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# **Standing Committee on Indigenous and Northern Affairs**

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**EVIDENCE**

**Wednesday, October 31, 2018**

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**Chair**

**The Honourable MaryAnn Mihychuk**



## Standing Committee on Indigenous and Northern Affairs

Wednesday, October 31, 2018

• (1530)

[English]

**The Chair (Hon. MaryAnn Mihychuk (Kildonan—St. Paul, Lib.)):** I call the meeting to order.

Welcome, everybody. We are continuing to work on our study of Arctic infrastructure. Welcome to those joining us by video conference. Pursuant to Standing Order 108(2), we are conducting a study on northern infrastructure projects and strategies.

Before we get into presentations, I'm going to ask all of us to think about Canada's commitment to truth and reconciliation and that we do that whether we're at an event or at a meeting like this. It's important for us to reflect on that to understand the truth and move towards a process of reconciliation.

We're here in Ottawa, the homeland and unceded territory of the Algonquin people. The Arctic, too, is the land of many indigenous bands and tribes. In how we move forward, it's very important to recognize the history there as well.

As for the way this works, you'll have up to 10 minutes to do your presentation. After both presentations, we will have an opportunity for the members of Parliament to ask you questions. From your testimony and your brief, a report will be written, which will be public and provided to all members of Parliament and the Government of Canada. We'll ask the government to reply to our recommendations.

Your participation is extremely important. Welcome.

Our first presenter is in Regina, where I can see on the screen what looks like the Inland offices to me.

You're speaking about AGT Food and Ingredients Inc. and you're the president and CEO. If you want to start, we will set the timer. I'll give you a signal when you're getting close to the end. You have up to 10 minutes.

• (1535)

**Mr. Murad Al-Katib (President and Chief Executive Officer, AGT Food and Ingredients Inc.):** That's perfect.

**The Chair:** Please go ahead when you're ready.

**Mr. Murad Al-Katib:** Chairperson, members of the committee, ladies and gentleman, my name is Murad Al-Katib. I come to you today with the perspective of an entrepreneur and a business leader in western Canada. In addition to my role as CEO of AGT Foods,

I'm the new CEO of the Arctic Gateway Group corporation, based out of Manitoba.

I come to you as a first-generation Canadian born to immigrant parents from Turkey. My father spent 52 years as a rural doctor serving the people of Saskatchewan. My mother was among the first immigrant Muslim women to serve on a rural council in Canada, elected in 1976. I come with a familial background in community economic development, and my career began in government in the area of trade promotion and economic development. I started my company, AGT, from the basement of my house in 2003 and built it into a \$2-billion exporter of pulses and grains grown in western Canada.

We've also taken a strong interest in freight and logistics, being one of the largest containerized grain shippers on the globe, and we are now the largest short-line railway operator in Canada, with over 2,000 kilometres of rail track in Saskatchewan, Alberta and Manitoba. In 2017 we began a journey to invest in a generational opportunity we identified in the iconic Canadian port and rail infrastructure with access to tidewater that is located in a truly uniquely positioned Arctic northern gateway—Churchill, Manitoba, and the Hudson Bay Railway.

This area is a strategic link that will allow future access to northern supply, with this location being the closest shipping point from North America's western Canada region to Europe, North Africa, the Mediterranean, and, via the Suez Canal, to the growing market in India and South Asia.

Churchill, we believe, will become a key future stop in the northern passage. Fairfax Financial Holdings and AGT have completed a monumental partnership with a consortium of first nations communities, the Kivalliq communities in Nunavut and the northern Manitoba communities—collectively known as the Misinippi group—to acquire the Hudson Bay Railway, the Port of Churchill and the Churchill Marine Tank Farm Company. The acquisition vehicle is called the Arctic Gateway Group. There are only a handful of deepwater port accesses in North America, and Churchill is one of those.

The reason I think it's a very special vehicle and opportunity is that we were able to partner directly on equity interests with all 29 of the MKO first nation communities, and every community on the Hudson Bay Railway was given the opportunity to have ownership equity in this generational project.

Churchill is the only rail-served arctic port in North America. It provides the quickest access to the Atlantic Ocean—versus any other port—for western Canadian products. The port has been tremendously underutilized by its former ownership.

Just to give you a bit of context, Russia operates 13 arctic ports, with estimates that approximately 20% of Russia's GDP runs through these ports, six of which are rail-served and many of which operate year round with the use of icebreaker technologies. In terms of the ongoing operation of the Arctic Gateway and the assets it owns, the Government of Canada has committed \$117 million in acquisition, repair and operational funds over the course of the remainder of 2018 and 2019, with operating funds available until 2027.

This strong partnership with government, the private sector and first nations and communities de-risks the project dramatically. Within the partnership group, Fairfax brings financial wherewithal in managing major infrastructure investments, AGT brings the experience in running short-line railways and as a grain exporter, and the first nations and communities bring the social licence and true inclusiveness and participation in this generational project.

The Arctic Gateway port is being eyed as a potential new transportation route for North America. The over-the-pole route would see the port of Churchill emerge as a trade and economic development zone, linked to Asia, Europe, Russia and Nunavut. It's time for an Arctic gateway initiative in our great country.

• (1540)

Canada has the longest coastline of any country, almost four times the next-longest coastline, and most of it is in the Arctic. For centuries that coastline was rendered inaccessible by thick, hard multi-year ice, but climate change is causing the sea ice to disappear. More than 1.2 million square kilometres were lost between September 2006 and September 2017, leaving the Northwest Passage temporarily ice-free. Soon, all of the Arctic sea ice may melt away during the summer months. Ice will still form during the winter, but it will be soft, single-year ice. This makes icebreaker-assisted year-round shipping commercially feasible. Since the earth is a sphere, Canada's northern coastline is relatively close to both Asia and Europe.

The Northwest Passage offers a 7,000-kilometre shortcut from New Jersey to Shanghai. Churchill, Manitoba, is the only commercial deepwater port in northern Canada. The shipping season is already extended from July to November. Long used for shipping grain to foreign markets, Churchill is beginning to see two-way trade, witnessing Russian vessels arriving with fertilizer from Estonia and leaving with western Canadian wheat for Italian pasta manufacturers.

An Arctic gateway initiative would embrace the north as a transportation opportunity. All-season roads would be pushed through to Tuktoyaktuk, Bathurst Inlet and Baker Lake. Deepwater ports would be built near the mouth of the Mackenzie River and at Bathurst Inlet and Iqaluit. The port of Churchill would be a bustling trade corridor of activity.

