Alternatives North

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To: GNWT royalty_administration@gov.nt.ca

Re: **Mineral Resource Royalty Review** by email

Alternatives North has been actively engaged in the development of the *Mineral Resources Act (*MRA), and now the regulations that would bring that Act into force.

We will have comments on other MRA regulations in a separate submission. Even so, our comments on the royalty regime are not fully restricted to royalties, as some matters give context to the royalties discussion, and your discussion questions are not limited to royalties

We are very disappointed in the format of the discussion paper and other material presented. Important questions such as what the cap on royalties should be, or the amount the GNWT contributes to the Heritage Fund, are not addressed. Instead, we are asked questions about *Reclamation Trust Revision – a reclamation trust is currently part of the regulations but does not function in the current federal/territorial regulatory setting.* Why ask questions about administrative items that must be changed, yet fail to give information on substantive issues? In that regard, we have included several recommendations on research required to more appropriately address some of the substantive issues.

Our overall conclusion is that we, the public, are not getting a fair share of mineral development profits. We have recommendations for improvements.

Summary of Recommendations
We recommend:

1. that in the profit-based royalty system the progressive range of royalties is stepped up more steeply, the highest rate be in the range of 50%, and the cap should be in the range of $200M. Furthermore, ITI should not promote the highest rate of royalties to the public as if it were the only amount; the progressive range should be shown, with the amount received at the various levels to provide a more accurate picture of government take.

2. that a royalties review that re-imagines GNWT's fiscal framework to a benefit retention approach be undertaken by an independent third party and overseen by an independent panel.

3. that in these regulations or elsewhere, the disclosure of royalties information to Indigenous Governments and all members of the Legislative Assembly be enabled for use in the development and evaluation of GNWT policy with appropriate provisions for confidentiality.

4. that some form of centralized information system, done on a mine-by-mine basis providing a good overview of each mine and information on net public benefits derived from them, should be made available to the public.

5. that the *NWT Heritage Fund Act* undergo an immediate public review to ensure a dedicated revenue stream and equitable sharing of revenues from resource development with future generations, and that this be led by an independent committee.

6. that royalties should not be used as a way to incentivize or increase exploration and development.

7. that the GNWT research how abandoned mine and perpetual care costs can be borne by the mining industry, rather than by public governments.

8. that the property tax system be maintained.

9. that research be done into how corporate taxes could be stabilized to better benefit the GNWT, with an action plan from the research.

10. that the regulations be more specific on the number of inspections required to ensure the adequacy of information and to maintain public confidence that the information collected and given by the companies is appropriately verified.

11. that the regulations include a mandatory public review, set at a maximum of 10 years. The public review is to be overseen by an independent panel, with appropriate plain language materials available.

12. that companies have a head office presence (with employees) in the NWT.

13. that the GNWT offer exploration incentives that are not grant-based (i.e., systems other than MIP).

Following are more details on these recommendations, and replies to the questions in the Discussion Paper.

Amount of Royalties
Given low employment to cost ratios, we need to focus on benefits in terms of government revenue, especially to ensure some measure of intergenerational equity. Bauer states that "[m]ineral development may provide employment and other returns, but *its principal benefit is government revenue* [emphasis added] to support development and the wellbeing of residents."

To address this, we first ask: why is the cap 14% on percentage *profits*? This appears only to encourage quick profits. If profit were to be spread out over many years, there would be more stability in the workforce, and indeed better possibility of having more NWT residents employed. When the mining industry is encouraged to take as much out as quickly as possible, the NWT can't provide enough workforce. If resources were taken out more gradually, the workforce would be smaller, but be kept on longer. **We recommend** that that the progressive range of royalties is stepped up more steeply, and the highest rate be in the range of 50%. That would reflect a more balanced approach to sharing of risks and benefits, and help avoid huge windfall profits.

Furthermore, the current royalty regime caps the increase of percentage of *profits* taken at $45M. There is no reason given for this. Given the royalty regime hasn't been reviewed in decades, $45M was worth a lot more historically. **We recommend** that the cap be raised. We suggest $200M, and that amount be increased annually. We have seen no research by GNWT on this, but suggest the $200M given general inflation rates.

