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Speaking Notes – Nunavut Trade Show

“Progress in the Context of the NLCA and How to Keep Moving Forward”

Iqaluit, NU

September 21, 2016

Ladies and gentlemen, I’m privileged to have the opportunity to speak to you today.

I’d like to begin by congratulating the Baffin Regional Chamber of Commerce on its 25th anniversary of this Trade Show. The annual Trade Show provides a rare opportunity to network and most importantly, to reflect on where we’ve been and where we’re going – the theme of my talk today.

When I reflect on 25 years of business progress in Nunavut, I see two main drivers of business growth over the past 25 years – government, with the creation of Nunavut – and the Nunavut Land Claims Agreement, which made the Inuit landlords in their own lands and most importantly, a major theme I wish to elaborate on today, gave the Inuit a guaranteed share of royalties from mining developments on their own lands. This 5% guaranteed royalty flows to the Inuit from any development anywhere in Nunavut, but the Inuit take an even larger share from developments on Inuit owned lands. This royalty share is augmented by the requirement in the land claim that all developers must negotiate an Inuit Impact and Benefits agreement before they receive a production license.

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Nunavut has come a long way over the last 25 years, thanks to the foresight, dedication, leadership and vision of many who believed not only that the Inuit should have a public government located in exactly the same boundaries as their land claim settlement area, separate from the Northwest Territories and the First Nations cultures in the west that are very different from the Inuit, but the land claim also gave the Inuit a strong voice in determining the conditions for development, through co management regulatory boards that were established under the claim.

These boards replace Ottawa institutions like the Canadian Environmental Assessment Act, which were in place to regulate developments in Nunavut before the land claim, with made in Nunavut boards with guaranteed Inuit representation along with representation from the federal and territorial governments. By and large, this co management regulatory regime is working well in Nunavut.

So to sum it up, the Nunavut land claim gave the Inuit title, surface and subsurface, to about 18% of the land mass of Nunavut – lands they had a big voice in choosing, as I will go on to explain – the claim gave them a $1.14 B cash settlement in 1993 dollars – the guaranteed royalty share I mentioned, and provided for the creation of a new territorial government – a public government which serves all the people of Nunavut, not just the 85% Inuit majority, and a government in which every resident can vote and run for office. This is not aboriginal self government, it is what we call public government, controlled by Inuit as long as they have a demographic majority. In return, the Inuit allowed their claim of aboriginal title to all the lands in Nunavut to be extinguished, providing for the first time, a stable investment climate for development in Nunavut.

Essentially, the land claim agreement was a land and money deal – the largest in history, which made the Inuit the largest private landholders in the world – (think of it – Nunavut is 20% of Canada and the Inuit own 18% of Nunavut – so they own almost 4% of all of Canada).

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Since it was officially established as Canada’s newest territory on April 1, 1999, Nunavut has continued to grow and develop new and existing industries. With the proper investments in infrastructure and social programs, I am confident that Nunavut can continue to grow into a key economic driver for Canada.

The story of the negotiation of the Nunavut Land Claim Agreement (NLCA) is a particularly inspiring and entertaining one. The NLCA fundamentally underpins, not only participation in managing the lands and resources, but also the little understood and recognized selection of Inuit lands as engines of wealth creation and economic development for Inuit.

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The Inuit land claims negotiators, in that 20 year negotiation, had a vision for Nunavut that I fear is sometimes being forgotten by the new generation of Inuit leaders today. Their vision was that the territorial government would take care of government stuff, delivering programs for all its citizens, Inuit and non Inuit alike, and the Inuit would have a growing trust fund on top of their initial cash compensation for surrender of the title to their lands. That trust fund would allow Inuit to assist Inuit beneficiaries in addition to or beyond government programs available to them, whether that be supplementing elders’ pensions, providing housing for beneficiaries, providing support to hunters or making additional efforts to preserve language and culture.

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In 2003, Robert McPherson, a mineral consultant to the Inuit negotiators at the time, published his book, “New Owners in their Own Land”. In it, he discusses the fascinating methods employed then to ensure that, today, the Inuit of Nunavut would have a stake in, and own part of, virtually every major development project in Nunavut. Every major mining project in Nunavut, including our next producing gold mine at Hope Bay, in the Kitikmeot Region, owned by the junior mining company TMAC, which has completed their mill building this summer and will have the mill installed and pouring gold by December of this year (I was privileged to tour the site last weekend); are on Inuit surface or subsurface lands, save for the Peregrine Diamond project which is 125 km. northeast of Iqaluit. How did the Inuit accomplish this visionary aspect of their land selection? Simple. They hired the world’s top geologists, who of course were Canadian, to provide detailed advice highlighting potential mineral claims. Robert McPherson’s book tells the story. And Inuit negotiators of the day, including Malachi Arreak of Pond Inlet, can tell stories about how they pushed for the selection of lands without federal negotiators even knowing about the mineral potential of those lands. It’s a fascinating but little known tribute to the vision of those Inuit negotiators, a number of whom have passed on since the AIP was signed.