The Canadian Coast Guard would be charged with developing safe, commercially attractive all-season shipping. This work would

involve maintaining navigation devices and producing detailed charts. It would also, critically, involve breaking ice for commercial vessels, including foreign ones. The Coast Guard already breaks ice for cargo ships in the Gulf of St. Lawrence and Saguenay River during the winter. A new icebreaker in Hudson Bay would add several months to the shipping season at Churchill and would provide sustainable long-term jobs and economic activity for first nations and northern communities.

Arctic hubs for the transportation of goods from North America would relieve pressure on Vancouver, Prince Rupert, Halifax and Montreal. It would create jobs and it would spur economic development, not just locally but across the country. Most significantly, providing icebreaking for foreign vessels in the Northwest Passage would cement Canada's claim to sovereignty there.

Fairfax and AGT, the consortium of first nations, Kivalliq communities, and communities on the Bay Line are committed to working with the Government of Canada, the provinces, and the private sector to build an Arctic gateway to the world. Phase one of the project is under way. We've repaired the rail line from Gillam to Churchill, a critical railway that has been out of service for a number of seasons. We're undertaking safety and rehabilitation upgrades to the port and the railway assets through the partnership funds provided by Canada.

I'm excited to be part of this initiative through a 99-year agreement that Fairfax and AGT signed with Arctic Gateway to operate the railway, the port and the Marine Tank Farm assets. The Arctic gateway, as a natural resources corridor for Canada and the world, is truly a net contributor to Canada's future economic prosperity for all Canadians.

I want to thank you for the time to give my opening comments.

Thank you.

**The Chair:** Thank you so much.

Our second presenter at this time is Matt Belliveau, from the Northwest Territories and Nunavut Construction Association.

Please go ahead when you're ready.

**Mr. Matt Belliveau (Executive Director, Northwest Territories and Nunavut Construction Association):** Good afternoon. Thank you for the invitation to address this committee.

My name is Matt Belliveau. I am the executive director for the NWT and Nunavut Construction Association.

The association was established in the Northwest Territories in 1976 and expanded to include Nunavut in 2012. We have about 150 members here, including general contractors, trade contractors, manufacturers and suppliers, road builders and heavy construction contractors, logistics and transportation businesses, allied professionals, and government departments and agencies working in the north.

One of the primary services that we provide to our members is a summary of public sector procurement opportunities. We assemble it, put it out twice a week, and distribute it through our member email list. This summary includes all the construction projects that are put out to tender by municipal, territorial and federal governments, as well as government agencies such as housing and power corporations.

I'm not here to speak in support of a particular infrastructure project. I did want to use this opportunity to just generally stress the importance of infrastructure investment in northern Canada.

There have been a lot of studies published on the infrastructure deficit in the territories, and this impacts core areas, including housing, transport, water, sewage and solid waste management. There is a cycle of underdevelopment in the north. The lack of infrastructure is itself a barrier to building new infrastructure.

The federal government could contribute to breaking this cycle by taking a long view of its investments in northern Canada. In particular, there is an opportunity to increase the number of skilled workers in northern Canada and lower the cost of building and maintaining infrastructure over the long term.

What do I mean by this? There are a lot of companies here in Yellowknife that take on most of the construction projects in smaller communities around the north, and when they go into these communities, they look to hire local people as apprentices. However, the situation that is happening over and over is that even a large project in one of these communities typically is going to wrap up in two years, at most. That's not long enough to complete an apprenticeship, so even though there is clearly infrastructure that needs to be built in these communities, the funding for it is just trickling in.

That means that there are long periods of time in those communities when there are no projects going on that would allow that apprenticeship to continue to completion. Those apprentices have to make a decision to either leave their community or put their apprenticeship on hold. If you put it on hold for more than a year, you have to start all over again. Either way, the result is that there continues to be a lack of skilled labour in these smaller communities, which does raise the cost of building and maintaining the infrastructure that's needed there.

If the federal government is committed to making steady progress on these local infrastructure deficits, it would create more opportunities because there would be projects going on continually over a period of time that is long enough to complete apprenticeships and build up a skilled workforce at the local level, with new journeypersons who can then train more apprentices.

Every dollar you invest in infrastructure in northern Canada does help to reduce the cost of living for residents here and makes the north more accessible for investors, who can generate more tax revenue for all of Canada.

● (1545)

What I'm hoping you will consider is that the federal government could benefit from efficiencies and cost savings over the long term by taking a more aggressive approach to closing northern Canada's infrastructure gap and building capacity here in the north.

Thank you.

**The Chair:** That's fascinating, because our next study is all about capacity. We'll have to have you back. That was quite the introduction.

We're going to start the questioning with MP Robillard.

[*Translation*]

**Mr. Yves Robillard (Marc-Aurèle-Fortin, Lib.):** Thank you, Madam Chair.

I want to thank the witnesses. I'll ask my questions in French.

Mr. Al-Katib, can you specify the type of federal government support that remote communities in Manitoba receive?

● (1550)

[*English*]

**Mr. Murad Al-Katib:** We were able to negotiate a contribution agreement with Western Economic Diversification. That contribution agreement is split into really two major buckets. The first bucket was a bucket of support that would be utilized for the repair of 29 washouts that were left from 2016, when the floods in Manitoba happened.

We were able to repair the rail line from Gillam, Manitoba, to Churchill, which is about 200 kilometres in distance. The first bucket of support was the repair of that critical infrastructure, and then a budget that would allow us to rehabilitate the rail link. We have a number of northern communities that are entirely only rail-served, so there are no road links. In the case of the community of War Lake, Manitoba, when we had excess water levels this fall, we had to suspend the VIA Rail passenger service because we were dealing with high water levels near the tracks. In that time, the only link for that community was airlifting in food and airlifting out passengers for medical attention.

The rail link in northern Manitoba is not a convenience factor. It's literally what provides the propane, what provides the fuel, what provides the food and the basic supplies and services for the local businesses and all of that. Roughly about \$50 million of support will go into direct infrastructure development. That's for the repair and rebuilding of railbeds, the replacing of rail ties, and upgrading the critical infrastructure into a class II railway standard. In addition to that, there's an ongoing operating support of about \$4.3 million a year for 10 years that will allow us to maintain all of those critical supply elements that are in partnership with the communities. It's the supply of essential service.

[*Translation*]

**Mr. Yves Robillard:** What do you think of the Nutrition North Canada program as a temporary measure?

[*English*]

**Mr. Murad Al-Katib:** I think that as a temporary measure, it's a necessary measure. Again, we have to re-establish the supply chains to ensure the availability of cost-effective food and basic essentials. Part of the supply chain efficiency is making it more available, and more availability and more players and more competition will provide better access for northern communities.

