodity prices are often cyclical, there are some issues in the north that are not, and they require considerably more effort to ensure that northerners are active participants in the northern development.

[Translation]

These can be grouped in three main categories: enabling environment for development; institutional capacity for economic development; and the human resource capacity. The north is challenged at all three levels.

On the enabling environment for development, northerners agree that more should be done in the way of infrastructure and that the regulatory environment is too complex and decisions take too long.

As for the institutions, I am happy to be here today to discuss with you a new agency for economic development in the north that we feel will bring an added impetus to northern development and address some of the related institutional challenges.

And lastly, there are challenges in the participation of aboriginal northerners in the northern economy, as they often lack the education and skills to participate in the workforce. This impedes their ability to be more engaged in the economic potential of the north.

[English]

Today I'm happy to discuss two key elements of economic development in the north that we have identified for action—the new agency and northern regulatory improvement.

Concerning the new northern economic development agency, I'll speak briefly about commitments the government has made towards the establishment of an agency and its planned role and mandate, as well as key milestones INAC is working towards in order to implement these commitments.

The November 2008 Speech from the Throne stated that economic development in Canada's north would be led by a stand-alone agency. This past January, budget 2009 provided \$50 million over five years to establish the agency. The creation of the agency represents a change in the machinery of government, which is entirely within the prerogative of the Prime Minister. While he has not made final decisions on mandate, structure, and role of the agency, the Prime Minister has clearly indicated that it would be a stand-alone organization with headquarters in the north and a strong presence in each of the three territories.

[Translation]

In developing advice on the agency, we have engaged in consultations with territorial stakeholders to get their views on the priority activities that should be pursued and how they would wish to work with this new organization to achieve common economic development objectives. We have also talked to the other federal development agencies: the Atlantic Canada Opportunities Agency, Western Economic Diversification, the Economic Development Agency of Canada for the Regions of Quebec, and the Federal Economic Development Initiative in northern Ontario.

[English]

Consistent with these existing federal economic development agencies, the new northern economic development agency will be expected to perform three broad functions: first, the delivery of economic development programming in the three territories; second, coordination of national economic policy and programs in the territories, and where appropriate serving as the delivery agent for other federal departments; and third, research, policy development, and advocacy of regional interests within the federal government system.

We anticipate implementing the agency's mandate and functions over two phases with clear milestones associated with each. In the first phase, currently under way, we anticipate establishing and staffing the new agency and transferring existing and new northern economic development programs. No decisions have been made on which programs to transfer, but strong candidates include the recently renewed strategic investments in northern economic

development, or SINED, program, aboriginal economic development programming for the north, and two new programs announced in budget 2009—the community adjustment fund and recreational infrastructure Canada.

• (0910)

[Translation]

Milestones linked to the first phase include organizational design, the appointment of a deputy head, the determination of staffing categories and levels, transitional planning around the transfer of existing staff and programs, securing of new accommodations for staff in the three territories and the National Capital Region, and of course, staffing and training.

An important consideration during the first phase is how best to maintain continuity of service from existing and new economic development programming during the transition to a new agency. This is a key priority and the main reason a phased approach to implementation is being pursued.

[English]

In establishing the agency, INAC officials are committed to continuing the engagement of the diverse and vibrant stakeholders across the territories. Since the November 2008 Speech from the Throne, northerners have been consulted in a number of different ways. A context paper was distributed to over 100 stakeholders this January, seeking their views about the agency. A copy of this context paper has been provided to the clerk of this committee for distribution. As well, officials have travelled to the north to meet with territorial and municipal government representatives, aboriginal governments and organizations, and private sector industry associations.

The next round of engagement sessions will start soon. This will be coordinated with the renewal of the SINED program, mentioned a moment ago. Key stakeholders in each territory will be brought together to develop investment plans that will guide the allocation of SINED funding over the next five years. We will use this opportunity to share information and discuss the status of agency implementation and to seek stakeholders' views on the next steps.

[Translation]

While present efforts are focused on ensuring a strong start for the northern economic development agency, we will continue to work with northerners on further developing the agency, including consideration of the development and passage of enabling legislation if needed, and in-depth policy analysis and consultation to identify gaps in northern economic development programming across the federal, territorial, municipal and aboriginal government landscapes, where there may be a role for federal government to play, or where it could make sense to evolve the delivery of existing programs from other departments to the northern-based agency.

As I have said before, the Prime Minister will make the key decisions on the agency and we are ready to move forward with its implementation as soon as possible.

[English]

I'd like to say a few words about regulatory improvement.

One of the most important enablers of economic development in the north is a properly functioning and effective regulatory regime, and its legislative requirements.

Regulatory approval of resource development projects in the north varies by territory, although there are some similarities. Each territory has its own set of legislation governing waters, surface rights, environmental and socio-economic assessment, and land use. The regimes are founded in settled land claim agreements. Projects move through this legislative set of requirements to receive appropriate licenses, permits, and authorizations from co-managed regulatory and advisory boards. These include land use planning boards, environmental impact boards, and land and water permitting boards.

[Translation]

The Yukon is somewhat different than the NWT and Nunavut in that the responsibility for the management of land and resources was devolved to the Yukon government in 2003, whereas the Minister of Indian and Northern Affairs Canada retains key decision making authority in the NWT and Nunavut.

The Northern Regulatory Improvement Initiative was struck, in part, due to the increasing numbers of stakeholders comments and independent reports that indicated we need to reduce the complexity of the regulatory process in the north, particularly in the Northwest Territories. The regime we have in place in the Northwest Territories is now about 10 years old, as established by the Mackenzie Valley Resource Management Act and by various land claims settlements.

• (0915)

[English]

We know there have been growing pains and that some are more serious than others. We know we need to increase the efficiency, predictability, and timeliness of these regulatory processes while respecting settled land claims agreements and ongoing devolution negotiations with Nunavut and the Northwest Territories.

In November 2007, Minister Strahl appointed Mr. Neil McCrank, a former chair of the Alberta Energy and Utilities Board, to identify ways to improve the regulatory processes in the territories. For the next few months, Mr. McCrank held over 100 meetings with aboriginal organizations, resource management boards, industry representatives, environmental organizations, territorial governments, and federal departments. He then took all of what he had heard and applied his extensive experience in regulatory processes to produce his report called *Road to Improvement*, released in July 2008. We have provided copies through the clerk to the committee.

[Translation]

Since then, INAC has been developing a Northern Regulatory Improvement Action Plan that will address the McCrank recommendations along with other needed improvements to the northern regulatory regimes identified in the report of the Auditor General in 2005 and in the NWT Environmental Audit in 2006.

[English]

However, as we have been developing this comprehensive response we have not been sitting idle on regulatory improvement. We have developed water regulations in the Northwest Territories

and Nunavut. We have been working on a national framework for regulatory board training and orientation. We have amended the Nunavut Land Claims Agreement to eliminate duplication of environmental assessment processes between the Nunavut Impact Review Board and the Canadian Environmental Assessment Agency. We have amended the Mackenzie Valley Resource Management Act exemption list regulations through Treasury Board to ensure one screening for each project. We have provided funding for cumulative impact monitoring in the Northwest Territories, and we have accelerated the development of the Nunavut Land Use Planning and Implementation Act.

[Translation]

Our Action Plan will cover a broad range of improvements. There is still much to do. We still need to address governance issues. There are outstanding commitments in land claim agreements on environmental monitoring in the NWT and Nunavut and there are legislative and regulatory gaps that need to be filled in for the system to work efficiently.

[English]

We also have to remember that while some of these changes we need to make are solely federal responsibilities, to achieve the necessary improvements we need to work with aboriginal organizations who have settled land claim agreements, territorial governments, and northerners in general.

Regulatory regimes that produce timely, predictable results while respecting our stewardship of the northern environment and the traditional lifestyles of its aboriginal people are key to the north's economic prosperity.

While there is potential for diversification of the northern economy, its backbone will continue to be the resource development sector. I know the committee is interested in better understanding the full scope of the potential for resource development in the north, and we are therefore sharing a map with you that shows all the mining projects that are currently in various phases of development, from advance exploration to environmental assessment, to permitting, production, and even in some cases remediation.

As I mentioned earlier, there remains much left to be done to improve the north's regulatory systems. I can assure you that our minister continues to work with his colleagues to move this action plan forward and looks forward to providing a complete response to Mr. McCrank's report in the near future.

Thank you very much.

The Chair: Thank you, Mr. Borbey.

We will go to questions from members.

