



MEETING EDE 98-19-22

**STANDING COMMITTEE ON ECONOMIC DEVELOPMENT
AND ENVIRONMENT**

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**MONDAY, APRIL 11, 2022
COMMITTEE ROOM A
1:30 P.M.**

AGENDA

1. Prayer
2. Review and Adoption of Agenda
3. Declarations of Conflict of Interest
4. In-Camera Matters
 - a) Internal Briefing
 - b) Attachment 1
 - c) Attachment 2
5. Public Matters
 - a) 1:30pm - Public Briefing on the Review of Royalty Regulations: Development of Resources Legislation in the Northwest Territories
 - b) 3:00pm - Public Briefing on Regional Economic Development Plans
6. In-Camera Matters
 - a) Wrap up Discussions
 - b) Confidential Correspondence
 - i. 2022-03-03 – Minister of Lands
 - ii. 2022-03-08 – Minister of ITI
 - iii. 2022-03-15 – Minister of ECE
 - iv. 2022-03-22 – Minister of ITI
 - c) Committee Planning Document

7. Date and Time of Next Meeting: At the Call of the Chair

8. Adjournment

**REVIEW OF RESOURCE ROYALTIES IN THE NWT – OPENING
REMARKS
MINISTER WAWZONEK**

SCEDE – APRIL 11, 2022

- Hello and thank you for taking the time to meet with us today. I look forward to discussing one of Industry, Tourism and Investment’s mandate initiatives, which is to review resource royalties in the NWT. To support our discussion, staff from the department have joined us. Menzie McEachern is the Assistant Deputy Minister of Mineral and Petroleum Resources. Andy Leszczynski is the director of the Diamond Royalties and Financial Analysis division and Hendrik Falck is the manager of geology and resource royalty policy. I’d also like to re-introduce Drew Robertson, my ministerial special advisor who joined our earlier briefing. Deputy Minister Pamela Strand is also with us, but will need to leave before the conclusion of our briefing today
- This initiative is part of a much broader project that is being carried out with the Indigenous governments who make up the Intergovernmental Council. That work is focused on modernizing the mining system we inherited at devolution. We are developing regulations for the new Mineral Resources Act so it can be brought into force.
- We all want a responsible and robust mineral resources sector that maximizes overall benefits to the territory and that recognizes the role of Indigenous governments. Mining royalties are one piece of that. Like taxation, this is one of the levers we have as a government to encourage or discourage certain activities. The goal is to find the point where the people’s share is the highest and the territory is still attractive to investors.

- The discussions with Indigenous governments at the Intergovernmental Council table have been productive. We all want an integrated system that considers royalties, taxation, benefit agreements with Indigenous communities, information sharing, and co-management. All of the pieces need to work together.
- The GNWT as a part of the Intergovernmental Council has developed a discussion paper to support an informed conversation on the NWT royalty regime. We are in the middle of engagement with Indigenous government partners, industry, and members of the public on the design of these regulations. The discussion paper and other research papers provide important background information about determining and administering royalties.
- We hope to have productive conversations on enhancing a stable and competitive royalty regime that complements all of the other approaches that benefit the people of the NWT.
- I will now pass it back to the Chair and request that Andy Leszczynski and Hendrik Falck give a short presentation.
- Thank you.



REVIEW OF ROYALTY REGULATIONS: DEVELOPMENT OF RESOURCES LEGISLATION IN THE NWT

Discussion Paper Briefing

April 11, 2022



Intergovernmental Council

The promise of Devolution included a commitment to work collaboratively, as Northwest Territories governments, on the management of lands and resources in the NWT.

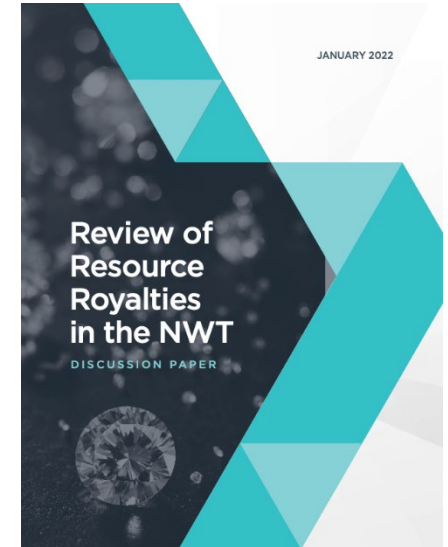
This commitment was formalized in December 2020 in a Legislative Development Protocol developed and adopted by the Intergovernmental Council.