[Translation]

**Mr. Yves Robillard:** Did the federal government show flexibility in the joint efforts to help resolve the Churchill rail line situation?

[English]

**Mr. Murad Al-Katib:** The federal government showed a lot of desire, but I think it was very important that we found a commercially viable solution with true partnership and inclusiveness of the communities. Bringing 29 first nations communities together with the Kivalliq communities and with every single municipality and city on the line was quite an enormous undertaking. The fact that we were able to achieve it is what will de-risk and guarantee the success of the project.

[Translation]

**Mr. Yves Robillard:** My next question is for Matt Belliveau.

When it comes to housing, how is our government's approach to funding different from past approaches? To date, what have been the results of these investments?

• (1555)

[English]

**Mr. Matt Belliveau:** I don't know enough about the program to speak to that.

I know there continues to be a deficit in infrastructure funding at the community level. The governments of the Northwest Territories did a report in 2014 on the funding they provide to communities for basic infrastructure and they found that the communities in the Northwest Territories are underfunded by \$40 million a year, and that goes on every year. Here in Yellowknife, we're short about \$11 million in each year on the funding from the GNWT.

There are definitely still funding gaps. I realize that's at a territorial level, but they get a lot of their funding from the federal government. Everybody up the chain is asking for more money.

I couldn't really speak specifically on that program.

[Translation]

**Mr. Yves Robillard:** Thank you.

[English]

**The Chair:** We're moving on to MP Cathy McLeod. I understand she is sharing time with MP Kevin Waugh.

**Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC):** Thank you, Madam Chair.

I just have a quick intervention before I turn it over to my colleague.

This is a notice of motion.

We all know that a massive budget implementation bill of 802 pages was tabled. There were some significant issues related to our committee. Of course, we're not going to be able to study that, so I think it's important that we consider this motion carefully when we get an opportunity.

The motion reads:

That, considering the government's omnibus legislation, Bill C-86, A second Act to implement certain provisions of the budget tabled in Parliament on February

27, 2018 and other measures; and considering the statement in the Ministers' mandate letters from the Prime Minister that Ministers be held accountable by Parliamentary Committees; officials from the Department of Indigenous and Northern Affairs Canada, and the Department of Indigenous Services Canada, appear before the Committee on November 7, 2018 for a briefing on amendments to the First Nations Land Management Act and the First Nations Fiscal Management Act, and a briefing on the Addition of Lands to Reserves and Reserve Creation Act; and that the Committee submit recommendations and amendments to the Standing Committee on Finance to be considered during its clause-by-clause consideration of the Bill.

Obviously, this is a notice of motion.

I certainly intend to bring this forward again because I think it's absolutely important that our committee examine these significant and important issues within this omnibus legislation.

I apologize to the witnesses, but I did need to get this notice of motion on the floor.

I understand my colleague Mr. Waugh would like to take over the questions.

**Mr. Kevin Waugh (Saskatoon—Grasswood, CPC):** Thank you very much, Ms. McLeod.

Welcome, you two, on video conferencing.

Murad, welcome. I see you on the plane once in a while.

Let's face it: Over the years, the Churchill rail situation has not been the kindest to anybody in this country. Omnitrax had it. They tried to sell it, and of course the port with it. Then it was closed for a long time. It caused a great deal of angst in the western provinces.

You are totally correct in that this port has been underused since day one. What makes it that you, your group at Fairfax, the first nations, and Kivalliq, think that you can survive in Churchill where other groups have died in Churchill?

Can you talk about that, if you don't mind?

**Mr. Murad Al-Katib:** I'll tell you what I think.

What we're seeing is that as we continue to have the western Canadian grain crop grow, the peak shipping period of August, September, October and November coincides with the current shipping season in Churchill. We think it's going to be a very strong pressure release valve capacity for western Canadian grain farmers to have another viable port option to be able to ship grain while Vancouver and Prince Rupert are a bit congested. That is going to be one of the key things.

The other thing is that with the involvement of the communities and the ability of those communities to encourage the participation of first nations and other local businesses to scale and grow, a stable rail infrastructure is going to spawn economic development activities. When we've done our business plan.... This is why we went to the government with an infrastructure development plan. Also, an ongoing operating subsidy will be predictable for the people of Canada and will allow us the opportunity to build a viable business case.

Kevin, you know our business. You've watched us grow. We believe strongly that this can be a strong commercial corridor for natural resources, but we need to do more than just shipping out; we need to be looking at inbound product too—anything in dry bulk, whether it be fertilizer or cement. It's those types of things. We need to utilize that ability to move product into and out of the country.

• (1600)

**Mr. Kevin Waugh:** I couldn't agree with you more.

I think that for grain companies, the insurance costs of bringing ships into Churchill was just so astronomical that they shied away from that, and even maybe your company, because you go to the west port, in Vancouver.

Could you talk about the added expenses in Churchill that we need to know about around this table?

**Mr. Murad Al-Katib:** I think we have to balance off the rail costs. From a west central Saskatchewan point to Churchill, the cost is much lower than the rail cost to Vancouver, and certainly much less than the rail cost to Thunder Bay and Montreal. From that perspective, when I look at the pipeline, freight, and additional vessel costs, they're offset by lower rail costs, and I think that the Churchill shipping route can be very competitive on a freight-for-freight basis.

When I look at our ability, I see that we were shipping vessels with lentils into Turkey and Egypt, and we were looking at durum wheat the same way. The shipping route has some economics. Even with that ice-class vessel issue, it's not an insurmountable premium.

**Mr. Kevin Waugh:** I have to ask Matt a few questions, if you don't mind.

Matt, I see you've done a survey up there with your organization, which is great. You've reached out to your 150 members. Most agree with you that the cost of living and doing business is an important step up there, but I also noticed that for 55% of your membership, attracting and retaining skilled employees is their number one issue, and you've talked about that. How can we help you up there when, first of all, it's not the ideal place, I guess, to settle for most skilled workers? After they get there, they often have a tendency to move south later.

How can we as government look at getting skilled workers to stay up there and be a part of your community?

**Mr. Matt Belliveau:** I think people sometimes have that stereotype in mind that people don't want to live here. There are 20,000 people here in Yellowknife. We have a pretty good quality of life.