Members, just as a reminder, the purpose of today's and Thursday's meetings is to really try to scope down so that we can come up with a specific topic on the question of northern economic development. You'll know that a number of members were interested in pursuing a study in this area, but considering the volume of work that has been done generally by other committees and territorial governments on this topic, we are using today and Thursday to better understand where gaps exist where our time could be best spent investing in developing recommendations that would be most suited to addressing the issues that are before us.

Mr. Borbey has outlined two of those potential gaps today. However, I'm certain if members have other questions in regard to this topic in general, our esteemed panel will be more than happy to answer where they can.

We'll go to questions, beginning with Mr. Bagnell for seven minutes.

• (0920)

Hon. Larry Bagnell (Yukon, Lib.): Thank you.

Good to see you again, Patrick.

I've got a bunch of questions, so if you could keep your answers short that would be great.

It's great to see Harley Trudeau here from the Yukon office in Ottawa.

In relation to the new agency, I'm glad you were talking about a strong presence in each territory, because there is now an economic development program, so it wouldn't make any sense to have one office delivering 1,000 or 2,000 miles away from the work. Of course I'd like it in the Yukon, being as it's my riding, but there needs to be a strong presence in each riding. So that's good.

I have a question about the Yukon government asking for a coordinating committee on the development of economic development, these new structural changes. When do you think that committee might be up and working?

Mr. Patrick Borbey: We've had discussions with all three territories, and we've also received an input document, a short document that's been prepared jointly. We have scheduled a meeting for later on this week with the three territorial representatives. You're going to be hearing from them on Thursday. We'll be sitting down with them to talk about the next steps, including what the best way is to work together, whether through this committee or some other way. Over the months of May and June we will be going to the three territories to pursue a much more focused engagement strategy.

Hon. Larry Bagnell: Following up on that, as you know now, we've also constitutionally created other aboriginal governments in the north. How exactly will you tie them in as governments as well?

Mr. Patrick Borbey: That's a good question. We had included them in some of our engagement early on, but we have to complete that engagement. There's more work to be done there in terms of getting their views and their perspectives, not only in terms of the creation of the agency but also on how it's going to operate on an ongoing basis. You're right, we have to take that into consideration.

Hon. Larry Bagnell: You made a very good point about institutional capacities in human resources. As you know, a large

percentage of the people in the north are aboriginal people, yet a number of them are having trouble contributing to the economy. So I have three questions in that area.

First, the Auditor General, for a number of years, has pointed out weaknesses in our implementation of land claims, of which there are economic development chapters. I wonder what the department is doing to deal with those issues.

Second, how will the first nations be guaranteed involvement in the new infrastructure funds—the Building Canada fund and the SINED program, when it's transferred to the new agency—to make sure they don't fall between the cracks?

Mr. Patrick Borbey: Again, we think this agency can play that integration role in terms of the various components of federal programming that support economic development. You're right, you have to have a direct link among skills development, infrastructure development, resource development, and capacity development. So we're hoping the agency will be able to play that role, by working with aboriginal governments and territorial governments. That's part of the vision, again, to be confirmed by the Prime Minister in terms of the entire scope of the programming.

But there are also some pretty good conditions in place through the land claim agreements or self-government agreements that have been negotiated and that allow aboriginal people to leverage ownership of resources and also the conditions related to impact benefit agreements that are built into the land claim agreements, to leverage as much as possible participation in employment, contracting, and other business that might come out of resource development.

Hon. Larry Bagnell: Before the agency is up and running, how are the first nations going to get their fair share of infrastructure, the Building Canada fund?

• (0925)

Mr. Patrick Borbey: Sorry, I'm not responsible for the Building Canada fund. We do have some responsibilities for MRIF, but that's a program that's sunsetting. We will have responsibility for some small elements as part of budget 2009, but that really should be directed to Infrastructure Canada.

Hon. Larry Bagnell: I have two questions for Mr. Traynor on regulatory changes.

It's great that you're trying to deal with the province in the NWT. I definitely agree with that. I just want to speak about my riding a bit, though. As you know, we have the YESSA program in the Yukon, which is leading in the country. You have all the jurisdictions and one environmental program. It reduces all sorts of overlap that occurs in the rest of the country. So I'm wondering, first of all, if you're championing that with the other jurisdictions.

Second, because it's exempt from CEAA, to a large extent, for most projects, will the proposed regulatory changes to CEAA that remove environmental assessment requirements for a lot of projects under \$10 million...? I'm assuming that won't have any effect on the Yukon because we're under a different regime, a non-CEAA regime.

Mr. Stephen Traynor (Director, Resource Policy and Programs Directorate, Natural Resources and Environment Branch, Department of Indian Affairs and Northern Development): You're certainly right. The Yukon jurisdiction was very much touted. We were at a lot of meetings and discussions with the Yukon and other jurisdictions, and at the exploration roundups in Vancouver, which the Yukon often goes to, and that regime was touted as a good regime to be in. Even industry was touting that they were very pleased with that regime that is in place in the Yukon, particularly with the YESSA.

In terms of CEAA, I do not know what those changes are yet, but I can certainly agree with you that, overall, the premise is that it should not have a big impact, given the nature of the YESSA legislation and the regime in the Yukon.

Hon. Larry Bagnell: Patrick, you know that a few years ago it was very high on the agenda of your department to put Community Futures programming into the north because it was successful in the south and a lot of people were asking to put it back in the north. It had actually been in the north. Can you tell me the status of that? Do you think there's any movement on that area?

Mr. Patrick Borbey: I'm sorry, but I'm not familiar with the program.

Hon. Larry Bagnell: Okay, I'll leave that question.

Mr. Patrick Borbey: I can come back to that, if you want, in writing.

Hon. Larry Bagnell: Okay, that would be great. If you'd give it to the clerk of the committee, that would be great.

You mentioned devolution. Maybe you could update the committee. Of course devolution to territorial governments and first nations is a great way to improve local control over local economic development and resources. How is devolution going in NWT and in Nunavut?

Mr. Patrick Borbey: In terms of the NWT, there haven't been very active negotiations over the last number of months. An agreement in principle was tabled, an offer by the federal government, and we never really got a firm answer before the last territorial election. We have been waiting for the new government to take a firm position with respect to the offer that's on the table.

What we have heard, however, from the premier is that he wants to have further discussions on issues of resource revenue sharing and infrastructure. It's really the Department of Finance and Infrastructure Canada that need to be involved.

In Nunavut we have signed a protocol, so we're well under way in terms of the very early phases of devolution negotiations.

[Translation]

The Chair: Thank you, Mr. Borbey.

We'll now go to Mr. Lemay.

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chairman.

Thank you for being here, gentlemen.

I'm extremely concerned by what is happening in northern development. Last June, those who were members of the committee

at the time went to Iqaluit and Pangnirtung, which is way up north. We met the mayor of Pangnirtung and his council. He is an old Inuit, 70 years old, who has been mayor of his community for a number of years. We asked him what he would wish for if we could only do one thing right away for his community. He answered that he would ask up to pick up our waste.

That answer very much struck me. You've tabled a pile of documents, Mr. Borbey, and I carefully listened to what you told us. What is the guarantee? How can we be sure that the main priority will be to protect the environment, the fragile balance in the north?

When I consider the mining development in the offing, what guarantee can we have that the Inuit are and will be consulted, and that the protection of ecosystems is a priority, in view of the development that is starting in the high north, as everyone knows?

There are three one-hour documentaries on CBC television on this subject. I understand that not all committee members watch that channel. However, I believe it would be to our advantage to have that series translated. It is presented on the program *Découverte* on Sunday evenings from 6:30 to 7:30 p.m. There was one program last Sunday and the previous Sunday, and the third will be on next Sunday. The programs deal with northern development. I find it very hard to see how the Canadian government can ensure that this development will be conducted in a manner harmonious with the permafrost, which is visibly melting, and all the climate changes that are occurring. What guarantee can we have? Is this really a priority that will be taken into account? Otherwise, is this going over everyone's heads? That's the first question. I know my introduction was very long, but I wanted to give you some background.

As for my second question, I heard nowhere in your introduction that discussions had been held with the Makivik Corporation, which handles the northern Quebec area. As you are no doubt aware, there are extensive relations among all the Inuit. I'm talking about those on the east coast, not just from Hudson Bay, but from the arctic and Nunavik as well. Are there any relations with that corporation? Are they being talked about? There will be no development in Kimmirut or Cape Dorset without the Makivik Corporation being aware of it. It will be its people who work there.

● (0930)

Mr. Patrick Borbey: As regards the waste, you would really have to give me some specific details. If there are contaminated sites in the north, we have inventoried all of them and have plans to clean them up to ensure we solve those problems. If there are specific cases, we should really be told about them.