The protocol is the first agreement of its kind in Canada.

Consistent with the Northwest Territories Intergovernmental Agreement on Lands and Resources Management, it respects the jurisdictions and authorities of Indigenous governments and the GNWT while also providing a mechanism for collaboration and consensus-building.

More importantly, as the IGC develops the regulatory framework for the Northwest Territory's first stand-alone Mineral Resources Act, the protocol is now being put into practice.

The work to review the NWT's resource royalty regime is one part of this historic work.

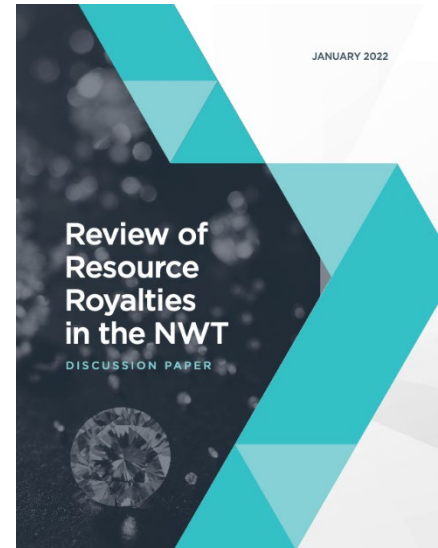


Discussion Paper Purpose

A discussion paper was completed at the Intergovernmental Council. It represents the beginning of gathering information to be used to inform discussion as we start to review the NWT royalty regime.

Six aspects of the NWT Royalties were examined:

1. What is a Royalty?
2. How do Royalty Regimes Work?
3. How do Royalties Work in the NWT?
4. Royalties and Other Revenues
5. The Business of Mining
6. Possible Concepts and Changes



Discussion Paper Questions

A. Are NWT royalty regulations providing a fair share of the profit?

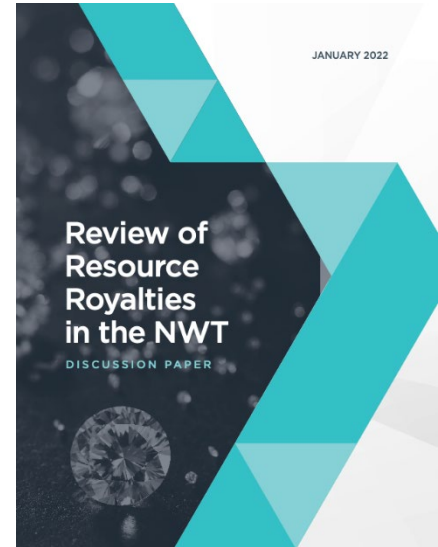
What is a fair share? Should the overall revenue and benefit of resource development to the NWT be a consideration? This could include long term capital assets like infrastructure and training that will outlast the mining project itself.

B. Are NWT royalty regulations contributing to a stable and competitive investment environment in the NWT?

Investors and proponents of major projects require clarity and certainty. Is the NWT regulatory system attractive to investors when compared to other Canadian and international jurisdictions?

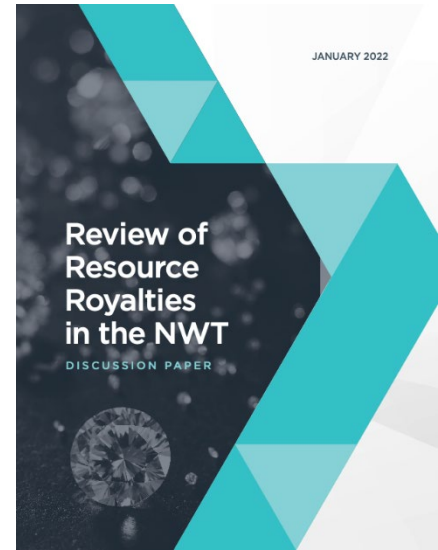
C. Is the utility of NWT royalty regulations being maximized?

Are there other ways to realize benefits for the NWT using royalties? For example, could we leverage their value to increase employment, procurement or investments in infrastructure and environmental sustainability?