The issues are in the smaller surrounding communities, where there is that large infrastructure gap. I don't think anything you're going to do will compare to just building out the core infrastructure that's needed. It's really nothing more complicated than that. I know the government wants to spread this spending out over time and not

**The Chair:** Thank you.

**Mr. Matt Belliveau:** —create a huge deficit, but it needs to be done.

**The Chair:** All right. Questioning now moves to MP Rachel Blaney.

**Ms. Rachel Blaney (North Island—Powell River, NDP):** Thank you. I'm very grateful to have you both here today.

Matt, I'll start off with you. Thank you so much for your presentation. I really appreciated it and I heard clearly that the projects largely wrap up in two years and apprenticeship becomes a significant challenge. In terms of attracting and retaining people, this would be a huge hardship.

I would like you to talk about whether you've heard anything about being a little more strategic on some of these projects so that we can see some of them overlapping, and there will be those four years that people need in order to do their apprenticeships.

Also, could you talk about what that would really mean for the communities? I know that when it comes to building these projects, the people who work on them tend to be transient and move with projects anyway. How would this really help keep people in those communities so that we could see long-term sustainability?

**Mr. Matt Belliveau:** There are housing maintenance trades here. If you went in and built what you needed to build in these communities, you don't need to figure this out for yourself. The GNWT has already. It has a long list of projects. It's not a matter of what to do, but what to do first. Work with the local governments here, or just fund them directly, so they can pursue these capital projects.

I know lots of people move to work in the mines, but there is work in the communities, basic core work in water, sewer and housing. People need to be there to maintain it. Just build what you need, and things will work out as best they can.

• (1605)

**Ms. Rachel Blaney:** I've also read a few different articles that talk about how hard it is, in some of these regions, to get those skilled workers into the community. Training them seems to make a lot of sense, because of the expense of bringing those skilled workers.

Do you have any data that would tell us a little bit about the added expense of bringing in skilled workers when you can't have investments that last long enough to train the people within your own communities, and to do that not only in the community, but in that region?

**Mr. Matt Belliveau:** I don't have exact numbers for that, but if they're not local, then you're flying people in and finding a place for them to stay. That is going to cost money for a project if you have to keep them for years while the project happens. It would be a lot cheaper if the person already lived there. It's just common sense, I guess.

**Ms. Rachel Blaney:** I'll move on and talk about the Arctic Gateway with you, Murad, if you don't mind. I really appreciated your presentation. It sounds like there's been a lot of collaboration and work done within indigenous communities to have that collaborative framework, which is a good step forward.

I'd like you to talk a little bit more about what this project looks like. What types of infrastructure investment would be required to develop it and maintain it for the long term?

**Mr. Murad Al-Katib:** We are now doing an infrastructure gap assessment. One of the things we did initially was that emergency repair between Gillam and Churchill to get those communities reconnected to the rail infrastructure. The very first thing to do is to assess the permafrost and the track bed stability. If we want safety and the ability to move commodities in a cost-effective manner, we need stable, safe infrastructure. The rail infrastructure is the first priority.

We're lacking basic things for safety and efficiency. Telecommunications and the wireless infrastructure are absolutely lacking. I chaired the national strategy table for agriculture and food for the Government of Canada. One of our core recommendations from the strategy table was a rolling 50-year infrastructure plan for the Government of Canada, including gateways and corridors, including infrastructure investment priorities.

That was the physical infrastructure. In addition to that, there was the question of wireless broadband infrastructure across the country. On that northern route from The Pas, Manitoba, to Churchill, we have spotty cellphone, at best, and data is not available. From that perspective, we're looking at wireless data communication options. We're looking at employing technology to ensure we can bring those types of technological solutions.

The port itself needs a lot of work. We're going to be looking at fixing the berths. We have wharf areas that need to be repaired. The grain terminal itself will have to be refurbished. We're going to do phase one of that with around \$10 million of emergency safety repairs.

Then we have to build a business case. We have to attract private investment to be in partnership with government. We want to be getting that business case built and attracting—through the infrastructure bank and through others—pension funds and private sector money, in partnership with the communities. That model is going to very successful here, because we have the communities as equity owners, not just as collaborative partners. They actually own 50% of the Arctic Gateway. That's what's historical about our project.

**Ms. Rachel Blaney:** One of the things I'm hearing clearly is that there's a lot of work to be done. The results of what's happening with permafrost and all the washouts you were talking about earlier are all huge issues. In terms of the skilled labour to get this work done, how are you guys doing? It sounds like a bit of an overlap in some ways between you and Matt.

•(1610)

**Mr. Murad Al-Katib:** For sure.

As you were talking to Matt, I was thinking about we currently have to employ some contractors to come in and do the emergency

work, but we really need to partner with our first nations communities and our communities as a whole.

University College of the North is a very critical institution for us. We're going to be starting apprenticeship training programs for engineers, conductors, and track maintenance workers.

As Matt said, it does not make sense to relocate people. We have a skilled young workforce that wants to be employed. They want long-term, year-round employment. We need to create diversified business flows that are not just counting on one commodity, the mining sector, which is what has driven a lot of the northern activities. We want all the commodities so we have a bit more seasonal balance.

**Ms. Rachel Blaney:** Thank you.

**The Chair:** Thank you.

We'll move on in questioning and welcome MP James Maloney to our committee. I understand he's going to start off questioning and then share his time with MP Yvonne Jones.

**Mr. James Maloney (Etobicoke—Lakeshore, Lib.):** Thank you, Chair.

My question is for Murad and this business case you're talking about with Churchill.

The Hudson Bay Railway serves two purposes. It services those communities, but it also presents the opportunity for Churchill to become a commercial port. If it is successful, it will be to some extent at the expense of other ports.

You touched on the example earlier when you mentioned the grain elevators in Thunder Bay. I know a little about that because I paid my way through university about 30 years ago by working in those grain elevators at Thunder Bay. At that time, it was the largest grain port in the world. It isn't anymore. During that six-week window in the summer when Churchill was running, there were a lot of people in Thunder Bay who got laid off and lost their overtime and didn't like Churchill. It hurt the economy in Thunder Bay.

If you're expanding the economic viability of the Churchill port beyond grain, who are the losers in that scenario?

**Mr. Murad Al-Katib:** In terms of having enough capacity to get our products to market, in the grain scenario today as an example, we're growing in yield and in crop size. Back in the days when you were working, the grain crop size was 28 million to 38 million tonnes. Our last harvest was 56 million tonnes.

When we look at that seasonal shipping window, Thunder Bay is going to continue to be absolutely jammed busy during the same period that Churchill is shipping. I don't think it's a sacrifice. We're seeing the productive capacity growing, and we need to utilize all those port infrastructures in order to get our products to market.

I'm looking out 10 and 20 years, too, not just at what's going to happen in two or three years.

**Mr. James Maloney:** I can tell you that it was a sacrifice then. I don't know what's different now, if the capacity is greater. Thunder Bay is a shadow of what it used to be in terms of grain export capacity.