Mr. Marc Lemay: All right. I'll give you a single example. You may not have noticed because you go there too often, but I personally noticed it because I have gone there two or three times in my life. When I was a lawyer, it was the same thing. We travelled across the north. There are fences around all the airports. There are tens of thousands of plastic bags cluttering up all those fences. We were told that they came from the south, that we sent them to them. Do you understand me?

Mr. Patrick Borbey: I can't answer any questions on what the communities do to manage their waste. I know that's a problem and a concern.

In terms of participation, I can tell you that all the projects you see here involve quite developed relations with the aboriginals and, in particular, with the Inuit. Under the land claim agreement that gave rise to the creation of Nunavut, the Inuit, through an organization called NTI, are the biggest land owners in Nunavut. Based on available geoscientific information, they selected the best lands with regard to surface and subsurface rights. If all these projects are carried out, the vast majority of the benefits, in terms of royalties, will go directly to the Inuit.

Furthermore, the land claim agreement provides for an obligation to negotiate what are called impact and benefit agreements. So there can be no development without an agreement with the local aboriginal community concerning employment, business creation, contract and other benefits.

I also want to emphasize that, in all cases, the environmental regulatory agencies are co-managed with the aboriginals. They have a say in decisions that are made and when opinions are given to the minister on the appropriateness of implementing a project, under certain conditions. For example, in the case of a mine, conditions are set to ensure that the environment is restored. The situation will not be the one that prevailed in the past in the context of mining projects. The conditions I'm talking about here are very costly. In fact, bonds are held by the Crown to ensure that the companies are able to finance those costs. I think that, in such conditions, it will be much more possible to guarantee that the environment will not be damaged. We also have an inspection service that very closely monitors what goes on.

• (0935)

The Chair: Thank you, Mr. Borbey. Unfortunately, you don't have enough time left to answer Mr. Lemay's second question.

[*English*]

Now we'll go to Madame Crowder for seven minutes.

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Thanks very much.

Thank you for coming before the committee today.

I have a number of questions. I'm going to start with land claims and negotiations.

I think it's probably no surprise to you that a number of us have heard from particularly the Council of Yukon First Nations, but certainly from the land claims coalition across the north, about the slowness of actually implementing land claims agreements once they've been negotiated. I wonder if you could comment on the

status of implementation of land claims. Also, and you probably couldn't do this today, could you give us a list of the negotiations for land claims that are ongoing up north? I think it's very difficult to talk about economic certainty if you don't have those land claims in place and if they actually are not implemented.

Mr. Patrick Borbey: The questions are all very complex, and I'm sorry if I'm taking too long.

With respect to implementation, I know there's the Auditor General's report of last year. Also, the department made a pretty comprehensive report through the Senate, and I think that report might be helpful to understand what our strategies are for implementation. I am not the lead for implementation within the department. However, I do contribute to ensure implementation takes place. There are very complex issues related to implementation of those land claims. I know there are some differences of opinion between the department and first nations and other aboriginal groups.

In terms of current negotiations, we start in the west. With respect to the Yukon, there are three first nations in the Kaska region where there are no active negotiations right now. They have declined to participate in self-government negotiations at this time. In some cases they have made representations to have reserves established, which is not a model we are very fond of for the north. We are struggling a little bit to find a way to deal with those communities and their needs.

In the Northwest Territories there are three land claims that are under negotiation right now: the Dehcho, which has been under negotiation for some time, the Akaitcho process, and what they used to call the South Slave Métis.

Ms. Jean Crowder: Is the Akaitcho still under way?

Mr. Patrick Borbey: Yes.

Ms. Jean Crowder: So the federal government hasn't withdrawn from that process?

Mr. Patrick Borbey: No, we haven't withdrawn. In the case of the Dehcho, we are negotiating a land-use plan, which is something that the Dehcho feel very strongly about. There are also in the Northwest Territories various tables where aboriginal governments that have land claims are now negotiating towards self-government status. Only the Tlicho have self-government status right now, but there are discussions involving the federal and territorial governments. In the case of Nunavut, we have settled land claims. However, there are some cross-border issues affecting Nunavut as well as other parts of the north, with Manitoba and other provinces.

•(0940)

Ms. Jean Crowder: With respect to Nunavut, looking at the McCrank report, under recommendation seven, they're talking about board capacity, which you referenced. They have a whole paragraph on capacity. There was a commitment to employment for the Inuit in Nunavut, and they're falling short of the goals that were negotiated. The Berger report from 2005 was clear about what needed to be done to start achieving those goals. To my knowledge, there's been no formal response to the 2005 Berger report. McCrank has now re-emphasized the need for capacity for human resources and made some recommendations with respect to boards, but that's not going to help if we don't do the other work upfront.

Can you tell me if the department is working on any of the recommendations that were submitted by Berger? This affects the whole north. It was directed at Nunavut, but if we don't do capacity-building in NWT and the Yukon, it's not going to help.

Mr. Patrick Borbey: I agree that capacity-building is an important consideration, with regard to the regulatory system as well as the capacity of territorial residents to participate in all facets of the economy in public life. Certainly that's an important issue. A lot of what Mr. Berger was recommending had to do with reforms to the education system, which is a territorial responsibility, and some of those reforms have taken place.

Ms. Jean Crowder: Justice Berger recommended that the federal government put \$20 million into education in Nunavut to take a look at some of the language issues. My question was not what the territorial responsibilities are, but rather what is the federal government doing in response to the Berger report?

Mr. Patrick Borbey: We have not yet responded to the Berger report.

Ms. Jean Crowder: That was 2005. Do you know if there is any planned response to the Berger report? The government contributed to that report, so I would presume that we're going to respond at some point.

Mr. Stephen Traynor: I am involved in regulatory improvement, but I was previously in Nunavut in the department. After the Berger report, we had the Paul Mayer report, which looked at the receptivity for devolution. Within the context of those discussions, they struck some committee works and had some discussions on how to deal with capacity issues. NTI had discussions, along with the Government of Nunavut and the federals, to look at some of those capacity issues. I'm not sure where that is at this point, but they had discussions to sort through some of those issues.

Ms. Jean Crowder: Can you find out the status and let the committee know? That's an important aspect of that original work that Berger had done.

Mr. Stephen Traynor: Certainly. We can look within the context of the Paul Mayer report and the discussions that resulted from it.

Ms. Jean Crowder: Do I have time?

[Translation]

The Chair: You have 35 seconds.

[English]

Ms. Jean Crowder: I want to make a comment about development. I notice that the development at Baker Lake is there.

I've been approached by some women who want to know how women are considered in these developmental plans. There is mine development, and we recently heard that the food mail program review did not include women's voices. When you're looking at assessing impacts on the area, how are you including women in this conversation? Is there a gender-based analysis?

Mr. Patrick Borbey: The assessment of the project, whether Baker Lake or another project, has to go through the regulatory boards. It's their responsibility to ensure that there is a complete capture of the voices of all members of the community, all walks of life. That certainly needs to be built in as part of their process. I can't say whether it took place in the case of Baker Lake.

The Chair: Thank you, Madam Crowder.

We'll go to Mr. Duncan for seven minutes.

Mr. John Duncan (Vancouver Island North, CPC): Thank you, Mr. Chair.

Thank you for appearing this morning.

I have a question regarding the SINED funding. Is there a formula for allocation among the three territories of that funding envelope?

•(0945)

Mr. Patrick Borbey: I'll ask Mr. Gardiner to answer that.

Mr. Timothy Gardiner (Director, Northern Economic Development Directorate, Northern Strategic Policy Branch, Department of Indian Affairs and Northern Development): The plan at this point is to allocate the funding evenly among the three territories.

Mr. John Duncan: That is, to divide it by three?

Mr. Timothy Gardiner: Yes.

Mr. John Duncan: Okay.

Other than SINED, are there other programs in place to target economic development in the north? I guess a better way to say it is to ask what other programs are in place.

Mr. Timothy Gardiner: SINED is the flagship program, run out of the northern affairs organization at the Department of Indian Affairs and Northern Development. There are a couple of new programs introduced in budget 2009, which we're in the process of thinking through as to how they're going to be delivered in the three territories. One is the community adjustment fund recently announced; the other is Recreational Infrastructure Canada. These are really at the early stages of development at this point, so there's not a lot of detail available.

The department also runs, out of a different sector, the lands and economic development sector, a number of aboriginal economic development programs. I understand that the spending under these programs for grants and contributions in the territories is approximately \$12 million a year.

Mr. Patrick Borbey: Let me add that the delivery of those programs in the north is done in an integrated way. The same employees who deliver SINED also deliver the aboriginal program, so that there's no duplication or confusion and clients have a single-window approach.