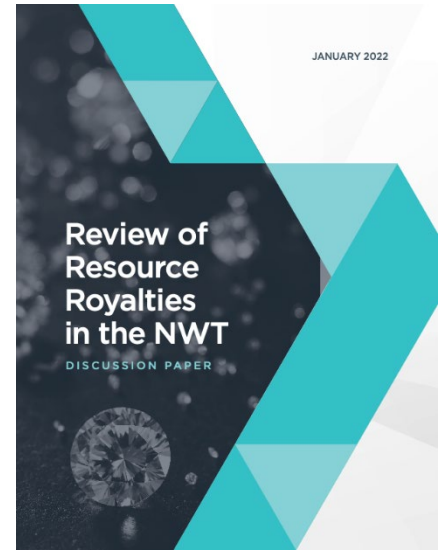
Discussion Paper Priorities

- Effective management and development of the NWT's land and natural resources are seen as central to developing the NWT's economy.
- Resource development will be an important part of the future economy and economic growth is important for improving social conditions in NWT communities.
- The re-imagining of the NWT's fiscal framework around royalties is one that deserves a comprehensive, collaborative, and deliberate approach.



Mineral Resources Act Goals and Priorities

1. To regulate mineral interests efficiently, effectively and in a transparent manner;
2. To support the economy of the NWT;
3. To realize benefits from mineral development for indigenous governments and organizations, communities and the people of the NWT;
4. To ensure that wealth generated by mineral resources will be used for the benefit of present and future generations of the people of the NWT;
5. To encourage positive relationships between proponents, indigenous governments and organizations, communities and the Government of NWT;
6. To respect Aboriginal and treaty rights;
7. To complement the systems for collaborative management of land and natural resources;
8. To improve geological knowledge; and
9. To recognize sustainable land use.



Initiation of Engagement

February 17, 2022

The Government of the Northwest Territories released the discussion paper “*Review of Royalty Regulations in the NWT*” to guide engagements on the royalty regime and Mineral Resources Act Regulations.



Government of Northwest Territories / Gouvernement des Territoires du Nord-Ouest

YELLOWKNIFE (February 17, 2022) – The Government of the Northwest Territories (GNWT) has released a discussion paper titled [Review of Royalty Regulations in the NWT](#) to guide [engagements](#) on the royalty regime and Mineral Resources Act Regulations (MRAR).

The discussion paper, supported by a research paper, is the second and next step in the review of the NWT royalty regime, following the [PriceWaterhouseCoopers \(PWC\) 2020 report on Benchmarking of the NWT Mining Fiscal Regime](#). This is a part of a multi-phased approach underway since 2019.

In collaboration with the members of the NWT Intergovernmental Council (IGC), the GNWT developed the discussion paper with the intent of supporting an informed conversation on the NWT royalty regime. As the territorial government prepares to engage NWT leaders and residents on the design of new regulations for the Mineral Resources Act (MRA), the discussion paper and other research papers provide an important background on the environment in which royalties are administered and determined.

The current regime for administering royalties in the NWT is the same regime used by Indian and Northern Affairs Canada for more than 60 years. In recognition that the regulations need to adapt to evolving governance principles and the operating environment, the regulations will be reviewed and discussed in the upcoming engagements.

To have your say on the NWT’s resource royalty regime, visit: <https://www.gov.nt.ca/en/engagements/review-mineral-resources-royalties>

Quote

“We are continuing the work to do a comprehensive, collaborative and multi-phased approach on the review of the NWT royalty regime with a discussion paper that will guide the upcoming engagements. The discussion paper is supported by a technical research paper which examines potential pathways for an updated royalty regime. As we ready for the engagements with Indigenous government partners, industry and members of the public, we hope to have productive conversations on enhancing a stable and competitive royalty regime that benefits the people of the NWT.”

- **Caroline Wawzonek**, Minister of Industry, Tourism and Investment

Quick facts

- This is the second step to complete a comprehensive review of the royalty regime.
- The discussion paper presents areas to consider for amendments to the royalty regulations as a clear starting point.
- The discussion paper, *Review of Resource Royalties in the NWT*, has a technical research companion document, entitled *Review of Royalty Regulations in the Development of Resources Legislation in the NWT*.