**Mr. Murad Al-Katib:** The grain crop is larger. Vancouver is bigger. Part of what we have in Thunder Bay is a different dynamic.

You have the Great Lakes freight, but it's Panamax vessel freight in the world today. The vessel size is limited in Thunder Bay. It's actually a draft issue. It's a vessel size issue. The cost of shipping out of Thunder Bay is materially higher because you can't have the vessel size come in.

**Mr. James Maloney:** Okay.

My point simply is that you are competing with other Canadian ports.

**Mr. Murad Al-Katib:** I'm competing with other world ports, because if we rely on the Canadian ports that can't compete, we won't be in the game, actually.

**Mr. James Maloney:** Then are Canadian products going to be shipped from ports outside of Canada instead of Churchill?

**Mr. Murad Al-Katib:** No, Canadian products won't be shipped. They won't be shipped because we won't compete.

**Mr. James Maloney:** All right. Thank you.

**Ms. Yvonne Jones (Labrador, Lib.):** Hello, my name is Yvonne Jones, a member of Parliament. I'm from Labrador. I'm a very proud northerner.

Murad, when I listen to both you and Matt, I'm very inspired by your ideas and by your suggestions for northern communities. I'm going to start with you, because I really believe we have tremendous potential for more Arctic ports in Canada. I also know that as we continue to negotiate good trade deals abroad, the demand for Canadian products and the opportunity for Canadians to export is growing as well.

You were talking about grain. We're already realizing that some of the largest producers of pasta, companies in Italy, are now using Canadian grains and Canadian water to do their manufacturing and put their product out to the world market.

My question to you is around the infrastructure assessment you're doing. When do you think you'll have that completed? What time frames would you be looking at to roll some of that out?

Also, what kind of capacity are you looking to build at the port that is going to be fundamentally as efficient to do the type of visionary work that you're talking about right now?

• (1615)

**Mr. Murad Al-Katib:** You've properly captured the visionary element of it. I tried to lay out a broad vision to you about the truly generational opportunity of building a cohesive Arctic strategy and infrastructure. When I look at Russia, I see 12 Arctic ports, six of which are rail-served, and 20% of the GDP of the country is going through those Arctic ports, many of them operating year round. Icebreaker vessel technology has changed dramatically, and the cost of that has changed.

We as a Canadian nation have a decision to make on whether we are going to control that northern passage or whether we're going to allow China and Russia to control it. I think that is the big opportunity, and with that will come massive developments at port locations within Arctic communities, which will then drive the need

for infrastructure for power, water, wastewater, sewage, as well as all kinds of infrastructure to build and maintain the roads, and that will create lasting opportunities. We can't continue to pour the money in with no economic activity to sustain it. That's the vision.

**Ms. Yvonne Jones:** I'm sorry I only have a minute, but Matt, I want to say thank you for raising the issue around skilled employment and apprenticeship programs. It's a serious issue across all northern communities.

I want to speak to you about the procurement piece for construction companies in the Northwest Territories and Nunavut. What's your opinion of how the procurement is working on federal government contracts? Going back a few years, I know there was a tremendous deficiency in that area. I'm not entirely convinced there's been much change, but I'd like to get your opinion.

**Mr. Matt Belliveau:** I don't know a lot about how it might have changed recently, but we did just have someone with the federal government doing a presentation on procurement here during Small Business Week, and we're going to work with them any way we can to make sure their opportunities are getting in front of the estimators and the people who are putting in bids. A huge service we provide is collecting all the different tenders from probably 30 or 40 different websites.

It's a lot of work for one business to log into all these accounts and review them all; it's time they could be spending on something else. Working with the local companies to make sure they know the opportunities is definitely key.

**The Chair:** All right. Thank you very much.

We are moving to the five-minute round; first up is MP Arnold Viersen.

**Mr. Arnold Viersen (Peace River—Westlock, CPC):** Thank you, Madam Chair.

Thank you to our guests for being here.

Murad, I'm from northern Alberta. We do a lot of forestry, agriculture, and oil patch business. We need a relief valve on the transportation system, particularly on rail. All three of our major products transport out on rail.

Will the Churchill rail be able to... Oil is the most lucrative for rail, so our lumber and our agriculture products have to wait for some space on the rail, essentially.

When do you anticipate you will be shipping grain out of Churchill?

**Mr. Murad Al-Katib:** We're quite hopeful that 2019 will be the first grain season. I think linkage from Peace River country on CN rail out to Prince Rupert on one side and out to Churchill on the other is going to be a really viable route for a northern natural resources, grain and mining products corridor.

We're going to see that link from CN into Saskatoon and then The Pas in Manitoba, and then running up on the Hudson Bay Railway. We hope we're going to have that line up to a class II railway, 25 miles per hour transit, which will give a reliable cycle time, with 120,000 tonnes of storage too at the port of Churchill, so that will help.

• (1620)

**Mr. Arnold Viersen:** One of the other things we've been hearing a lot about from folks who work and live in the north is the carbon tax. Have you seen any effect on your customers or your suppliers in the way the carbon tax has impacted them?

**Mr. Murad Al-Katib:** I think it's a cost-competitive environment. We need to be watching our costs, and I'm in the freight business, so the costs related to operations and fuel.... In some of the resource-based mining industries, we certainly see a little angst around the carbon tax. We see a lot of concern in an already relatively difficult environment and cost base in the north that this may be another layer of costs.

We're focusing on trying to be as efficient as we can and making sure our rail is efficient so we can bring efficiency to the mines, paper mills and the other businesses in the area.

**Mr. Arnold Viersen:** Have there been any negotiations or have you secured an exemption from the carbon tax?

**Mr. Murad Al-Katib:** We have not had any of those discussions yet. We're pretty new. We'll have to take a look at what we can do, but there's nothing at this point.

**Mr. Arnold Viersen:** I'll move to Matt. Matt, I was wondering how the carbon tax has affected the people that you represent in Yellowknife.

**Mr. Matt Belliveau:** There has been some commentary from trucking companies about the additional costs that the carbon tax will bring. Generally, costs here are already very high. People in businesses know they need to be efficient. I guess the carbon tax is going to further incentivize efficiencies. I really can't say how that will play out here.

**Mr. Arnold Viersen:** One of the other things that we've heard, significantly, is that the northern drilling moratorium is going to be hard on the Northwest Territories. Have you any comments around that?

**Mr. Matt Belliveau:** Maybe you could talk to the Chamber of Mines. They may know better than I would the full impacts of that. If there's any way the federal government can let people here make the decisions about what to do with the natural resources here, that's probably a better way to go for everyone.