Mr. John Duncan: Yesterday there was a \$1 million announcement for Aurora College—is it a college?—that's for operator training. Would it be managed through the SINED office?

Mr. Patrick Borbey: Yes. There are a number of training programs that we've managed that don't necessarily fit the HRSDC programs, so they've been funded through SINED, especially mobile types of programs, which take the instructors and the tools to the communities where the programming can be delivered. There are certainly those kinds, and the minister made a number of announcements yesterday, including \$1 million for this program, which is run out of Aurora College.

Mr. John Duncan: South of 60, we have a major projects management office, but it's not contemplated that it will operate north of 60. Is there an equivalent contemplated? If so, when would it be likely to be budgeted? I don't believe it's budgeted for in the current fiscal year.

Mr. Patrick Borbey: The major projects office run out of NRCan does not apply in the three northern territories, because it is designed in a different way. It's also because of the nature of the northern regulatory system, with the aboriginal land claims being the fundamental building block behind the regulatory system.

So there are differences. The Prime Minister, however, indicated earlier that there will be a satellite office established for the north. We are providing advice to him in that context, as to how it can be achieved while minimizing any duplication and trying to use the tools that have been developed for the major projects management office at NRCan and working very closely with them. That coordination role is an important one to play from an economic development perspective, to ensure that for all the projects you see on the map the proponents have good, integrated support from federal organizations as they make their way through the regulatory system. This is part of the vision we're developing.

Mr. John Duncan: Speaking of all these sites on the map, we have some of those sites, for example the Giant Mine, with some pretty large environmental liabilities attached to them at this point.

I don't know how to pose the question, but the question is that a lot of this has fallen onto the federal government. Going forward, we obviously don't want to continue to accrue those kinds of liabilities. I assume the McCrank report addressed this partially or wholly. So what is our direction? What is the federal direction in trying to deal with the existing liabilities and to prevent future liabilities, and what lessons can we learn?

Also, could you clarify which diamond mines we're currently in ownership of at this point?

• (0950)

Mr. Patrick Borbey: Basically, we do have two major mines that are currently part of our inventory for remediation, and those are Giant Mine and Fero Mine. There are some smaller ones as well. We've inherited them from the past, when a different type of regime existed, where companies were able to declare bankruptcy and walk

away from their assets, and these mines then ended up reverting back to the crown. So on behalf of all Canadians, we are proceeding with remediation.

We're well advanced in the case of both projects. These are very, very large, very expensive, and very long-term projects. We have an agreement in Fero with the Government of the Yukon and the three local first nations on a path forward, which will then have to be subjected to the environmental assessment and regulatory process.

In the case of Giant Mine, we have a preferred solution, in terms of refreezing the chambers that hold the arsenic trioxide, which is the danger right now. The rest of the site is being remediated—asbestos and things of that nature. That is now before the environmental assessment authorities in the Northwest Territories.

In the case of new mines, as I was mentioning earlier to Monsieur Lemay, we have conditions now that are much more stringent, including the condition that before a project goes ahead, there has to be a full remediation plan approved by the local board and money to support it.

The Chair: Thank you.

Thank you, Mr. Duncan.

Now we'll go to Mr. Russell. We're on our second round now. Five minutes, Mr. Russell.

Mr. Todd Russell (Labrador, Lib.): Thank you, Mr. Chair.

Good morning to each of the witnesses.

Certainly from a regulatory perspective, it's my sense that the proper implementation of land claims is crucial. The federal government certainly has an obligation to live up to its share of the bargain.

I'll use only one example, that of land use planning. I've had a number of Inuit organizations or aboriginal governments talk about the non-funding of land use planning under the land claims agreements that have been settled. I would contend that such planning is a vital part of the regulatory perspective in moving forward. But proper funding is also important for the development and human capacity of these organizations to be able to participate, given their crucial role. The capacity of these organizations and governments to be participants is crucial, which means, again, that we should be funding these agreements. I would also contend that there are some outstanding land claims already on the table, and some that may be negotiated, which need to be settled in an expeditious manner in order to move forward. So I would just say that.

There has been some representation made as well that the discrete north-of-60 line is not so discrete. The northern economic development agency that is being contemplated is basically just for the three territories. I'm not sure if you've heard this, but people in Nunavik, for example, have asked why they aren't included under this northern economic development agency. I've had some people from Nunatsiavut, where the latest Inuit land claim has been signed, asking why they aren't included under the northern economic development agency. Some people respond that they're already covered under the northern Quebec one, or they're covered under ACOA in Labrador.

Is there any contemplation of allowing people to opt into this new agency at all? And are these different regions being consulted on this new northern economic development agency?

• (0955)

Mr. Patrick Borbey: Yes, early on. In fact our first engagement was with the Inuit from all four regions, including Nunatsiavut and Nunavik, so we certainly did hear the representation that they want to find a way. They understand the jurisdictional issues, but they want to find a way to be able to work with the new agency.

Part of our design is to find ways we can collaborate with ACOA and the regional agency for Quebec. We've already had some early discussions with them in terms of how we can have a pan-Inuit approach to some of our programming. We will be conscious of that, respecting the jurisdictions but at the same time understanding that some solutions will be pan-Inuit, for example.

Mr. Todd Russell: Thank you.

I'm just wondering how you arrive at the dollar figure. The \$50 million over five years for the northern economic development agency, is that just for all the administration and setup? There's no programming in that, is there?

Mr. Patrick Borbey: No. It's for all the roles we contemplate for the new agency, including anything that has to do with policy development, coordination, analysis. It's not just administrative; it's also getting involved and having people on the ground working with local groups.

I'll give you an example. Last year we allocated a couple of people to work with the Government of Nunavut and the Government of the Northwest Territories to develop a strategy, a business plan to access funding that was available for increasing broadband access. That directly led to almost \$40 million of funding that was allocated to deal with a real need.

Some of the work that will be done will be program work, not in grants and contributions but in people working with communities to help leverage the work and access to funds elsewhere.

Mr. Todd Russell: There are many questions, but under Arctic sovereignty there seems to be a major policy focus of this particular government. I'm not going to make too many comments about whether it's the right or wrong focus, or what the emphasis should or should not be from my perspective. How much involvement do you guys have in that overall strategy? Are you a part of it at all?

I would see social development, economic development, whatever words you want to use, as being integral to this. I'm just wondering where you are with that and how you mesh with that.

Mr. Patrick Borbey: The northern strategy, which I referred to earlier on, is the responsibility of our minister, Minister Strahl. He has the overall lead for coordination of all federal activities in the north. That's part of his mandate as minister for northern development. He is the lead for the northern strategy, and as such he goes to cabinet and supports his colleagues with their proposals or brings proposals himself that have to do with the broader needs of the north.

We're very much plugged in. We also work closely with the Department of Foreign Affairs in anything that has to do with

circumpolar relations, the Arctic Council. We're at the table and working with partners on both domestic and international issues that have to do with the north.

The Chair: Thank you, Mr. Borbey and Mr. Russell.

Now we'll go to the member for Kenora, Mr. Rickford, for five minutes.

Mr. Greg Rickford (Kenora, CPC): Thank you, Mr. Chair.

Thank you to the witnesses. I assume you're comfortable being called by your first names; that was a reference earlier. Okay, thanks.

Mr. Patrick Borbey: We're both northerners.

Mr. Greg Rickford: Okay, great. Thank you.

I want to develop some of the questions that have come from some of my colleagues. I want to start out by asking a very brief question about the definition of the north. I know we've been hedging at this, but for the purposes of your department, is there a physical boundary per se?

Mr. Patrick Borbey: That's a very good question, and it's one that has a number of answers.

Mr. Greg Rickford: Just briefly, though.

Mr. Patrick Borbey: It depends. The north, for the purpose of the basic functions that I perform, is the three territories. However, for anything that has to do with science, we use what they call the semi-continuous permafrost line, and that's a scientific definition that's used across the world. For example, the international polar year and the Arctic research infrastructure that the minister just announced yesterday include northern parts of the provinces.

We also include northern parts of the provinces for our food mail program because we recognize they face the same kinds of isolation issues. So for that purpose—

• (1000)

Mr. Greg Rickford: In terms of economic development, this is primarily confined within the territories.

Mr. Patrick Borbey: That's right.

Mr. Greg Rickford: Thank you. I'll refer to one or more of those if I get the chance.