Federal negotiators agreed to give Inuit valuable chunks of Crown land without always knowing the value of that land. Some would say that's the opposite of what happened in southern Canada with the creation of some Indian reservations on lands without economic potential.

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The NWT and Nunavut Chamber of Mines understands this reality. Tom Hoefer, the Executive Director of the NWT and Nunavut Chamber of Mines, is quoted as stating in 1992 that, “In the eastern Arctic, the Inuit have bargained hard to acquire areas of high mineral potential, including existing mining claims and leases. Their land-claim agreement is quite specific in its requirement for developers to pass benefits of resource development on to Inuit residents.”

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Nunavut has also been precedent-setting in the establishment of its co-management regime. This system ensures that Inuit have the opportunity to provide input and make decisions about the projects that take place in the territory, balancing the benefits with the priorities of Nunavummiut, leading to the responsible development of the area.

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In the book, Tom Molloy, a federal negotiator at the time, discussed his pride in the negotiated deal. “Unlike a great many aboriginal peoples world-wide, the Inuit did not have to resort to litigation to have their rights acknowledged. That alone made the time and effort worthwhile. The Nunavut Agreement is a testament to good faith. It’s an agreement about people living and working together – not only for the benefit of Inuit, but for all Canada.”

However, current views seem to be shifting away from this original vision of responsible development.

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The Nunavut Land Claims Agreement, Article 11.2.1, which deals with land use planning, states that, “social, cultural, and economic endeavours of the human community must be central to land use planning and implementation.” It goes on to say that, “the primary purpose of land use planning in the Nunavut Settlement Area shall be to protect and promote the existing and future well being of those persons ordinarily resident and communities of the Nunavut Settlement Area taking into account the interests of all Canadians.”

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Exploration activities in Nunavut have been the lifeblood of Nunavut’s developing mineral resources economy. In the last five years, Nunavut has led the other two neighbouring territories in exploration expenditures and, in 2015, accounted for the tenth largest exploration expenditures in Canada, right after the province of Ontario. These jobs are greatly valued in Nunavut, since they are tailored to Inuit employees and businesses, including helicopter and aviation companies, hotels and other service providers. They also have been a positive result from Canada’s investment in geo-mapping through GEM Program of Natural Resources Canada.

And when Nunavut’s first gold mine, Meadowbank, opened, Nunavut’s GDP jumped from minus .2% in 2009 to plus 11.3% in 2010 and plus 7.7% in 2011, leading GDP growth in all of Canada. Their record of expenditures on Nunavut businesses and payroll in Nunavut is exemplary.

These are good jobs, as you know, folks. They are not minimum wage jobs. Mining may not be for everyone, but I think it is well suited for many Inuit – especially where enlightened companies like Agnico Eagle have recognized that support for the whole family, including the spouse left at home to manage the family budget, is critical to reducing turnover.

Baker Lake has been transformed by the Meadowbank Mine. As the late Josie Kusugak said at the official opening of Meadowbank, Baker Lake has been transformed from the saddest community in Nunavut to a happy place, where anyone who wants to work or start a business can do so, where there are ATVs and four by fours and snowmobiles and boats in many households. Workers have two weeks to make good money with nowhere to spend it and all their needs taken care of, and then two weeks to live a traditional lifestyle which they can afford to pursue.

Dare I say it…having money in one’s pocket and the dignity of a good job, having a new snowmobile or boat or ATV in the driveway and being able to afford gas and bullets and equipment – has made a huge difference for many (mostly) young men (though Agnico Eagle has had huge success training and employing women to drive those $7 million ore trucks – they are way better drivers than men!) in the 19 – 25 age bracket.

Why do I mention 19 – 25 year old males in particular? Because, sadly, they are historically the group most vulnerable to contributing to Nunavut’s devastating rate of suicide. Jobs in exploration and mining are not the total panacea for all the social problems we are dealing with from the legacy of residential schools and the cultural shock of rapid change from a nomadic on the land lifestyle and economy to moving to settlements and the wage economy; but those opportunities give young Inuit opportunity and hope they would otherwise not have in our isolated and economically challenged communities.

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So, looking forward to the next 25 years; we have the ingredients for continued success in creating jobs and opportunities for business growth in the mining sector. The Inuit, through their participation in the land claim agreement, have a voice in determining the conditions for development to protect the land, minimize impacts and maximize social benefits. And they get a guaranteed piece of the action as an incentive to find a way to make projects succeed in partnership with developers.