**Mr. Arnold Viersen:** For sure, for sure.

You talked a bit about housing up in the Northwest Territories. I understand that the housing situation in the Northwest Territories is quite different from what it is in the rest of the country, in that it's very difficult to own your own home in the Northwest Territories, as most of it is public housing. Has that been your experience as well?

**Mr. Matt Belliveau:** This has not been my experience in Yellowknife. Yellowknife would be a lot like Alberta in terms of people having a fee simple title. I don't know as much about the real

estate situation in smaller communities, but yes, there is a lot more public housing and a lot of overcrowded housing.

A lot of the work that goes out to tender here is...more than building new housing, it seems it's repairing what already exists, doing mould remediation and things like that. Yes, there's a clear shortage.

**Mr. Arnold Viersen:** Thank you.

**The Chair:** Thank you.

Questioning now wraps up with Mike Bossio. I'm hoping he'll give me a minute, because I'd like to ask a question at the end too. Would you like to share?

**Mr. Mike Bossio (Hastings—Lennox and Addington, Lib.):** You were going to ask that question. If you'd like to ask that question, go ahead.

**The Chair:** All right. Thank you.

**Mr. Mike Bossio:** Then you can pass the rest of the time, because I told Ms. Jones I would give her the rest of my time.

**The Chair:** I have a different question. I wanted to ask Murad about the rail.

I'm familiar with...I believe it was Hudbay Minerals that brought in "con", mineral concentrate, from Europe and tried to export metals. The railbed itself wasn't stable enough to handle the heavy loads that minerals would impose on the track. However, the potential is enormous and the need is there. When you're looking at your track, is your goal then to be able to ship minerals through Churchill? Is that part of your vision?

• (1625)

**Mr. Murad Al-Katib:** Absolutely. Listen, I'd invite anyone to go to our Arctic Gateway Facebook page, where you can track all the washout repairs. We're using what we call "geotextile tough cell material". This is a new technology that is actually reinforcing railbeds. Up to three triple layers of geosynthetic material are providing almost like a concrete reinforcement of the railbed.

Part of that \$50-million rehabilitation that we're doing, in addition to the repairing, is to tackle the areas of permafrost to make sure that they're able to carry, on a class II railway, every single type of load on normal freight train service. That is definitely part of it—safe, stable, reliable railbeds—and we're going to achieve it.

**The Chair:** That's impressive. I wish you all the best.

Now the questioning is going to Yvonne Jones.

**Ms. Yvonne Jones:** Thank you.

First of all, I want to address the housing piece.

Matt, you may not be aware, but the Government of Canada did the first-ever housing agreement with Inuit in Canada, and a large chunk of that money went to the Inuvik area and also into Nunavut, as the MP for Nunavut who's here knows. It is one of the first programs that will be led by indigenous governments on the ground through the Government of Canada. That in itself has had historic amounts of investment. I should let you know that.

My question is around the price on pollution. I live in the north. I've worked in the north and in the Arctic all my life, and I feel the victimization of climate change, how it's affecting our communities and how it's affecting everything that we do, our way of life and our culture.

I'm absolutely surprised to get the sense that you don't see value in pricing pollution in Canada. If there's anyone in this country who should understand what's happening from a pollution perspective and how it's affecting communities, I would think it's going to be people who are in northern regions.

I'd like for both of you to comment on that issue and on the process that the Government of Canada is now undertaking on pricing pollution throughout the country.

**Mr. Matt Belliveau:** Am I going first here?

**Ms. Yvonne Jones:** It doesn't matter.

Chair?

**The Chair:** Yes. Go ahead, Matt.

**Mr. Matt Belliveau:** My comments before... I don't have a position on this. The association has not discussed this issue specifically. We're a non-partisan organization and we're in a non-partisan jurisdiction, so we try to stay out of these debates. I'm not saying I'm for or against the carbon tax or pollution pricing, whichever way you want to say it. It's really not something I've consulted our membership on. We've received just a few comments that, yes, prices are going to go up. That is the point. I'm not saying one way or another whether you should be doing that.

**Ms. Yvonne Jones:** Okay. Thank you.

**Mr. Murad Al-Katib:** From my perspective, you know I mentioned the effects of climate change and how that is changing the dynamic of ice thickness and what that will mean in terms of deploying icebreakers, but there's no doubt that the effects of climate change are being seen on the Arctic.

I've been a strong advocate of innovation versus taxation on this issue. I think the value of gains that we need to show in this area.... Certainly, as you're saying, put a value on that pollution, but instead of applying it as a tax straight across the board, provide the incentives to those who are innovating and reducing.

I'm in a sector of agriculture where we're practising three crop rotations, including lentils, which is my main business, that naturally fix nitrogen in the soil, which dramatically reduces the greenhouse gas footprints. I think we should be investing more in those types of technologies.

**The Chair:** We've run out of time on this panel.

I want to thank you for taking the time to participate with us and answer our questions.

Thank you very much. *Meegwetch.*

We'll take a short break and then move into the second panel.

•(1630) \_\_\_\_\_ (Pause) \_\_\_\_\_

•(1635)

**The Chair:** Okay, let's get going.

We are thrilled to have you here.

This is the second part of our committee hearing. The way it will work is that you'll have up to 10 minutes to present, and I'll try to give you a signal when you're getting close. After that, the other presenter will do their 10 minutes, after which we'll go into rounds of questioning from members of Parliament.

We're going to start with Dr. Barry Prentice, professor, supply chain management, from the University of Manitoba. Welcome, Barry.

**Dr. Barry Prentice (Professor, Supply Chain Management, University of Manitoba, As an Individual):** Thank you very much.

**The Chair:** It's nice to have you here. You can begin any time that you're ready.

**Dr. Barry Prentice:** Thank you very much, Madam Chair, honourable members, ladies and gentlemen.

There are a few materials in my presentation, which may go beyond 10 minutes. I respectfully ask that I might be able to go a few minutes beyond, if you find it interesting, but I'll try to be rapid.

The second page to turn to is a famous statement by William Lyon Mackenzie King, who said, "If some countries have too much history, we have too much geography." This really points to the problem of connectivity and regional disparity. If you look at the map of Canada, the red line depicts where the roads and railways stop, and the circle beyond that is where the regional disparities are the greatest.

We certainly have lots of stuff there that we'd like to get out. It's a treasure chest of minerals and deposits that we could mine economically, but we simply cannot get to them economically. They're stranded.

We have communities, as we have heard, that suffer from very high food prices, bad housing and many other illnesses, social and otherwise, that come with that isolation.