Timothy, the committee members, in some discussions, have already recognized the need to understand the broader context of the north, particularly for the benefit of aboriginal economic development. Assuming the limitations of INAC's definition of the north—and I'm just going to go beyond some of my colleagues, who I appreciate have ridings that are very much in the Arctic region or in the sub-Arctic region—it's worth pointing out that some of the stakeholders in the north may not be in the north for the purposes of most reporting and programs, particularly in economic development. Jurisdictional challenges notwithstanding, particularly in the provinces—which brings my riding into play, as Kenora riding goes all the way up to the shores of Hudson Bay, in fact, and covers quite a bit of that—there seem to me to be essential cultural, social, and economic ties.

Fort Severn was involved in the science piece on polar bear tracking. That is just one example in science. What I am concerned about is the ability of other aboriginal businesses that are still pretty north, but not north enough, to develop. And this is to develop some pretty straightforward business principles. Wasaya Airways, for example, which operates out of Thunder Bay, could contemplate expanding its flight paths. I realize that there are other agencies.

I wonder, Timothy, if you could, as briefly as you can, respond to that. I'll just give you some cues as to what I'm looking at. There are other economic programs for aboriginal businesses that have to be seen in view of their... There is the procurement strategy for aboriginal business. My riding, especially in Kenora, would like to have access to some of the economic development that's going on in the north, particularly as it relates to anything the government purchases. And there is Aboriginal Business Canada, which operates outside the north, as your department does. Could you comment on that? It seems to me to be problematic and might stifle some business development for a broader sense of the north.

Mr. Timothy Gardiner: If you're looking for a brief answer, I think I can manage that. Part of what you've touched on really falls outside my bailiwick within the northern affairs organization.

Very briefly, the two programs you mentioned, the procurement strategy for aboriginal business and ABC, are both national programs. So in that sense, I'm not sure how access to them would be limited by this north or south of 60 distinction. That's the short answer.

Mr. Greg Rickford: I just want to point out, then, on the basis of that—

The Chair: I'm sorry, you only have about ten seconds left.

Mr. Greg Rickford: —that these national programs very much are for the benefit of aboriginal economic development in a much broader sense of the north than what these programs... It's worth the committee understanding that, certainly, and I raise it here today just so we can be aware of it.

The Chair: Thank you, Mr. Rickford.

[*Translation*]

Now I'm going to go to Mr. Lemay or Mr. Gaudet.

Mr. Marc Lemay: That will be Mr. Lemay. We're going to continue what we started.

Mr. Borbey, is the Department of National Defence involved in the clean-up of its military dumps in the High north?

Mr. Patrick Borbey: We share responsibility with the Department of National Defence for cleaning up all contaminated sites.

Mr. Marc Lemay: Is the Makivik Corporation involved in northern development? I didn't see its name on your list. Are you familiar with that corporation?

Mr. Patrick Borbey: The Makivik Corporation contacted us and expressed its interest. According to the decision that was made, the agency will cover the three territories. As I told Mr. Russell, we are in talks with the other Inuit organizations and other agencies responsible for development in the Atlantic and Quebec. We want to ensure that part of our programming addresses pan-Inuit issues. We

will be cooperating with those people, but our mandate concerns the three territories first of all.

• (1005)

Mr. Marc Lemay: All right.

Let's say that a business from the south is conducting mining exploration and operation. It would like to go to Baker Lake to see whether it can enter into a contract or associate with someone because there is a major site at Meadowbank. How does it have to proceed? Does it have to turn to an Inuit company or to you?

Mr. Patrick Borbey: In Nunavut, there are three Inuit regions that are represented by an organization called NTI. Each of those regions has an economic development division that works with the communities. It is through that organization that relations should be established.

Mr. Marc Lemay: NTI as in—

Mr. Patrick Borbey: Nunavut Tunngavik Incorporated. It's the organization that signed the agreement for Nunavut. It represents 85% of the Inuit population of Nunavut.

Mr. Marc Lemay: Does NTI handle the management of mining development?

Mr. Patrick Borbey: It represents all the interests of the people who signed that agreement, who are the owners of the land, and what is on the surface and under the surface. It received more than \$1 billion to establish a trust. It then invests in economic development through its programs. There are four main regions in Nunavut.

Mr. Marc Lemay: In your presentation, you say that “adapting to climate change challenges and ensuring sensitive arctic ecosystems are protected for future generations.” I would add “and will be”.

Who is responsible for this third element of the Northern Strategy?

Mr. Patrick Borbey: We work with the Department of the Environment.

Mr. Marc Lemay: We?

Mr. Patrick Borbey: The Department of Indian and Northern Affairs, which represents the Crown in the north. The lands that do not belong to the Inuit or aboriginals belong to the Crown, whom we represent. Then we work with Parks Canada to establish new parks, and with Environment Canada and the territorial governments to establish other protected areas for animals and marine conservation areas.

Mr. Marc Lemay: Are you responsible in the case of cyanide spills in Meadowbank in the operation of the gold mine?

Mr. Patrick Borbey: I'll let Stephen Traynor answer that question because he did that work in Nunavut for a number of years.

[*English*]

Mr. Stephen Traynor: It certainly depends on whose land the mining development is on. In particular, as I recall, Meadowbank is actually on Inuit-owned land. The organization responsible would be the regional Inuit association, in this case the Kitikmeot Inuit Association, which is part of NTI, as Patrick mentioned earlier. So Meadowbank is the responsibility on land of the Inuit themselves.

[Translation]

The Chair: Your time is up, Mr. Lemay. Five minutes goes very quickly.

Mr. Marc Lemay: We have the time; we have until 11 o'clock.

The Chair: Yes.

[English]

We'll go to Mr. Albrecht now for five minutes.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Mr. Chair.

I may help Mr. Lemay and try to finish up some of his questions.

It's obvious, Mr. Chair and witnesses, that our government has had a significant interest in northern development. Not only in the recent past, but there was the announcement made to extend the SINED funding, the northern economic development agency has been announced, and also, as has been referenced, the announcement for funding for off-site training for large machine operators. I think these are all key components to improving the lives of aboriginal people.

I was also pleased with the opening statement, when you referenced the need for improving infrastructure and the regulatory environment.

One of the questions that Mr. Lemay raised earlier was the issue of the garbage. An issue that I've raised before at this committee is the question of whether there have been any studies done to look at the viability of the conversion of solid waste to energy. We know there's a pilot project currently occurring here in Ottawa where they're converting solid waste to energy. It does two things: it gets rid of the environmental contamination and it also produces energy for the grid. Has there been any discussion about the possibility of that? I understand that the volume of garbage may not be sufficient to bring one of these systems onstream, but as technology improves, it would seem to me that maybe there would be modular components that could really address this issue for the north.

•(1010)

Mr. Patrick Borbey: Certainly our colleagues at NRCan have invested resources in those kinds of studies. We have a small program within our department that allows the funding of certain projects in the area of eco-energy, so that's certainly something we can support in terms of some projects.

We also, through International Polar Year, funded one project that specifically looked at how wetlands management techniques used for waste can be applied in the north. Of course, waste water is also an important component of this whole issue.

There are some things that we can do from a scientific perspective and some modest programs where we can help to work with communities.

Mr. Harold Albrecht: Part of the concern is the waste management. That's certainly a component. But the other component that became very clear to us when we visited Iqaluit last summer was the whole issue of the need for fossil fuels for energy. I just wondered what studies are being done in terms of alternative energy programs.

Does SINED simply accept applications for projects based on a group of entrepreneurs getting together and just adding on a project? Or is there some framework that would suggest that for this next couple of years we're going to focus on energy, or on X or Y? Or is it primarily the grassroots emergence of projects that would then be discussed and evaluated?

Mr. Patrick Borbey: SINED works on the basis of investment plans that are approved by the minister but developed jointly with the territorial governments, aboriginal organizations, and other organizations that are consulted in each territory. There are three investment plans that set priorities, and then there are broad categories, related to innovation, business development, and things of that nature, that are supported.

However, in the past we have supported projects that look at alternative energy and reducing dependency on fossil fuels. For example, south of Great Slave Lake, there is a hydro project called Taltson. There is excess capacity there. One of the projects we funded through SINED was a feasibility study to look at sending that electricity up to the diamond mine belt. That project was funded. I believe we put over \$1 million into that project. Now, unfortunately, with the current downturn in the economy, that project is less feasible from a business perspective, but that's an example of where we can use SINED to help start these discussions.

Mr. Harold Albrecht: Looking again at the vast geographical expanse of the north, which certainly is one thing that impacts anyone flying over the area, it would seem to me that a hydroelectric project, in contrast to a project that might use solar, wind, or other geothermal forms of energy.... Hydroelectric energy is great if it's close by, but transmission and all of that would be a huge issue. I guess I'm encouraging us to keep thinking about—and I'm not saying you're not—those local kinds of projects that would provide energy close to the end user.