We did ask during the May 4, 2022 presentation by ITI on royalties, how mining could be encouraged to be done more gradually, to better encourage long-term workforce and revenue stability. This issue was not addressed in any of the research done by ITI. This method of encouraging revenue and workforce stability through the royalty regime should be the subject of further study. *If ITI has research on this or other methods, we certainly welcome seeing this material.*

Furthermore, ITI should not promote the highest rate of royalties to the public as if it were the only amount; the progressive range should be shown, with the amount received at the various levels to provide a more accurate picture of government take.

Independent review
We appreciate the GNWT wishes to "adopt a benefit retention approach to economic development" as part of the original priorities for the 19th Legislative Assembly. This includes the Industry, Tourism and Investment (ITI)-stated goal of "maximizing benefits from development while maintaining competitiveness." The Minister of ITI has stated that the "re-imagining of our government's fiscal framework around royalties is one that deserves a comprehensive, collaborative, multi-phased approach."

This generally positive position is then directly contradicted by statements in the discussion paper. For instance, the discussion paper states "because natural resources are *commonly understood* [emphasis added] to be public property". They *are* a public resource, and as such, the public, not just the private sector, should benefit from them as one-time natural capital. Furthermore, the statement "[r]ecognizing the *extraordinary*[1] *benefits* [emphasis added] that mining can bring to a jurisdiction, governments can choose to entice or attract

[1] In GNWT's own research paper, the term used is 'sizeable', not extraordinary. Given the public is more likely to review the discussion paper than the research paper, this is further evidence of bias.

companies to mine in their jurisdiction by making allowances to tax or royalty regimes that will improve the feasibility of a proposed project" reveals the bias toward more mining, rather than truly examining the shortcomings or weaknesses of the system. While other metrics are available, most GNWT information primarily uses GDP to show the powerful hold on and benefits that mining has in the NWT. GDP is a very poor and crude indicator of benefits. There is no guarantee that the GDP generated by mining actually stays in the NWT (e.g., about half of the workers at the diamond mines don't actually live in the NWT). As well, GDP does not properly measure dis-benefits. Acts of vandalism and getting cancer have positive effects on GDP: more money spent on insurance claims, fixing windows, legal bills; more money on medication, transportation, and recovery do too. If social disruption and environmental remediation costs are greater than benefits, mines can still show an elevated GDP effect, yet not make an overall positive net contribution (see Recommendation 4 above).

The GNWT further obfuscates with more red herrings such as comparing the royalty rate for diamonds with that of gravel mines. Gravel extraction is not under the MRA; it's a throw away comparison. Furthermore, quarrying royalties are fully disclosed whereas mining royalties are only available as an annual aggregate figure with other resource revenues.

Pushing for more mining without truly looking at cost versus benefits does not serve the public nor do this public review process justice. Given the bias in the GNWTs discussion paper and research papers, **we recommend** that a royalties review that re-imagines GNWT's fiscal framework to a benefit retention approach be undertaken by an independent third party, overseen by an independent panel. We note that the PWC contract was not an independent third party; the terms of reference were done by ITI, and ITI held the purse strings. An independent review is one that is fully removed from being overseen and contracted by ITI.

Transparency

The MRA Section 59**.** (1) gives various places where the confidentiality of information is excepted, such as "(g) *as provided for in the regulations."* We do not see in this review how royalty information will become more publicly accessible through these regulations. The issue of transparency is noticeably absent from the research and discussion papers, with no options presented or discussed. As an example of information that would be worthwhile, the research paper shows a chart with the amount of royalties received (pg 12). However, no information is given on whether this is from the lowest part of the progressive range (5%), at the mid levels, or at the highest range when outputs are above $45M. Disclosure of royalty information is essential to a full understanding and analysis of the costs and benefits of this industry. Given the current international push towards greater transparency, and the Government of the NWT's priority "to adopt a benefit retention approach to economic development", detailed royalty information should be broadly available. We understand there are confidentiality issues; however some jurisdictions (Quebec, Yukon, and partially Alberta) allow more transparency. GNWT should use the *most transparent* forms of disclosure, not the least, as a starting point. Royalty information is necessary as one factor in evaluating the basis for mineral development decisions and regulation, and performance of benefit retention efforts.