Related links

- [Review of Resource Royalties in the NWT \(Discussion Paper\)](#)
- [Review of Royalty Regulations in the Development of Resources Legislation in the NWT \(Research Paper\)](#)
- [Tax and Royalty Benchmark: Mining in the Northwest Territories \(2020\)](#)
- [Have your say: Review of Mineral Resources Royalties](#)

Engagement: General Public

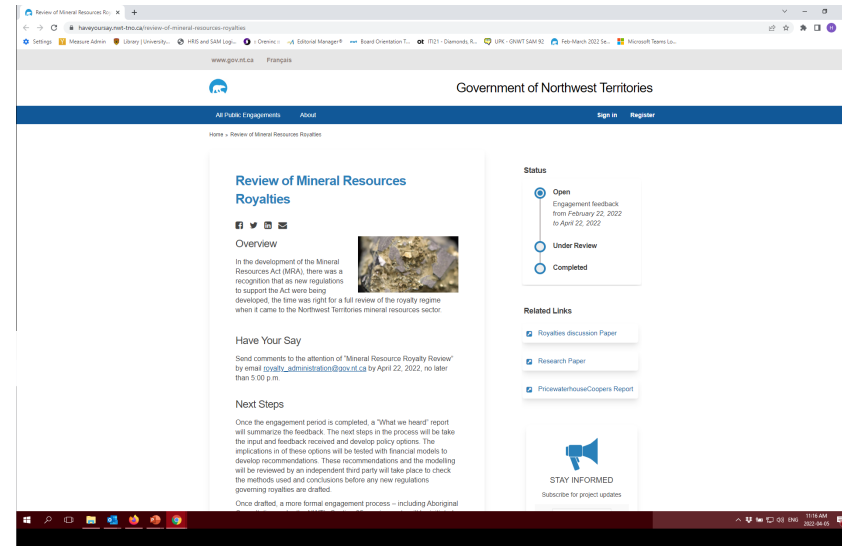
Have Your Say

Send comments to the attention of “Mineral Resource Royalty Review” by email

royalty_administration@gov.nt.ca

by April 22, 2022, no later than 5:00 p.m.

Now Extended to July 29, 2022



The screenshot displays the Government of Northwest Territories website for the 'Review of Mineral Resources Royalties' engagement. The page features a navigation bar with 'All Public Engagements' and 'About' links, along with 'Sign in' and 'Register' options. The main content area is titled 'Review of Mineral Resources Royalties' and includes an 'Overview' section with a small image of a mineral resource. Below this is a 'Have Your Say' section with a deadline of April 22, 2022, at 5:00 p.m. A 'Next Steps' section outlines the process from feedback to policy options. On the right, a 'Status' sidebar shows the engagement is 'Open' from February 22, 2022, to April 22, 2022. Below the status are 'Related Links' for 'Royalties discussion Paper', 'Research Paper', and 'PricewaterhouseCoopers Report'. A 'STAY INFORMED' icon and a note about a draft report are also visible.

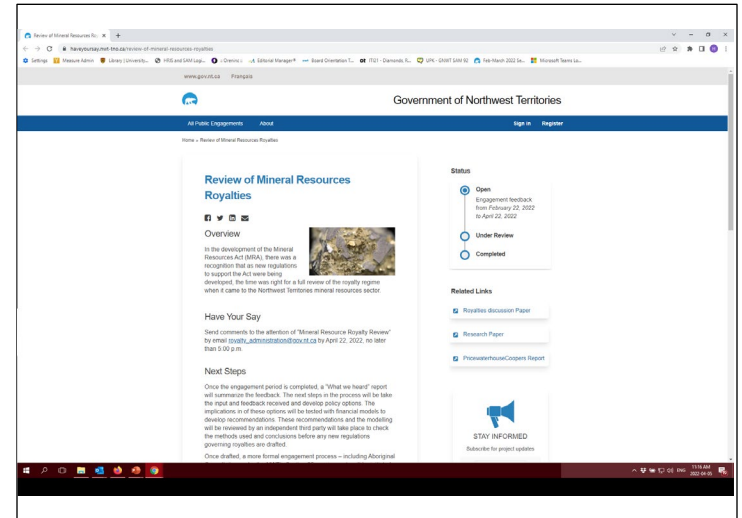
Engagement: General Industry

Have Your Say

Meetings with Chamber of Mines,
Exploration Companies and Prospectors.

Presentations on:

- Discussion Paper,
- Background Research Paper,
- PwC Benchmarking Report,
- and Current Royalty Regulations Operational Details.



Engagement: Producing Mines

Have Your Say

Meetings with each of the Mining Companies.

To document what is working well, and what is not working well, in an effort to identify potential areas for improvement and changes.