Mr. Patrick Borbey: Yes, and there certainly are some possibilities.

There's a project in Iqaluit. They've been looking at ways of harnessing the tides to generate power. There's also a project in northern Manitoba that could bring hydro all the way towards the Baker Lake area of Nunavut. There's the Taltson project in the Yukon. Mr. Trudeau and his colleagues might be able to mention that when you see them on Thursday. There's an important project for improving the grid in the Yukon.

There are a lot of good projects up there.

The Chair: Thank you, Mr. Borbey and Mr. Albrecht.

Now we'll go to Ms. Crowder for five minutes.

Ms. Jean Crowder: Thank you, Mr. Chair.

I just have a quick comment before I ask my question, because we didn't have time when we were concluding. You talked about how it's up to the environmental assessment folks to consider the impact on women. Many of us have been arguing for a number of years that gender-based analysis needs to be a horizontal initiative across all departments.

What we're finding currently is that the food mail program is suggesting dropping some key baking ingredients that women use to make bannock. I was talking to a group of women last week. They haven't been consulted on the proposed optional list of foods that could be dropped from the food mail program.

As well, on the environmental assessment on Baker Lake, as you are probably well aware, there's a very active citizens committee there that's talking about the impact on families of that proposed mine development.

Those are just comments around considering women when policy and development applications are considered.

I want to come to McCrank report. I know this was only done in 2008, but on the two key options that were recommended, option one says we'll require "a significant paradigm shift in thinking for all involved, and the transition may take some time". I'm not going to go through all of this, because I only have five minutes. Option two talks about the restructuring recommendation, which would not include the discontinuation of the regional land and water boards. So there are two very different approaches, as you're well aware.

I wonder if you could comment on whether the department has taken a stand on which option they're interested in pursuing, what factors they are considering, and who they've consulted in that decision-making process.

• (1015)

Mr. Patrick Borbey: Before Mr. McCrank issued his report, people had a huge opportunity to comment and—

Ms. Jean Crowder: I'm more interested in the post-report process.

Mr. Patrick Borbey: Since the report, we've received significant representation from industry, environmental groups, territorial governments, so a wide range of input, which has all been analyzed. It's part of the recommendations that are going to the minister in terms of how to move forward with Mr. McCrank's recommendations. That certainly will be part of the analysis in terms of the views of various stakeholders with respect to restructuring, and there are two options for restructuring there. Again, that's part of the recommendations to the minister.

Ms. Jean Crowder: Do you have any sense of when the decision will be made on that? What I'm hearing you say is that at this point there's not a public decision on option one or option two.

Mr. Patrick Borbey: No.

Ms. Jean Crowder: Do we have any sense of when that might be?

Mr. Patrick Borbey: Again, our minister is actively involved, and he needs to consult his colleagues.

Ms. Jean Crowder: So don't hold my breath, in other words.

Mr. Patrick Borbey: I can't comment on cabinet processes.

Ms. Jean Crowder: When it comes to aboriginal economic development, my understanding is that's for on-reserve economic development.

Mr. Patrick Borbey: No. In the north, there are very few reserves, so the programming applies to all aboriginal groups.

Ms. Jean Crowder: So all aboriginal groups in the north have access to the aboriginal economic development money, whether or not they're on reserve. That's good to know.

On the major projects management office, I understand that the way it works right now is it doesn't apply in the north. I've certainly heard some concerns from people in the south around the purpose of that major project management office. People are concerned about the fact that there's an appearance that it's being driven by development, rather than the needs of the first nations. I wonder if you could comment on the purpose of that office and tell us if there are any plans to expand it into the north.

Mr. Patrick Borbey: As I mentioned earlier, the Prime Minister did say there would be a satellite office established for the north.

Ms. Jean Crowder: A satellite office, though—

Mr. Patrick Borbey: It would be designed to meet the needs of the north, which are different. As part of that office, there will be a need to build in the requirements for aboriginal consultations. That's part of the design we're currently looking at.

Ms. Jean Crowder: Who is the beneficiary of this project management office? Who has access to the information and who is the beneficiary of this process?

Mr. Patrick Borbey: In terms of the major project office, I think the information is accessible publicly, and it's not being held privately. I think the database—

Ms. Jean Crowder: Is it on a website?

Mr. Patrick Borbey: You would have to refer that to—

Mr. Stephen Traynor: If I can help, it is supposed to be a public organization—

Ms. Jean Crowder: It's supposed to be, but is it?

Mr. Stephen Traynor: It is, because they have a tracking system up there whereby each individual project that comes in where there is a project agreement between federal departments to work toward key timelines for the project is put on the website and on this tracker, and you're able to track projects through this system, the regulatory system, if you will. It's supposed to be very open and transparent. I think two project agreements may already have been signed, and a few are now in the works. That should go up in the coming months as well.

• (1020)

Ms. Jean Crowder: There actually has to be a—

The Chair: That's it, Ms. Crowder. Sorry. Thank you.

We now go to Mr. Clarke for five minutes.

Mr. Rob Clarke (Desnethé—Missinippi—Churchill River, CPC): Thank you, Mr. Chair.

I'd like to thank the witnesses for attending today.

As you know, in June 2008 this committee was in Nunavut for a few days at the invitation of the Nunavut Economic Forum. Members advocated strongly for the renewal of the SINED. In March 2009, budget 2009 did renew the SINED with an additional \$90 million over five years. What objectives and priorities has the department defined by territory and by sector for the two SINED program components for the next five-year period?

Mr. Patrick Borbey: Those decisions haven't been made in terms of the key objectives, but we have done a full evaluation of the program.

I apologize, I thought the evaluation would have been posted by now, but it will be posted later this week, as it had to go through access to information and privacy issues. That evaluation allowed us to help redefine, and generally was positive, but we redefined some of the program components, including a greater emphasis on some pan-territorial projects, which will be something new. It is a small amount of money. The objectives and priorities will be set based on the investment plans that will be discussed and approved by the minister. That process starts in May, and we're hoping to conclude the discussions with territorial governments and other stakeholders on those investment plan priorities by the end of June or early July. That will guide the funding for each territory over the next five years.

Mr. Rob Clarke: To what extent, if any, might the department's previous allocation practices and criteria for funding be adjusted for the next phase of the SINED program?

Mr. Patrick Borbey: The allocation and criteria were adjusted based on the results of the evaluation, so we have made some adjustments there.

I don't know if Tim wants to comment on some of those.

Mr. Timothy Gardiner: As Patrick pointed out, the strategic priorities are identified through a process of engagement with stakeholders. That's going to take place in May. I think there's an expectation, given that there was widespread support for the priorities selected in the first round, that the change is not going to be dramatic in the new set of five-year investment plans that'll be elaborated through the engagement process Patrick alluded to.

Mr. Rob Clarke: Will the SINED program essentially be project-based?

Mr. Timothy Gardiner: Yes.

Mr. Rob Clarke: Is there room for any different approaches, in terms of a longer term of economic development?

Mr. Patrick Borbey: There's the project-based approach, but there's also institutional support. For example, we have funded small business venture capital organizations that exist in the various territories. We've also helped create more institutional capacity. For example, the Nunavut economic forum didn't exist before SINED; it's something that we've nurtured. We're helping to create some of the institutions that from a civil government perspective can be a help for economic development.

Mr. Rob Clarke: Okay.

To what degree have the department's priority-setting and funding decisions been done in partnership with territorial stakeholders?

Mr. Patrick Borbey: Well, the investment plans are developed as a direct result of the engagement with stakeholders from the territories. Those investment plans are then recommended to the minister, and the minister approves them, so they reflect the priorities presented by territorial residents and stakeholders.

Mr. Rob Clarke: What groups have been involved?

Mr. Patrick Borbey: The first and most important group is made up of the territorial governments. Then we have aboriginal

governments and other aboriginal organizations, chambers of commerce and chambers of mines, other industry associations, and groups of citizens. All these organizations are included in our engagement strategy.

We have circulated a pamphlet. Over the next few days this pamphlet is being sent under the signature of our deputy minister to all the northern stakeholders that are going to participate in that engagement.

● (1025)

The Chair: All right. Thank you.

Now we'll go to Mr. Bagnell for five minutes.

Hon. Larry Bagnell: Thank you.

There's been some complaint in the north, and I think someone else mentioned it, about the amount of money for the administration. Hopefully that's a co-commitment with the amount for programming, so if it's \$50 million for staff and administration, which seems like a lot, and it was at 5%, that would make \$1 billion or something for programming.

I just want to make sure that the administration is not a disproportionately large outlay.