Therefore, **we recommend** that in these regulations or elsewhere, the disclosure of royalties information to Indigenous Governments and all members of the Legislative Assembly be enabled for use in the development and evaluation of GNWT policy with appropriate provisions for confidentiality. This will require also expanding disclosure requirements by the companies themselves. In addition, residents of the NWT need to have a better understanding of the terms under which our mineral resources are being sold. Greater public clarity on and transparency on costs and benefits is needed. **We recommend** some form of centralized information system, done on a mine-by-mine basis providing a good overview of each mine and information on net public benefits derived from them, should be made available to the public. This would certainly help public understanding of mining and royalties.

Serving future generations

We do not put 'all our benefit eggs' into the royalties basket to ensure retention of benefits from mining. The MRA is clear in this regard with the inclusion of benefit agreements for Indigenous governments and the public as potential requirements for commercial mineral production. However, we must also keep funds for future generations to ensure some measure of intergenerational equity and sustainability. Mining royalties kept by GNWT go into the general revenues or into the Heritage Fund (25%). Though not in regulations or policy, the GNWT has said they are committed to using the other 75% of their royalty returns on debt reduction or on capital investments. The theory is that capital projects provide a benefit now and in the future. This does not consider the infrastructure not only has capital costs, but maintenance costs. We cannot say that putting money into infrastructure now is a benefit to future generations without also admitting it is a *cost* to future generations. Every road, every school, every bridge, comes with substantial operating and maintenance costs. The amount in the Heritage Fund won't cover operating and maintenance costs over time.

Our world-class diamond mines have not provided the Heritage Fund with meaningful funds for future generations. Even if we agreed that all current benefits outweigh current costs, this is concerning for our future. "Mineral royalties have *traditionally* [emphasis added] been considered a form of compensation to the community for the depletion of non-renewable resources." (Research paper pg 33). We don't think there is another way of thinking about them. Minerals represent one-time, natural capital that must be managed carefully to not just benefit the current generation but all those that come after us to ensure fairness, equity and sustainability. This kind of thinking is not reflected anywhere in either the discussion or research papers.

The NWT Heritage Fund is appropriately meant to "save a portion of resource revenues for the benefit of future generations of NWT residents." However, there is no revenue stream that is defined or required. To truly save for future generations, we need to commit legally to depositing funds annually, and to increase the percentage that GNWT dedicates to the fund. What the percentage should be needs careful consideration of true operations and maintenance costs, and belief that benefits to future generations are well beyond taking care of our infrastructure. **We recommend** that the NWT Heritage Fund Act undergo an immediate public review to ensure a dedicated revenue stream and equitable sharing of revenues from resource development with future generations. The Act does have a 10-year review, but this interval needs to be shortened. The review committee must be independent of ITI.

Incentives

The research paper constantly pushes for incentives for mining. Table 8 – Mining sector characteristics and potential implications for mineral fiscal regime (pg 12) propose tax relief and similar subsidies. It is true that in our current economic system, high risk is typically rewarded with high returns. We agree that companies want tax stability and low costs. However, saying "Remote areas" equates to "Tax relief for infrastructure investments and employee incentives" doesn't follow. Just prior to the table, the text reads that for mining world-wide, "The majority of the work takes place in remote areas far from the markets that will utilize their products." Hence the NWT is not an exception to remote mining. The 'ring of fire' in Ontario is remote. Virtually every mining project in Africa is remote. So why in particular should the NWT be giving tax or royalty reductions because of being 'remote'? Furthermore, although the NWT may have higher operating costs than some other jurisdictions, those costs are deductible from any royalties paid and may also result in tax write-offs, effectively compensating an operator.

Table 8 also states "Environmental and social impact" leads to "Tax incentives for environmental and social investments". Absolutely not. Environmental impacts must be reduced, and any remaining impacts mitigated. This is not a case of giving incentives for remediating a company's messes. Social investments are clearly deemed part of the cost of doing mining in the NWT, given the MRA sections on NWT-wide benefits and agreements for Indigenous governments. Having this table muddies any sense of what royalty and tax rates should be, a direct share in the value of the one-time natural capital that is being extracted from public lands.

Furthermore, the political stability, safety, and health and social services of the NWT are huge pluses to any mining operation. There haven't been any executives needing to be whisked out under body guard protection from NWT mines…unlike other Canadian mines elsewhere in the world. Clearly, bias towards the mining industry rather than public benefit undermines the analyses and any attempt at critical thinking in this research reporting.