Beyond that, of course, we have sovereignty being threatened. Although it's well and fine to have the ice melting and more transportation access to the north, it also opens us up to more threats from the outside to our sovereignty, which need to be addressed.

Of course, beyond that, the ice roads are melting progressively, and we can see the day coming when they may not be around.

There is a need for a new technology. I always say that if we could do this with what we have, it would be no problem. We would have already solved it. We need to move on to look for something new, and in this case the solution, I believe, is the airships.

If you turn to the next page, I'd submit to you that airships could do for the north what the railway did for western Canada 125 years ago. Before the railways, we had a stone fort and the fur trade, and that was about it. Within 40 years of the railway, Winnipeg was the third-largest city in Canada and a bustling community, and this spread development throughout the west.

I will not try to tell you that we're going to plant wheat in the Arctic. That's not the case, but certainly we can move a long way from where we are, because today we have impassible land masses and very bad poverty conditions. With airships, we can open up mineral developments and other developments in the north.

I'll turn to the next page. You can see that there are quite a number of airship designs. Most of these are conceptual, although some have been built and tested. I would submit to you that the majority of these are not suitable for Arctic conditions. The only two that would be are the one that's been designed in Canada, at the very bottom—the red one—and the Russian airship, which is the second one from the top on the left. Other than that, these airships have not been designed for Arctic conditions, and certainly the inflatable ones would not work.

Flip over again and you'll see the next page. We're suggesting that what we need is a rigid airship. The rigid airship does not change its shape when the temperature changes. That's a great advantage. Of course, it can be built much bigger to carry much larger loads. Going back 80 years, they built airships that would carry 70 tonnes and travel at 80 miles an hour, or 145 kilometres an hour, and cross oceans.

That was 80 years ago. We can match that and do much better today, and do it with materials that already exist. We're not going to reinvent propellers and engines. These things are all certified and available, and we could do that today and do it much better.

Look at the next page, please. If you're going to have an airship carrying cargo, you must have a way of getting the cargo on and off safely and quickly.

Most airships you'll probably envision as being tied to a mast and a weather vane—if the wind changes, they're going to move. You had to have a way of controlling them. Airships are also somewhat unstable in pitch, so they're going up and down as well as moving sideways when the wind is coming. That doesn't mean they're uncontrollable. As you'll see on the bottom left, that is the Zeppelin airship landing under control with nobody on the ground holding ropes, and passengers will be getting on that airship.

Today, with modern equipment, computers and engines, we can control exactly where the airship is, but you still have to land it. There's an unfortunate landing on the one with the one-point landing. Also, at the mast, if a gust comes along and lifts it up, you're going to spill your coffee, so that's not so good.

Go to the next page, please. You can see the giant Zeppelin and its handling system.

● (1640)

They were aware of this. They had problems even just putting fuel on, so the Germans built a railway track. It had the radius of the airship's length. The airship was about 800 feet long, so that track was roughly a mile in length. It worked very well, because the railway car tied to the last fin would hold the airship down and reduce its speed in turning with the wind. However, it's impractical for the north. Finding a square mile of flat land and moving railway track and a rail car there is simply not a feasible solution for us, so we have to look for something different.

If you go to the next page, you'll see that our solution—an old idea put forward in the 1920s, although not built—is to land the airship on a turntable. The airship would come along and hold steady over a turntable with its engines, direct into the wind, to the turntable and to its docking system. A line would drop, and basically you would winch the airship down to the turntable deck, much like you land a helicopter on a destroyer. Once it hits the deck, obviously, clamps would grab it; then you power down and you can now control it. If anybody is on the turntable and the airship moves, they're safe—or they move with it, which is the idea.

Turntables, by the way, are very old technology. They've been around a long time, and there are some very big ones. Any revolving restaurant, essentially, is a turntable. That size would be what we'd need.

On the next page, you can see they are essentially built in pieces, which is very nice because you can bring pieces in and assemble them at a spot. It's not as though you'd have to bring it all at once. By the way, we call this a buoyant aircraft rotating terminal, a BART. What we envision is a main supply base that the airship would leave from—essentially, wherever the roads stop. In Manitoba, a place like Thompson, where the roads stop, would be the supply base. You'd truck to there, then you'd go on by airship from that point. You'd have BARTs in the various communities outside and go from there.

On the next slide, we can see the impacts of an airship. We refer to this as an electric airship. We're looking at electric motors, as opposed to engines. They're much more reliable in the cold. In fact, we're looking at an airship that we'd power eventually with hydrogen, an airship powered by fuel cells with zero carbon emissions. We're going to be one of the few who will be immune to any of these pollution charges, because we won't have any.

What can we see in terms of the impacts? In terms of northern food security, \$4.99 for a kilogram of bananas was the price just this past spring in St. Theresa Point. It's only 200 kilometres north of Winnipeg, but because it's beyond the roads, the prices are high.

It's certainly an opportunity for sustainable development, new employment in manufacturing, national security, improved health. If you're poor and you're in a place with high food prices, the best bang for your buck is sugar and fat. If you live on that long enough, you'll have diabetes, and that's a problem we see in much of the north, and of course with the ice roads.

Moving on to the general benefits of the airship, we think this could be a \$10-billion increase in the Canadian economy. It would come from various places—certainly from mining. Just a 5% increase in the mining capacity would be a big part of that. We could see reduced government subsidies for the north. It would make anything done in the north less expensive, because the costs would be lower. It would improve our sovereignty. It would add investment and export sales and new opportunities for transport of things such as wind turbine blades, which you cannot move now with any other means because they're so long.

Finally, of course, there's climate change—

•(1645)

**The Chair:** Barry, I'm sorry. As you may have noticed, there are lights blinking. That means we're being called to Parliament for a vote.

**Dr. Barry Prentice:** Oh, my goodness.

**The Chair:** How inconvenient. I know.

**Dr. Barry Prentice:** It's more important. It's more important than me, maybe.

**The Chair:** Wayne, go ahead.

**Mr. Wayne Long (Saint John—Rothesay, Lib.):** We have 29 minutes, so why don't we let him finish?

**Mrs. Cathy McLeod:** I was wondering, if we have 29 minutes, if we could have five to 10 minutes from our second presenters, because we're not going to be back for any questions. We could then submit written questions.

**Dr. Barry Prentice:** Sure, I'd be happy to do that.

**Mrs. Cathy McLeod:** We all apologize.

**The Chair:** Yes, of course.

Are we saying that we're going to do both presentations?