Mr. Patrick Borbey: That's absolutely right. We are going to need to set up the types of corporate services and accountabilities, for example, that you and Parliament expect. We have to have financial officers and human resource officers, but we're also designing it in such a way that as much of those services as possible will be purchased and shared with the department so that you're not duplicating too much. As well, the organization eventually may want to partner with others. There's no use developing a financial system just for a small organization of this nature.

We're expecting about 85 to 100 staff at the early start of the organization. We're going to try to keep it as modest as possible.

Hon. Larry Bagnell: I don't want a long history, but I wonder if you could give us a recent update of what the department's done to facilitate the northern pipelines within the last year. As you know, the Alaska Highway pipeline will be the biggest project in the history of North America, if not the world, and it happens to go through your territory, which means tremendous economic development opportunities. What's been done within the last year to facilitate that?

Second, of course, is the Mackenzie Valley. I know Anne McLellan announced \$150 million for the communities, and we provided money to the aboriginal pipeline group that's part of it, but excluding that, what has the government done over the last year to facilitate progress on those two pipelines?

Mr. Patrick Borbey: There is a lot that has gone on, and there are additional moneys, as you know, through the most recent budget to continue the work to prepare for the Mackenzie pipeline. Minister Prentice has the lead on pipelines, and NRCan does play a key role with respect to the Alaska pipeline project. There are two competing projects. The folks at NRCan are organizing themselves, depending on which project will go ahead, so you'll have to direct that question to them.

We have worked with NRCan, however, and with the proponents to help fund a little bit of capacity development at the community level in the last year or so. We are certainly looking at continuing that through our aboriginal economic development programming.

In the case of Mackenzie, we continue to do a lot of pre-permitting and processing and getting our inspection services up and ready for a positive decision from the JRP. So there are some investments going on there.

We are continuing to invest with other departments in the science related to permafrost and other conditions.

The minister just announced yesterday further support to the Aboriginal Pipeline Group. We're hoping that other aboriginal groups will join.

Hon. Larry Bagnell: The one in the NWT or the Yukon?

Mr. Patrick Borbey: The Aboriginal Pipeline Group in the NWT.

Hon. Larry Bagnell: What about the Yukon one?

Mr. Patrick Borbey: I'm sorry, I'm not aware of any support that we've provided or any request that we've had for support.

Hon. Larry Bagnell: Well, they've certainly requested \$5 million.

Mr. Patrick Borbey: Okay, I can check on that. Probably that would be in another part of my organization.

Hon. Larry Bagnell: I have another quick question on the implementation of land claims in the Yukon. Probably their biggest issue, in other words a nine-year review, was finished, and they are constantly complaining that INAC does not provide a negotiator with a mandate. Now we're in year 14, which is the time it takes someone to get through high school. Can you tell me the status of providing a negotiator with a mandate to finish the nine-year review, from five years ago, to implement the program service transfer agreement, the new ones?

Mr. Patrick Borbey: We worked jointly with Yukon and the first nations to develop three different chapters or reports out of implementation that came back under the terms of renewals. That work was completed about one year ago. The minister has since been considering his options in terms of going forward with the mandate. That's under discussion with his colleagues.

• (1030)

The Chair: Do you have a short question?

Hon. Larry Bagnell: Do you have any answer to the question I asked you at the transport committee last week about the Canadian Foundation for Climate and Atmospheric Sciences, which cuts all this research money for scientists in the north?

Mr. Patrick Borbey: I remember the question, but I'm not really responsible for giving you the answer to that. I'm sorry.

The Chair: Okay. Now we will go to Mr. Payne.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Mr. Chairman.

Thank you to the witnesses for appearing here today.

Talking about resource extraction in the north, certainly there have been some issues in terms of pretty heavy fluctuation in commodity prices, particularly in a downward area. That obviously has impacted not just the north but across the country as a whole. Maybe you

could tell us what the department's current role is in terms of that extraction in the north and how it is likely to change with the new agency being involved.

Mr. Patrick Borbey: The department has overall responsibility for federal lands, but the actual recommendations through the permitting and environmental assessment process are done through the co-managed boards, for which the minister names the members but the aboriginal organizations also may name members, so they make the recommendations with respect to the conditions under which projects are going to go forward.

You're right, the current conditions are such that some of the proponents have slowed down their activities, slowed down their spending, or in some cases postponed the work on environmental assessment or permitting. We're hoping this is going to pick up in the future. We have, I believe, four or five projects that are currently in environmental assessment, so fairly well advanced, including the Mary River project in northern Baffin. Again, iron ore prices have gone down, but the quality of that resource is such that we think there will be demand in the medium-term future that will allow that project to go ahead. We just heard recently that the German government has extended an offer of a \$1.2-billion loan guarantee to Baffinland, the company behind the project, which indicates that the German government has some level of comfort in terms of the future of steel and the future demand for iron to fuel their steel industry.

So we're hoping and watching very carefully, and we are also responding to any requests the mining companies may have in terms of some of the conditions under which they're currently operating, or their projects are operating. We're intervening with inspection. If they're slowing down, we have to send inspectors to make sure that fuel is not leaking, or that none of the infrastructure is just being abandoned on the site. We try to work with them as closely as possible.

Mr. LaVar Payne: Are there other projects you could update us on, or what's maybe being planned as well in the territories? I know with the economic situation it's maybe a little more iffy, but....

Mr. Patrick Borbey: There are over 30 projects on this list, but some of them are more advanced. We talked a little bit about the Meadowbank project in Baker Lake earlier on, which is fairly well advanced. The Kiggavik project is a uranium project with a company called AREVA behind it, which is a very large French organization that has activities across the world. Again, the price of uranium is expected to rebound. That project is well advanced.

Do you remember, Stephen, some of the others? There's Prairie Creek, which is in the southern Northwest Territories and is in the environmental assessment process as well. There are a number of projects in the Yukon that are progressing through that process as well.

Mr. Stephen Traynor: The key ones right now are particularly Meadowbank, which is moving forward, and Baffinland.

Mr. Patrick Borbey: We have one mine that's in receivership, and we're watching that very carefully. At this point, we haven't yet inherited the assets, but at some point we may if there's no buyer. We hold bonds, as I mentioned earlier, to make sure that any remediation that needs to take place there will be covered.

•(1035)

Mr. LaVar Payne: In terms of the economic situation, has your planning changed at all in terms of how you're going to manage these projects or ensure that they continue forward?

Mr. Patrick Borbey: We still believe there's going to be a huge amount of work to be done, even with a slower pace and a smaller number of projects than we may have had a year ago. The system in the north was overwhelmed, frankly, up until the downturn. Think of the amount of work that's associated with each one of those, the investment that's going on in the north, the five environmental assessments going on in a territory that has a population of 100,000. It's huge. There's a huge amount of work. The slowdown will actually allow us to perhaps do a better job on a smaller number of projects.

The Chair: Thank you, Mr. Payne and Mr. Borbey.

[Translation]

Mr. Gaudet, you have five minutes.

Mr. Roger Gaudet (Montcalm, BQ): I didn't hear the answer to a question that my colleague asked earlier. Who is responsible in the event of an environmental disaster? I thought it was the Department of Indian and Northern Affairs Canada or Environment Canada. But you said that it was the community, and I didn't like that answer.

Mr. Patrick Borbey: It depends on the conditions in which a disaster of that kind might occur.

We have a protocol in place that involves the various federal organizations. Whether it's in the ocean or on land, there are differences with regard to the role that we play. The department plays a very important role, and we have inspectors. We would immediately send inspectors on site to ensure that the measures are taken by the organization that owns the assets, whether it be National Defence, a private mine or a community that, for example, has a sewer problem. We would nevertheless intervene.

[English]

Stephen, do you want to expand a little bit?

Mr. Stephen Traynor: Certainly. That's why it's often very complex up north, given the ownership by Inuit, for example. They have responsibility for the land, so they would be responsible themselves for the ownership and how the mine operates, based on the environmental assessment from the impact review board.

If, for example, there is some disaster that flows into a body of water, it would, as you mentioned, be up to Environment Canada and DFO to sort it out; they would have their inspectors come in. A multidisciplinary group of inspectors would come in to deal with those issues, whether from the Inuit or our own group enforcing a water licence, or whether there's an issue with regard to water involving DFO or Environment Canada. Depending on where the mine is located and the nature of the environmental problem, as you indicated there is an appropriate response.

We have good working relations with all other federal departments in the north between inspectors, including aboriginals, and usually, if there is some sort of environmental issue, they as a collective go out to respond at the same time, so that everyone is able to understand what is going on.