We recommend that royalties should not be used as a way to incentivize or increase exploration and development.

Remediation Fund

The research paper Mining Life Cycle chart (Figure 6, Pg 31) shows a stylised profile of government revenue contributions vs. company costs. "Contributions" is an interesting term, with the implication that these are nice things that the company is contributing to the government…rather than depletion of a public resource. The chart does not show company costs. There isn't anything about company revenues. The chart also shows post-closure as a "decade to perpetuity". So, no ongoing revenue, yet company costs 'to perpetuity'. This is hardly a sustainable business practice…nor it is in the public interest if perpetual care costs are shifted from operators to taxpayers. It does clearly show why we have so many mines that go bankrupt when it comes to closure. In view of ITI's stated desire for a comprehensive assessment of our mineral resource industry and its financial impacts, how financing and burden of mine reclamation and perpetual care are accounted for needs examination.

We realize that securities for remediation are mostly generated through the Land and Water Boards. However, securities are for *closures*, and don't take these ongoing or perpetual costs into account (or for failures in structures due to climate change or other natural events). Royalties that go into the Heritage Fund are not supposed to be to fund remediation. The Heritage Fund is compensation to future generations for depleting one-time natural capital.

We recommend that the GNWT research how abandoned mine and perpetual care costs can be borne by the mining industry, rather than by public governments.

Tax vs. Royalties
Direct taxes are vital to the overall system of payments to GNWT, allowing GNWT to pay for ongoing costs (not capital). In particular, property taxes give a stability to our system that is not available with the profit-based royalty system. Profit or no profit, mining takes up land use and generates costs to government operations; mining should have a property tax associated. This gives some measure of stability for the current generation and current government. We note that the PWC study says that to promote more mining, "lowering taxes is unlikely to be effective for the Northwest Territories" because the government take (the share of after-cost revenues flowing to the government as compared to the company) is already very low. **We recommend** that the property tax system be maintained.

Furthermore, very little corporate taxes are actually paid to the GNWT (2016, $25M, all sectors), thus we get very little corporate tax benefits. **We recommend** research into how corporate taxes could be stabilized to better benefit the GNWT, with an action plan from the research.

Avoiding Royalties
Section **57.** (1) of the *Mineral Resources Act* says "The owner or operator of a mine shall submit annually to the Supervising Royalties Director a royalty return in accordance with the regulations." These regulations and the structure in place need to make sure

a) that any tax credits and loopholes that allow for tax avoidance, transfer pricing, and other fiscal schemes that allow for reducing the overall taxable income are eliminated
b) that suitable industry and commodity specific auditing is undertaken often enough to ensure full company compliance.

We understand that base erosion and profit shifting (BEPS) is mainly under Federal regulation, since we in the NWT are dealing with multi-national corporations. None-the-less, whatever our jurisdiction can do to tighten legal loopholes and limit tax erosion zone needs to be closely evaluated. This was one of the major points of the Standing Committee on Economic Development and Environment commissioned report "An Economic Analysis of the GNWT's Approach to the Mining Regime Fiscal Review"
https://www.ntassembly.ca/sites/assembly/files/td_509-192.pdf

"Effective tax administration requires cooperation among different departments, and adequate and industry-specific skills and knowledge among tax officials (Otto, 2017)".
58 (1) states in part that the GNWT will "conduct an inspection of the mine or mining property to verify information reported by the owner or operator with respect to the assets of the mine."

Bauer notes "independent verification of information can be quite lax in the NWT.…GNWT inspectors usually rely on self-reporting by companies; there is often no independent data verification, for example of water quality, biological impacts or chemical composition of the soil….Independent production monitoring is also extremely weak. ITI makes one on-site inspection per year on average to verify depreciable assets for royalty calculation purposes. While a system does exist within the Mining Regulations to value diamonds, there are currently no requirements for the GNWT to independently verify mineral production volumes or ore quality in the case of metallic minerals. Most production figures are reliant on third party sales data or self-reported, with the exception of Gahcho Kué. Spot audits on production volumes, while legal under the Mining Regulations, have not been performed. Underreporting of production could cost the GNWT significant amounts of money in lost fiscal revenue."

We recommend that the that the regulations be more specific on the number of inspections required to ensure the adequacy of information and to maintain public confidence that the information collected and given by the companies is appropriately verified.

