

**Giant Mine Oversight Board presentation to the
Standing Committee on Economic Development and Environment
Wednesday, February 22, 2023, 10:30 am**

Thank you. Good morning, everyone.

My name is David Livingstone. I'm the Chair of the Giant Mine Oversight Board (the Board).

I am accompanied by Graeme Clinton, a Director of the Board, and by Ben Nind, the Board's Executive Director.

We appreciate the opportunity to speak to you about the "remediation economy". Our primary focus will be on the Giant Mine Remediation Project (the Project) but we hope that our experience will spur action on this and other remediation projects that individually and collectively drive the "remediation economy".

For those unfamiliar with the Board, the Board was created by Giant Mine Remediation Project Environmental Agreement (the Agreement) signed in 2015. The signatories to the Agreement include the Government of Canada, the Government of the Northwest Territories, the City of Yellowknife, the North Slave Metis Alliance, Yellowknives Dene First Nation, and Alternatives North.

Article 2.1 (d) of the Agreement sets out one of the key purposes of the Agreement, i.e., to:

"build public confidence in the Project and enhanced transparency and accountability in relation to the Project."

Article 2.2 (a)(ii), states that the Parties intend that the Agreement will achieve or support the remediation of the Giant Mine site in a manner that protects:

"the economy, way of life and well-being of the aboriginal peoples of Canada in the vicinity of Yellowknife, and of other residents of Yellowknife, the Northwest Territories and Canada".

It is really within these two highlighted sections that the Board has recommended that the economic benefits of the Project be seriously considered in addition to the goal of

site remediation. Unfortunately, and a source of considerable frustration for the Board, this objective has not been fulfilled.

Let me tell you what our main concerns are right off the top.

- We estimate that the Giant Mine remediation will likely spend \$240 million annually for the next 15 years and raise the territory's GDP by \$108 million per year while generating \$60 million in labour income annually.
- We believe the Federal, territorial, and community governments are positioned to miss a large opportunity for northern economic growth, and current plans for a "remediation economy" is not helping.

In the Board's view, there are enormous opportunities to capture the economic activity involved with remediation activities, and not just those related to the Project. The remediation of the Norman Wells oilfield and the associated pipeline corridor, the legacy mines of Great Bear Lake, abandoned sumps in the Beaufort Delta, abandoned well sites in the Cameron Hills, the diamond mines and other industrial sites present enormous opportunities for the NWT economy.

However, the Board is very concerned that the Northwest Territories is missing the opportunity to learn from past mistakes and to also take advantage of the opportunities presented by these remediation initiatives. A quick calculation over the next two decades reveals close to \$6 billion dollars of opportunity for communities and residents to benefit from, but this will only be possible if we are proactive in understanding, planning, and managing this activity. **This bears repeating; to capitalize on this opportunity we must understand, plan, and manage these activities.**

To date, the Board has been frustrated by the lack of interest and initiative, let alone progress, on the part of the responsible governments in ensuring that maximum benefits are captured in the NWT for businesses and residents.

Since 2016, GMOB has made specific recommendations regarding the economic tracking and analysis of Project expenditures.

2016. Recommendation 11: Apply a structured framework from a community health and well-being perspective to evaluate social, economic, and cultural aspects of the Remediation Project.

2017. Recommendation 1: Develop and implement a socio-economic strategy to ensure northerners, particularly local Indigenous people are positively impacted by the Project.

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2019- Recommendation 1: Appoint a special envoy to work with the various interests to develop and implement an integrated economic strategy.

In 2020, the Board stated that:

“GMOB is concerned about the lack of vision and plans to leverage the potential of the Project to contribute to longer-term economic activity in the NWT. Specifically, GMOB questions:

1. How northerners can/will benefit from the care and maintenance of the site once remediation is completed, and
2. How expertise developed through the remediation of the Giant Mine can be used as a springboard for evolving a northern remediation industry.

In both cases, forward-looking plans are the responsibility of the Government of the NWT and the Government of Canada. “

In 2021, GMOB again stated in its Annual Report that it:

“continues to support the development of a northern remediation economy, using the Giant Mine Remediation Project as an opportunity to promote and develop local employment, procurement, and training opportunities and capacity.”

The response of the Project Team to these recommendations and notes of concern has been disappointing. However, the Board recognizes that the Project Team is “engineer focused” and does not have the in-house expertise to address the economic oversight as needed. In other words, there are no economists on the file.