This is important, because Nunavut’s population is rapidly growing. .

The most recent year we have numbers – 2013-14 Nunavut had 893 live births – 2.4 babies per day. The hospital in Iqaluit serves the Qikiqtani (Baffin) Region In 2013, they had 462 births – an average of more than one baby per day.

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So we need to find jobs for all these new babies!

In 2014, the NPC also recognized the importance economic development in Nunavut stating on page 13 of their Draft Land Use Plan report that,

“Nunavut has the youngest, fastest growing population in Canada, as well as the highest unemployment rate, and there is a need for new economic opportunities. The economy is growing, and there is great potential for further growth, particularly in sectors such as mining, oil and gas, tourism, and fisheries. In Nunavut, many economic resource opportunities remain unknown or are undeveloped. The obstacles to development include the remoteness of the location, limited infrastructure, and the costs of transporting goods and services.”

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But some of the new Inuit leaders in Nunavut don’t understand the legacy envisioned by the land claim negotiators – the win win balanced development approach where Inuit work in partnership with mining companies to find ways to overcome challenges and make projects work to their mutual benefit (this is something mining companies need to understand as well). Recently, a former (now retired) Nunavut cabinet minister Kivalliq Region posted this rant on Facebook about the Agnico Eagle Mine, comments which were endorsed by a former Commissioner of Nunavut: “…{do I} ever dislike mines, short term gains…they pull all the valuable gold, then when that’s exhausted. They leave taking all what they are after…we the people who live here will be left with huge mess on the land…and unemployed…”

Folks, mines in Nunavut are regulated to a fault. Every company which builds a road must set aside funds to restore the land to its original condition. I can only imagine the howls of protest when the Meadowbank mine ends its life and the company begins its obligations to remove the road and restore the land to its original condition. Companies must harvest the fish in the few lakes which are used for mining or tailings in the north, whether aboriginal people have ever harvested fish in those lakes or not. And the workers who are trained for those high paying jobs at Meadowbank can go on to work in the Meliadine Mine, next on the horizon for the Kivalliq Region, or will be snapped up by TMAC’s mine or others which are now in the development stage.

And recently, the President of a Regional Inuit Association stated that, if negotiations with a major mining company fail, not to worry: ‘…the ore will still be there for the future.’ Friends, this is confrontational approach is not what the negotiators of the Inuit land claim envisioned. They envisioned partnerships where Inuit and mining companies can work together to figure out: “How can we make this project succeed” rather than playing chicken with international mining companies who do have other jurisdictions courting them for their business. We found that out, in Nunavut, when gold giant Newmont walked away from a $1.5 billion investment in Hope Bay, throwing over 100 Inuit out of work in January, having failed to secure a land tenure agreement with the Regional Inuit Association. To the credit of KIA, and TMAC, a new and respectful partnership has risen from the ashes of Hope Bay which will see gold poured before Christmas.

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I think these Inuit anti development voices are in the minority. However, I am fearful that one of the important co management bodies in Nunavut (our so called IPGs) has become heavily influenced by outside influences such as the World Wildlife Fund, which is investing heavily in lobbying for even more protected areas in Nunavut. Look at how the most recent version of the draft land use plan designates significantly less land to “mixed-use” turning much of Nunavut into a protected area. Parks and protected areas, while important to the preservation of important wildlife and ecological areas, do not create jobs nor do they stimulate the economy.

Comparing the maps of the 2014 and 2016 Draft Nunavut Land Use Plans prepared by the Nunavut Planning Commission paying attention to the orange coloured mixed use areas, one can see how the mixed use areas set aside for potential developments has shrunk dramatically. It is notable that areas in the Kitikmeot Region, home of the rich Slave geological province and the Kivalliq Region, where Agnico Eagle is planning further exploration to extend the life of their proposed Meliadine gold mine; have pretty well been declared off limits for mineral development in the latest draft land use plan.

I believe this is totally unacceptable. The latest draft of the Nunavut Land Use Plan undermines the underpinnings of the Nunavut Land Claim Agreement. The land claim calls for development projects to be evaluated by co-management boards on a case by case basis, as Premier Taptuna has stated. The land claim did not envision the freezing of large swatches of land from development in favour of parks where very few people visit and spend on hotels, air flights and local businesses.

I expect that the latest draft land use plan will not be approved. Nunavut Tunngavik Inc has a veto. But in the meantime, this draft has sent a very negative signal to the investment community and has put a chill on exploration this past summer.