Ongoing Review of Royalty Regime

The current review has serious flaws. ITI has stated that past reviews were not comprehensive; just done to deal with some immediate issues. The last review (1995) rejected "Narrowing the asset base for the processing allowance to those assets used directly in processing and that were purchased prior to commercial production or as part of a major expansion while excluding replacement costs and those assets used only indirectly in processing" (pg 8, Research paper). We don't understand this, or what rejection of it means. It is unclear whether this is examined in this review or not. Comparable jurisdictions seemed to have been cherry-picked in this review. For example, the research paper states "The timing of the draw-down or use of the value in the pools is at the discretion of the mine owners, a feature that is common in many other Canadian jurisdictions." (pg 11) The timing of draw-downs at the company's discretion surely benefits the company, not the public. Saying this is common in other Canadian jurisdictions does not give much comfort. The Bauer paper states "The end result is that the NWT has one of the world's most charitable fiscal regimes for the mining sector, one that captures between 20-30% of economic rents from mining projects, net of costs. This is compared to between 30-35% in South Africa, 45-60% in Peru, and 50-80% in Western Australia" (page 27) as more comparable jurisdictions. To ensure we have timely and adequate royalty regime reviews, a comprehensive independent public review of the royalty regime should be imbedded in the regulations.

We recommend the regulations include a mandatory public review, set at a maximum of 10 years. The public review is to be overseen by an independent panel, with appropriate plain language materials available. We would suggest that the NWT Literacy Council be considered for the production of plain language materials, so that materials are suitable to NWT audiences.

SPECIFIC REVIEW QUESTIONS FROM DISCUSSION PAPER

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

Fair share should be assessed in terms of both current and future generations. We don't understand what "capital assets like infrastructure" are being referred to; mines are required to be remediated, not leave infrastructure. Infrastructure such as roads have to date been paid for by government, therefore are a cost and can't be taken as a 'benefit' from mining companies. Training is important: this is also why we need tax dollars to support our education programs now and into the future. We must always remember that mineral resource depletion is a one-time use of natural wealth, whose benefits need to be shared with future generations. Bauer states "Appropriate fiscal regime reform could generate significantly more revenue for the territory without instigating a drop in mineral sector investment." GNWT states "The NWT regime is competitive. There may be potential to make amendments to better reflect policy objectives." Royalties are capped at 14% of profits; yet there is no cap on profits.

Bauer also notes: "Mining represents nearly 25 percent of the NWT's GDP and approximately 50 percent of its international and inter-provincial exports. Yet the industry directly employs less than 7 percent of the NWT workforce—about the same as the transportation, tourism or construction sectors and less than the education, health or retail sectors—and generates approximately 7 percent of fiscal revenues for the territory. What's more, due to its capital-intensive nature and need for niche skills, mining has the lowest labour income multiplier of any industry in the NWT. This means that among all industries, the mining sector provides the smallest return per dollar of revenue for NWT residents….. Mineral development may provide employment and other returns, but *its principal benefit is government revenue* [emphasis added] to support development and the wellbeing of residents." Given low employment to cost ratios, we need to emphasize benefits in terms of government revenue.

Thus, it appears we are not getting a fair share of profits.

MRA Section **52.** states "The Commissioner on the recommendation of the Minister may prescribe requirements in respect of measures that provide benefits to the people of the Northwest Territories." What benefits can be provided for in the regulations above Indigenous agreements and royalties?

> *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?*

The GNWT paper states "the quality of the business environment (the stability and predictability of the political, legal and fiscal context, availability of technical expertise and a trained workforce, staff safety, geoscience database) must also be factored into the anticipated internal rate of return (IRR) by the investors." Compared to most political regimes, Canada as a whole, including the NWT, is extraordinarily stable vis a vis predictability of political, legal and fiscal context and concerns such as staff safety (no NWT executives need bodyguards and midnight extraction due to terrorism, for example). We have Indigenous governments willing and able to work with companies, rather than trying to block them. And while our NWT workforce is not currently trained in technical expertise, this is readily available within Canada.

It is quite clear from the materials provided that, while the NWT provides stability and competitive investment for companies, the royalties and overall government revenues received are far from stable or fair.

> *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?*

The meaning of these questions is unclear.