The finger needs to be pointed at the lack of awareness, understanding, and emphasis by both the Government of Canada and the Government of the Northwest Territories on ensuring that the benefits of the Project accrue to local communities and the territory at large. Though the Gov of Canada owns the Giant Mine site; we must understand that the primary focus of Canada is to remove the liabilities on its books, not growing the northern economy. The delay by the GNWT in recognizing and acting on current and future opportunities driven by remediation projects is both difficult to understand and disappointing for obvious reasons; its GNWT’s responsibility to focus on the territorial economy.

Because of the inertia experienced in this regard, the Board took the initiative and in June 2021 released a report entitled “Strengthening Socio-Economic Impact Reporting and Analysis for the Giant Mine Remediation Project”. The Board engaged a consulting team to examine issues related to the development, dissemination, and utilization of socio-economic information related to the GMRP. The overall objective of the review was to support the goal of maximizing benefits.

The Board presented this report to the Proponents and saw no uptake of the recommendations, even after discussions were held. While the Project has developed a Socio-Economic Strategy, in the Board's view the process being followed is backward, in that an economic baseline first must be developed with established key performance indicators before any economic strategy can be developed, let alone implemented.

The appointment of Graeme Clinton in 2021 to the Giant Mine Oversight Board has enabled the Board to clearly articulate what is needed to support this objective and initiate the necessary work. Graeme, a resident economist, with a background in building and monitoring economic models for industry and government, now building the baseline model of economic data for the Project. It is our hope that by building the model and using it for oversight purposes, the proponents and the relevant departments will take it on and understand, plan, and manage these economic activities to benefit the NWT economy.

The recently released revised estimate of \$4.38 billion for the Project, up from 1.3 billion, has raised the importance of tracking the flow of money into the local and territorial economy even more important. After a series of formal letters, the Proponents have now agreed to provide the necessary data to build the model.

While emphasizing that our results to date are based on a dataset that lacks details that would otherwise lend confidence to our work, we are confident in the modeling approach. Our initial observations are;

- Of the \$4.38 billion allocated to the GMRP, approximately \$3.6 billion remains, meaning the Project intends to spend (on average) \$240 million annually for the next 15 years.
- With assumptions in place for things like direct imports and contingency, we estimate this Project's spending will raise the territory's GDP by \$108 million per year while generating \$60 million in labour income annually.

We caution your interpretation of these results until we re-run our models with an improved dataset, but these results can be used to appreciate the size and scope of this project and the magnitude of "potential" benefits. For comparison, the annual employment income in Yellowknife is about \$1 billion.

We see differences in the way economic results from Giant are being tracked and reported, and in the manner in which this Project is viewed as an opportunity to increase resident participation. Residents of the NWT would be better served if, rather than making up a term like "remediation economy", we viewed GMRP and future remediation projects as an economic activity that affects numerous existing industries that are already a part of our economy.

Remediation spending will be on waste disposal and remediation services but also on non-residential and other engineering construction. These include;

- Mining and related services,
- Scientific and professional services,
- Transportation, communications, and logistics,
- Accommodation and food services,
- Security and medical services,
- Government and non-government agencies,

The list goes on.

Growth will not come from the creation of a “remediation economy”, it will come through greater local participation of labour and business in the areas listed. This growth will not occur on its own. It will need the help of governments, federal, territorial, municipal, and Indigenous, to attract, retain, and grow capacities in these areas.

In conclusion, we hope we've opened your eyes to the opportunities presented by the Giant Mine Remediation Project and its economic impacts and the need to properly understand, plan, and manage these economic activities across the Northwest Territories. The GNWT needs to take the coming infusion of dollars seriously. It needs to commit to putting in place the necessary expertise, and the supporting human and financial resources necessary to shepherd the remediation spending in ways that will benefit northerners.

The largely passive approach that has been taken so far does not meet our needs as an oversight board, nor does it fulfill the federal or GNWT obligations and commitment to ensure that northerners benefit from this and related opportunities.

It is ironic that this economic opportunity is about cleaning up a legacy mess, a mess that has landed on the laps of the taxpayer. We hope our observations will spur collective action to avoid this circumstance in the future, in addition to capturing the benefits that the remediation activities offer.

We thank the Committee for this opportunity to present our experience and thoughts on this today. The GMOB Annual Reports are public documents and are available on our website.