Following are areas for consideration:

1. Transparency & Confidentiality
2. Mine Project Definition (Ring Fencing)
3. Current Profit Regime Royalty Rate Structure
4. Royalty Calculation Point / Saleable Product Point
5. Commencement of production
6. Allowable costs (life of mine)
 - i. Pre-production
 - ii. Production
 - iii. Post-Production
7. Current Royalty Reporting Requirements
 - i. Volumetric
 - ii. Financial
8. Audit

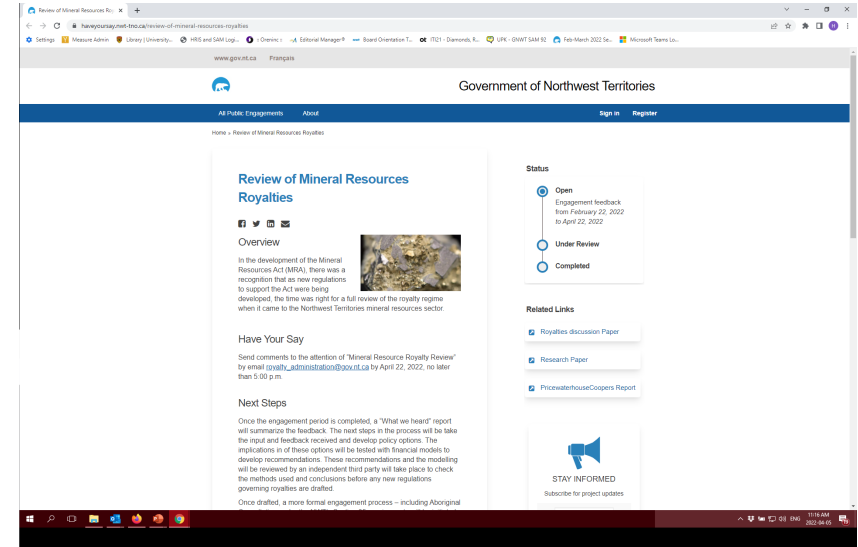


Engagement: Governments and other Requests

Have Your Say

Additional meetings will be scheduled with the Federal Government and groups that request briefings.

One example is a request from Alternatives North.



The screenshot shows a web browser displaying the Government of Northwest Territories website. The page title is "Review of Mineral Resources Royalties". The status is "Under Review". The page includes an overview section, a "Have Your Say" section with a comment submission form, and a "Next Steps" section. The status bar at the bottom indicates the page was drafted on 2022-04-05.

Government of Northwest Territories

Review of Mineral Resources Royalties

Review of Mineral Resources Royalties

Overview

In the development of the Mineral Resources Act (MRA), there was a recognition that as new regulations to support the Act were being developed, the time was right for a full review of the royalty regime when it came to the Northwest Territories mineral resources sector.

Have Your Say

Send comments to the attention of "Mineral Resource Royalty Review" by email royalty_administration@gov.nt.ca by April 22, 2022; no later than 5:00 p.m.

Next Steps

Once the engagement period is completed, a "What we heard" report will summarize the feedback. The next steps in the process will be take the input and feedback received and develop policy options. The implications of these options will be tested with financial models to develop recommendations. These recommendations and the modelling will be reviewed by an independent third party who will take place to check the methods used and conclusions before any new regulations governing royalties are drafted.

Once drafted, a more formal engagement process – including Aboriginal

Status

- Open: Engagement feedback from February 22, 2022 to April 22, 2022
- Under Review
- Completed

Related Links

- Royalties discussion Paper
- Research Paper
- PriceceathouseCoopers Report

STAY INFORMED

Subscribe for project updates

Engagement: Products

Have Your Say

A compilation of the feedback will be prepared and added to the list of resources available.

The screenshot displays a web browser window with the URL <https://haveyoursay.mec-trc.ca/review-of-mineral-resources-royalties>. The page is titled "Review of Mineral Resources Royalties" and is part of the Government of Northwest Territories' public engagement efforts. The main content area includes an "Overview" section with a small image of a mineral resource, a "Have Your Say" section with a form to send comments, and a "Next Steps" section. On the right side, there is a "Status" section with a progress indicator showing "Open" (Engagement feedback from February 22, 2022 to April 22, 2022), "Under Review", and "Completed". Below the status section are "Related Links" for "Royalties discussion Paper", "Research Paper", and "PitmeathouseCoopers Report". At the bottom right, there is a "STAY INFORMED" section with a megaphone icon and a "Subscribe for project updates" button. The browser's address bar and various icons are visible at the top and bottom of the window.