DISCUSSION PAPER "TEST NOTIONS":

• *A Minimum Tax – a production-based or ad valorem tax to ensure every mine pays some amount of royalty every year*

We believe a stable property tax along with suitable income and corporate taxes should be the minimum tax. However, if there are other ways to stabilize government revenues from mining through new taxes (e.g., a capital or resource tax) or other methods, these receive virtually no analysis or discussion in the research and discussion papers.

• *A Progressive Reclamation Deduction – that would reduce the risks to the NWT by encouraging the progressive reclamation of a mine site*

Progressive reclamation should simply be required, and should be set by the Land and Water Boards, not incentivized through the royalty or tax system. We see no reason that this should reduce the royalties paid to pubic governments. It is already advantageous to companies to do progressive reclamation, as that reduces the financial security held through the L&WB agreements. There should be an additional charge placed on companies that are not progressively reclaiming their properties, as this indicates bad faith regarding long term reclamation. The whole topic of mandatory and adequate financial security, forms of security and how financial security is regularly updated are mostly subjects of the *Public Land Act* regulations, and nothing in these regulations should inhibit proper securities discussions through the development of those regulations.

• *Reclamation Trust Revision – a reclamation trust is currently part of the regulations but does not function in the current federal/territorial regulatory setting*

We do not see any information in the research paper or discussion paper on this subject. We believe this relates to our comment on the need for a remediation fund. The fact that that is not functioning does not mean it needs to be further incentivized through reductions or deductions from royalties. A diagram with a table of how the various regulations relate to the overall implementation of the *Mineral Resources Act* would also be helpful.

• *Northern Head Office Incentive – would encourage mines to maintain a head office presence with associated employment in the north*

This should not be an incentive, but a given. Why have benefit agreements if items like this are not included as legal requirements for commercial production? MRA Section 57 (2) "The operator of a mine shall retain in an office in the Northwest Territories the prescribed documents required to substantiate a royalty return submitted under subsection (1)." **We recommend** a head office presence with associated employment in the NWT. At this point, we have no opinion on whether this is best addressed in this regulation, built into requirements for a production licence or in enforceable socio-economic agreements.

* *Property Tax Deduction – the NWT is the one of only two Canadian jurisdictions that charge property taxes for remote mine operations*

The property tax allows for some stability in government revenues vs. the changing amount from royalties. Whether profitable of not, the land continues to be used by the company being taxed. We consider it a given that the property tax must remain. We don't see information on why it should be deducted.

* *Restructured Processing Allowance – to encourage investment in NWT value-added mineral processing infrastructure and associated employment and business activity*

Where is information, analysis or policy options presented in the research paper or discussion paper that allows us to comment on this issue? We encourage ITI to more openly and transparently present this sort of information as part of this review of the mining fiscal regime.

* *Enhanced Mine Property Exploration Incentive – mine property exploration would be encouraged to maximize the life of an existing mine*

No description is given in the background material that we found as to types of incentives the government is considering. Also, very unclear why this should be an incentive. Surely it is already in the best interest of the company to remain mining in the same area as an existing operation. In any case, we do not see that this would in any way be incorporated into the royalty regime.

* *Off-Property Exploration Incentive – while a company may be focused on running a mine, exploration would be encouraged to discover new resources off of the mine property*

The GNWT already has a Mining Incentive Program (MIP) to provide grants to prospectors and for companies for exploration projects. Rather than extend this, **we recommend** that the GNWT offer exploration incentives that are not grant based (i.e., systems other than MIP). For example (from Bauer):

• Exploration loans: government access to credit for exploration companies operating in the NWT at market or even concessional rates. This would require establishing a special fund or development bank.
• Government equity: The government can reduce the cost of exploration by becoming an investor itself in exploration activity, for example by taking a 1 to 49 percent equity share in an exploration company operating in the territory. The GNWT already holds equity in mining at least one mining project (Mactung) and government equity in mining activities is fairly common globally, for instance in Quebec and East Asia.10 The cost of such a program could be similar to existing programs however the government would share in the upside potential rather than just provide a subsidy.

• *Royalty confidentiality levels – there is a desire to see increased transparency as part of global efforts to deter corruption in the extractive sector A revision of the regulations could ensure that the NWT is aligned with these goals*

Yes. See our fuller discussion of transparency above.

Alternatives North

Karen Hamre, volunteer