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Tuktut Nogait National Park, which hugs the border between the NWT and Nunavut, is Canada’s least visited national park. According to statistics posted by the NWT tracking the trend in number of visitors to Territorial and National Parks, “Visitor numbers to parks in the far north are very low and any variation causes a large change in a graph such as a cruise ship or a private group visiting. So far in this current year, we’ve only seen 17 visitors to Quttinirpaaq National Park on Ellesmere Island to date.

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Despite the Government of Nunavut and NTI’s continued stated commitment to a balanced approach to development, well-funded environmental groups like Greenpeace and the Canadian Parks and Wilderness Society, which actively lobbied in Yukon and Ottawa against changes to the Nahanni Park boundaries in Yukon to accommodate potential mineral developments, continue to push for an increase in conservation areas and parks.

These are the same groups that, according to a September 6, 2016 UN special rapporteur report, have caused the displacement of Indigenous peoples around the world. Victoria Tauli-Corpuz stated that NGOs such as the World Wildlife Fund, Conservation International, and the Wildlife Conservation Society have contributed to the problem.

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“Projects supported by major conservation organizations continue to displace local peoples from their ancestral homes.”

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Indigenous territory is increasingly being included in "protected areas," which have nearly doubled over the past two decades, from nearly 3.5 million square miles (nine million square kilometers) in 1980 to six million square miles in 2000, said the report. In Nunavut, we are not facing the displacement of local peoples from their ancestral homes; but we are facing prohibitions on development on Inuit lands, depriving Inuit of business and employment opportunities, and forcing our rapidly growing population to depend on the public sector or income support for sustenance. This is not what Inuit envisioned in their land claim and not what they want for their children today, I am confident.

Traditional Indigenous lands tend to be particularly precious because they make up less than one quarter of the Earth's land surface but contain 80 percent of the planet's biodiversity, it said.

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In that same vein, Canada has committed to biodiversity conservation targets, promising to have at least 17% of the land and 10% of Canada’s marine and coastal areas designated as protected areas by 2020.

While a protected area does not necessarily mean a no-development zone, the federal government would prejudice the GN’s right to determine priorities for its own lands. With devolution talks underway, it would seam prudent to not foreclose the possibilities of development and let the Inuit and the GN determine how to manage their adjacent offshore areas.

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Devolution has the promise of giving the GN control of Crown lands and its rightful share of resources royalties that could then be used to manage the social impacts of development.

What’s happened in the past, is that when the federal government owned virtually all of the Crown land in Nunavut, it was easy to meet federal protected area goals by creating parks in the north, depriving territorial residents and governments of opportunities to obtain resource revenues in those areas to provide for social programs for their populations. With devolution completed in Yukon and NWT, as of April 1, 2014, Nunavut is the last playground in which the federal government can turn Crown land into parks and no development zones. I believe that Nunavut must insist, with devolution negotiations now underway, that the federal government, despite its stated ambitious goals to increasingly protect lands and waters, must not prejudice Nunavut’s opportunity to determine its own appropriate mix of protected areas and areas for development. The federal government must not put a development freeze on vast areas of Crown land just when Nunavut residents, building on the Nunavut land claim, finally have an opportunity for their territorial government to partake of the royalties from orderly and carefully planned mineral developments in Nunavut.

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In a concluding note in McPherson’s book, Murray Pyke, someone who has remained continuously involved in mineral exploration in the eastern Arctic, says “[that] Nunavut is now a stable jurisdiction that has a positive pro-mining philosophy. It’s exciting to witness the tremendous effort of the Inuit people, as their doors of business open wider and wider for global mining opportunities.”

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Royalties from these mining pursuits are not the only benefits to the economy. Secondary industries such as the hotel, transportation, procurement, and service industry also benefit from increased activity in the north. That, in turn, generates the revenue required to pay for social needs within the territory such as housing, health, and education, as well as for much needed infrastructure such as roads, wastewater treatment plants, and updated diesel generators.

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There are other challenges to creating jobs and economic growth in Nunavut, including infrastructure deficits; but the Grays Bay Port and Road project, which will provide access to the rich Slave Geological Province as well as providing a north south alternative to the Tibbit to Contwoyto winter road, which may be threatened by global warming has been supported as a nation building project by the Government of Nunavut and the Kitikmeot Inuit Association and there is an exciting pan Arctic fibre optic cable proposal, with continuing promise of hydro and other renewable energy projects.

But fundamentally, major land holdings through the Nunavut land claim, a major voice in development and an incentive to find ways to minimize and mitigate development impacts through a guaranteed share of resources royalties have helped Nunavut evolve into the territory that it is today. I believe that continuing to honour the spirit and intent of the NLCA through balanced development is the key to ensuring the further progress of Nunavut over the next 25 years.

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Thank you.