Next Steps

Following the Engagement period:

- Policy Issues will be prioritized
- Financial modeling and Jurisdictional Reviews of the options will be completed.
- The findings of the Options Analysis will be prepared.
- Independent Third-Party Review
- Finalized Royalty Regime Options
- MRAR Drafting Instructions developed.



Thank you. Questions?



**REGIONAL ECONOMIC DEVELOPMENT PLANS – OPENING REMARKS
MINISTER WAWZONEK**

SCEDE – APRIL 11, 2022

- Hello and thank you for taking the time to meet with us today. I look forward to talking about one of ITI's mandate items, Regional Economic Development Plans.
- Obviously these need to be plans made *with* the regions, not *for* the regions. We need to facilitate discussion about how to create growth and opportunity and diversify our economy. We will need to collaborate and be innovative to find opportunities. We are already seeing a lot of potential in new technologies merging with traditional practices.
- There has been a significant amount of planning and discussion on this mandate item. We will be starting public engagement in the next month. Today we would like to map out the next steps and answer any questions you have. The plans are intended to identify economic opportunities for each region. The goal is to diversify regional economies and increase the number of job opportunities in the communities.
- Some Indigenous governments and communities have developed their own plans. The goal here is to build on what already exists and what is already working. Local communities are best positioned to identify opportunities in their regions.
- I also want to be clear that this work is connected to our broader efforts to diversify the economy, create employment and address the infrastructure needs to grow a healthy economy.
- A bit of history here: about ten years ago there was similar work as part of the Economic Opportunities Strategy. Those conversations have been

ongoing since then. We have an inventory of all of the plans that have been done and what has made them successful. Residents in each region have taken the lead in identifying, pursuing, and realizing these economic opportunities.

- The work done on the Economic Opportunities Strategy and all of the existing Indigenous Government and community economic development plans has been very helpful as we work on the regional plans. For example, we know that consistency is helpful when seeking funding from the federal government. Every region has distinct economic opportunities. The way we describe those opportunities to funders can make a real difference in their response.
- I would like to invite Alexandra Malakoe to give a presentation with more details. She is the Director of Economic Growth and Strategic Initiatives at ITI.
- I will now ask the Chair to pass it over to Ms. Malakoe to present. Thank you.



Government of
Northwest Territories

Regional Economic Development Plans

Presentation to the Standing Committee on
Economic Development and Environment

April 11, 2022

Overview - Mandate

- Increase economic diversification by supporting growth in non-extractive sectors and setting regional diversification targets.
- Establish regional economic development plans to support growth in all sectors of the economy, including agriculture, fisheries, forestry, the knowledge economy, manufacturing, and arts.
- Work with Indigenous and community governments to identify and advance economic opportunities.



Objectives

- Identify opportunities to support new businesses or grow existing businesses.
- Expand and diversify the economy.
- Identify opportunities that can be implemented immediately to increase economic activity and create employment opportunities in all our communities.



Completed Work to Date

Early 2021	Inventory of all existing NWT regional, Indigenous government and community economic development plans
Spring 2021	Development of regional profiles and collaboration with partners to be used as engagement tool
Summer-Fall 2021	Worked with Indigenous Governments to determine a preferred path forward for how to develop plans
December 2021	A public Request for Proposal (RFP) was launched to hire a consultant to assist with the development of the plans
February 2022	The RFP was awarded and work has begun with the successful proponent
March 2022	A draft engagement plan and engagement tools have been created



Each plan will include:

- A snapshot of current economic conditions in each region
- A SWOT analysis
- A set of actions to take advantage of regional strengths, address weaknesses, benefit from outside opportunities and avoid threats (SWOT)
- Recommendations to create employment and economic opportunities



Engagement Next Steps

- Public documents in plain language
- Meetings with stakeholders
- Public discussions
- GNWT web portal
- Local facilitators in each region



Timeline

- With local facilitators, finalize list of engagement participants (April 2022)
- Engage with Indigenous governments (May – September 2022)
- Engage with representatives through surveys, interviews and group sessions (Mid May – September 2022)
- Identify economic strengths, weaknesses, opportunities, and challenges in each region (Mid May – September 2022)



Timeline

- Develop actions to take advantage of strengths and opportunities, mitigate challenges and address weaknesses (Mid May – September 2022)
- Build consensus on key priorities for action in each region
(Mid May – September 2022)
- Develop an implementation plan for those key priorities (Early 2023)
- Communicate findings (2023)



Happy to Answer any Questions,
and Thank-you