In addition, in the north we have what is called the spills line. It's for NWT and Nunavut and it functions in a multi-disciplinary way between all the different inspection agencies and the aboriginal organizations. If you have a spill on your site, you call in to the spill line, let them know the nature of the spill, and let them know what your response has been to it. The organization that we put together for the spill line will distribute the information to all the appropriate regulatory bodies, and they will determine what the response should be: whether they need to go up to look at it right away or whether they can go out on their next routine inspection to make sure the company has done what they've committed to do.

[Translation]

Mr. Roger Gaudet: Thank you.

Mr. Lemay, go ahead please.

The Chair: You have two more minutes. You have nothing to add? That's fine.

Mr. Duncan, you have five minutes.

[English]

Mr. John Duncan: Thank you.

We have infrastructure priority funds set aside for Clyde River for the cultural facility, for the Yellowknife bypass road, for Yukon water treatment, for Pangnirtung harbour. Once we get past those priorities, how much infrastructure funding do we still have, and are there already identified commitments beyond these?

•(1040)

Mr. Patrick Borbey: The Building Canada fund, which was established a year and a half to two years ago, allocated to each of the territories an amount of base funding, rather than funding on a per capita basis, and treated the territories the same way as the provinces, in recognition of the fact that they have some huge infrastructure gaps.

So they already have some base funding that they can allocate to their priorities. And then they can apply to the other programs for which Infrastructure Canada is responsible for other projects, such as the projects that have been listed here, which were mentioned in the budget. Yes, certainly they can apply for more.

We have a role to play in providing some technical, on-the-ground advice to them, and we also are helping manage the old municipal program fund, MRIF, which is in its last couple of years. There are still some projects we're responsible for.

As the new agency gets up and running, we expect that the folks we're going to have on the ground will be able to work with Infrastructure Canada to help those projects become better articulated and get better priority.

Mr. John Duncan: The budget included an amount of money for broadband. Can you describe in a nutshell what the broadband access situation is in the north?

Mr. Patrick Borbey: Yes. The new fund is under Industry Canada, so they're responsible for developing the terms and conditions under which that will function. So I can't really comment on that, because we don't know yet, but we are certainly interested both from a south of 60 as well as a north of 60 perspective, because particularly our aboriginal communities across the country do need better access.

As I explained earlier, we did help both Nunavut and the GNWT access a fund that was called a satellite program, which was previously with Industry Canada. That fund has since been drained; it has been sunsetted. Almost \$40 million was provided to help increase the broadband through the local providers in both territories. So every one of those isolated communities in the north, 26 in Nunavut and at least a half dozen in the Northwest Territories, benefited as a result of that. On services such as e-health and e-education, the equipment actually is in place in many of those communities—state-of-the-art equipment—but it was not being used because of broadband width problems. For example, they could not send a digitized X-ray down to Edmonton for a doctor to be able to see it and give a diagnosis.

So I think that's going to help the functioning of some of the services that are available. It's also going to help from an economic development perspective. There are a lot of small enterprises being created in the north that are using the Internet as a way to get their services around the territories or outside of the territories.

Mr. John Duncan: This request may be a little unusual. The committee wants to ensure that whatever we choose to do in the way of a study isn't going over ground that has already been looked at by others. Sometimes it's difficult to know actually what has been looked at and what hasn't. From your vantage, is there any obvious area where this committee could perform a useful role? I know it's a rather unusual question. We'll definitely decide our own fate, but it occurs to me that we are very much trying to focus on something specific and useful.

Mr. Patrick Borbey: Well, obviously, any advice and help that we can have in terms of what the priorities should be from an economic development perspective, in terms of how you make sure you leverage to the maximum the opportunities in the north for the benefit of northerners, is certainly welcome. The agency will need to have that kind of guidance.

On the regulatory side, we would like to keep you very busy, because we'd love to be able to bring forward a number of pieces of legislation to deal with what Mr. McCrank recommended and to fill some of those gaps that exist currently or to modernize the legislation in the north. So we're hoping we'll be able to bring you some bills to keep you occupied as well.

• (1045)

Mr. John Duncan: Thank you.

The Chair: Now we'll go to a brief question from Ms. Crowder and then I think Mr. Albrecht might also have a very brief question.

Ms. Jean Crowder: Yes, it's really brief. I was just referring back to the map. There are a couple of sites, Rayrock and Echo Bay. I don't see them on here, and they're remediation sites. I just wonder if this is intended to be a complete map.

Mr. Patrick Borbey: No, you're right. We haven't put all of our remediation sites on there. There are dozens of them. Some of them are former mines, some of them are former parts of the DEW Line that we're also responsible for remediating. So, yes, I apologize. This is a snapshot in time. Even from a mining perspective, these are advanced projects. They don't include projects that are at very early stages of exploration.

Ms. Jean Crowder: Is it possible to get a list of the remediation sites?

Mr. Patrick Borbey: Certainly.

The Chair: Mr. Albrecht.

Mr. Harold Albrecht: Thank you, Mr. Chair. I won't take long.

Mr. Borbey, in your opening remarks you mentioned the discussion context paper. We were all given a copy this morning, so I didn't have time to look at it earlier. I was impressed with the great questions that are in there. I'm wondering if you could comment on the type of response you're getting from these hundred stakeholders that you've sent this off to. I noticed this is a second draft. Have you had a good response?

Mr. Timothy Gardiner: The comments have been of a pretty general nature at this point, just because the plan is really at its early stages and clear announcements haven't yet been made as to how the agency will be implemented. But I think the comments we've gotten are generally supportive. People are happy that this is happening. They think having an institution devoted to economic development in the north is a good idea.

There are some concerns—and my colleague Patrick alluded to them earlier—around the way the agency will deal with this pan-Inuit vision. Given the way it's defined now, its focus would be on the three territories. So kind of figuring out how to address that is definitely a concern we heard and are looking into.

I think we also heard there's a sense of a likelihood that some programs from the Department of Indian Affairs and Northern Development would be transferred to the agency. Folks are generally supportive of that, but want to make sure that the programs, as they currently exist, aren't significantly changed, in particular that aboriginal-only programs would be maintained as a separate pot of money.

The other big comment we've heard is they want the headquarters to be in the territories.

Mr. Harold Albrecht: I'm pleased to hear there's been a pretty good level of engagement in the dialogue. I think that's helpful.

Thank you.

The Chair: Thank you, Mr. Albrecht.

Before we finish up with our witnesses, there were a couple of points that came out today that I just wanted to get some clarification on.

Just for the record, you made reference by acronym to what sounds like a couple of programs. One was YESAA. I wonder if you could state for the record what that program is. I'm sure some members may know these, but if others don't, maybe you could explain.

Mr. Patrick Borbey: YESAA is the act and the organization that is responsible for the environmental assessment processes and permitting in the Yukon.

The Chair: And CEAA?

Mr. Patrick Borbey: CEAA is the Canadian Environmental Assessment Agency.

The Chair: Okay, very good.

And then finally, in your opening comments you referenced the continuing development of a northern regulatory improvement plan, that this was in the works. Is it contemplated that will be published at some point? And I apologize if this came up earlier and I missed it.

Mr. Patrick Borbey: Yes.

The Chair: Is there a date for when that might become available?

Mr. Patrick Borbey: That is essentially our response to the McCrank report and to other recommendations, and that is what the minister is currently discussing with his colleagues. At some point in the near future, yes, we hope there will be a plan that can be shared publicly.

The Chair: Okay. Thank you, Mr. Borbey.

Now, members, I'll just say we may not have to break here and go into committee business. I've circulated two documents for your information. The first is a budget as it relates to our future business relating to the Maniwaki visit, which we will be taking to the liaison committee this afternoon, in fact. The other is the schedule, and this is the schedule that has been developed.

I should point out that the meetings that are scheduled in the month of May are still very tentative and will, of course, be changed

if the legislation schedule comes our way. We're expecting, of course, at some point that there will be legislation referred to our committee, so the meetings that are planned for May will be changed accordingly, should that develop. But we'll continue with our work in that regard.

If there are no questions on that, we can simply adjourn. But if you'd like a discussion on future business, we can suspend momentarily and go in camera.

● (1050)

[*Translation*]

Mr. Marc Lemay: Are we going to move adoption of the budget? I move it.

[*English*]

The Chair: I don't know that it's necessary.

Yes, I'm told it is necessary.

Shall we have a motion to move the budget then?

[*Translation*]

Mr. Marc Lemay: Yes.

[*English*]

The Chair: Moved by Mr. Lemay. Merci, Monsieur Lemay.

(Motion agreed to) [See *Minutes of Proceedings*]

The Chair: We will see you on Thursday morning.

Thank you.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.