**Mrs. Cathy McLeod:** Ten minutes of the second, and that's—

**Dr. Barry Prentice:** Could I just go to one slide first?

**The Chair:** Only one, Barry.

**Dr. Barry Prentice:** It's the one that shows what I think is really

**The Chair:** Could we have quiet, please?

**Dr. Barry Prentice:** This is the one that has the lower-cost unique capabilities for the north. This is the one that you have here. The workhorse for the north right now is the Cessna Caravan, which will carry about one and a half tonnes, and the charges are about \$2 a kilogram. We think that with even a small airship of 15 tonnes, we can lower those costs to \$1 a kilogram and we can carry all sorts of things that you can't carry now. You can't get a pickup truck into a Cessna, nor a large piece of timber for construction, as well as food products. Things like Cheerios and eggs are very expensive. If I can give you one takeaway—

**The Chair:** Okay.

**Dr. Barry Prentice:** —it's that we can lower the costs and makes things better.

**The Chair:** Okay.

Now, for our other presenters, as you know, we're not going to have an opportunity to ask you questions, but we do want to hear from you.

From the Det'on Cho Corporation, we have Paul and Paul. Please go ahead, whether you're splitting the talk or.... One of you can go ahead. We're all ears.

**Mr. Paul Gruner (President and Chief Executive Officer, Det'on Cho Corporation):** Good afternoon, Madam Chair. We'll make it quick. I know we're under time constraints. We'll be talking about the corporation and about some of the needs for infrastructure as they relate to NWT and the north. At the end, we'll have some quick recommendations.

I'll turn it over to Paul to give a brief overview of the history of Det'on Cho and Yellowknives Dene first nation, our shareholder. Then we'll say a little bit about the infrastructure piece.

**Mr. Paul Betsina (Business Development Manager, Det'on Cho Corporation):** Good afternoon. *Bonjour*, Madam Chair. My name is Paul Betsina. I'm with the Yellowknives Dene first nation.

To give you a brief history on Det'on Cho Corporation, we are the economic arm of the Yellowknives Dene first nation. Currently, we are into our 30th year of business here in the north. That all started with a \$15,000 grant, which was envisioned by our elders to move our first nation into business. Since then, we've grown and we have certainly had our ups and downs as a corporation, but we are still here and still willing to do business. We want to be the aboriginal partner of choice for the north, in the future and beyond, to expand within Canada.

**Mr. Paul Gruner:** If you look at where Det'on Cho is today, we range in revenue from \$50 million to \$100 million a year. We're pegged very closely to the diamond mine sector that operates here in NWT. By value, Canada is the third-largest producer of diamonds in the world because of those diamond mines. We employ about 700 people locally between our partnership joint ventures and employ about 200 members directly from Yellowknives Dene first nation. We're a major employer, both for our community and for the territory at large.

When we look at recommended infrastructure, we're going to have Paul talk very briefly at the community level, and then I'll talk a little bit more at the territory level about supporting the resource side.

**Mr. Paul Betsina:** I'll speak very quickly about housing at our community level, which is very important for our people here in NWT.

We really don't want to be moved around too much anymore, as we have been in the past. We love our territory. We love where we are. Having suitable and sustainable housing that goes into the long-term future is very important to us as Dene people. That's what we would like to see happening with our housing.

**Mr. Paul Gruner:** On a larger-scale infrastructure side, the last speaker referenced current ice roads and bridges to feed those three diamond mines that we have. Those are based on a winter road that has been in place. It's a pretty impressive feat that goes on every year to move in all the products over a six- to eight-week period to supply and resupply those three mines. That is increasingly at risk as it relates to the climate change we're experiencing.

When you look at some of that key infrastructure, for us to maintain some of that socio-economic status, we need to look at things like the Mackenzie Valley and the Slave geological corridor, which is proposed to extend beyond into Nunavut, with port access, as well as some of the key infrastructure requirements around energy.

One of the major constraints that we experience here in NWT and across the three territories is that there is a very, very high cost of power generation. We're capped in terms of the hydroelectric output that we produce, and there is an increasing cost as it relates to diesel cogeneration. We have to look at opportunities so that we can drive in a cheaper electrical supply.

From an economic standpoint, if we don't have some of that key infrastructure.... We have some significant downward pressure as it relates to NWT in particular. You probably saw the Conference Board of Canada report that came out about six months ago. My understanding is that a revised one is coming out today or tomorrow. We haven't had a chance to look at that. Every indication is that we have some very weak economic prospects as it relates to the territory here.

Look at those three diamond mines. They contribute about \$1.2 billion to the territorial economy here. If we're not able to sustain those mines and to produce other revenue-generating opportunities as they relate to the resource sector, there is a significant threat to the economic prosperity that not only the Yellowknives Dene First Nation and our corporation experience, because we're only one of many that positively contribute to that sector.

Along with that would come some pretty negative things, such as population decline, obviously a loss of meaningful job opportunities and a loss of the ability to provide social programming across the territory.

Paul and I were talking earlier about programming and the next steps in what we would require. We really need to have a joint effort as it relates to the federal government, the territorial government, and the impact on indigenous groups in the territory. When you look at a billion-dollar project—the Slave geological one, let's say, or hydro upgrades—in southern jurisdictions that may not be an overly large project. In a jurisdiction like NWT, Yukon or Nunavut, these are megaprojects.

We have constraints as they relate to the territorial government. The GNWT in particular is bumping up against their debt cap. Also, from an indigenous standpoint, our ability to contribute meaningfully from a capital standpoint is going to have its constraints

At a very high level for a recommendation, we're saying that the federal government needs to look at these resource projects with that risk capital and at investing for future opportunities to continue development, whether it be the resource project, Arctic sovereignty or the ability to reach some of these northern remote communities. It's very difficult for us to develop a business case that's going to support that.

The other side of it is to look at how we engage with the indigenous communities so that they can have a meaningful contribution. I think there are opportunities when we're contributing federal dollars into resource projects. Do we have the ability to convert more of that into equity positions so that the first nation has the ability to then leverage and work with third party financiers?

Is there anything you want to add to that, Paul?

● (1650)

**Mr. Paul Betsina:** Yes. Our recommended next steps for us would include the need to have a joint venture between the federal government, the GNWT and indigenous communities; the need for significant support from the federal government, as there is limited access to capital for the GNWT and indigenous groups; the need to work with indigenous groups to assist with active participation within infrastructure projects; and the need to finalize our land claims, in particular with our Akaitcho and Dehcho regions, as well as—

**The Chair:** We've absolutely run out of time.

**Mr. Paul Gruner:** Okay.

**The Chair:** Please submit your brief to us. We will include it in our report and use it for information for the report we're going to produce.

**Mr. Paul Gruner:** Absolutely.

**The Chair:** The vote is at 5:13. This committee does now adjourn.









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