

Post-Workshop Report
Northern Information Day II

January 24, 2005
Ottawa, Ontario

Northern Information Day II Renewed Interest in the North

In January 2003, **Transport Canada** organized Northern Information Day. The purpose of this event was to bring together officials from various departments in the Federal and Territorial governments to exchange information on their respective responsibilities in transportation in the Northern Territories (the North). At the conclusion of Northern Day I, it was suggested that a follow up event be organized to focus more specifically on the transportation issues that impact the North.

On January 24, 2005, Transport Canada again invited representatives from Federal and Territorial governments to participate in Northern Information Day II. The emphasis of Northern Day II was on the northern transportation system and it also included discussions about other issues that are important to the North such as resource development, sovereignty, climate change and the Northern Strategy. The following is a summary of workshop discussions.

Northern Sovereignty Canada as Keeper of the Northwest Passage

Dr. Franklin Griffiths, from the University of Toronto opened the workshop with a presentation on northern sovereignty and security. Arctic sovereignty has become a concern for Canadians because of the assumption that global warming will open up access to the Northwest Passage for international shipping. If this were to happen, Canada would have a difficult time defending a sovereignty claim that is based on the Northwest Passage being internal waters and not an international strait. Dr. Griffiths did not express concern with Arctic sovereignty in a legal sense, however. He argued that the Passage is unlikely to attract international shippers in the near future and by 2030 the Passage will only be open for an average of eight (non-consecutive) weeks a year.

According to Dr. Griffiths, the real challenge in the coming years will be to Canada's political sovereignty and capacity building. Canada risks losing its ability to apply the requisite technology, shipbuilding capacity and operational expertise required to operate in the Arctic. The net effect of this loss is a reduced ability to determine what goes on in the Arctic. Sovereignty may be lost without anyone making reference to international law.

Canada needs to start thinking of itself as the keeper of the Northwest Passage. Dr. Griffiths suggests that a consultation process needs to be established identifying priorities for action. The consultation needs to include all principal players – federal government departments, territorial governments and interested private sector and civil-society actors.

Nunavut should be engaged above all others because the Inuit have an attachment to the Arctic in ways that southern Canadians do not.

Northern Infrastructure - Limited and Aging

Representatives from each of the Territories were given the opportunity to discuss the unique transportation systems that exist in their areas. It was made clear that although each Territory is unique, there are specific challenges common to all three.

The North is a remote region that represents over 40% of Canada's landmass and is home to only 0.3% of Canada's total population. Inhabitants of the region's scattered communities face high costs, uneven access to services and amenities, and a lack of public infrastructure. For much of the North, transportation infrastructure is modest and in need of upgrades, which could have a discouraging effect on future investments if not addressed.

There are no inter-community roads for much of the North. In the NWT only half of the communities are on an all-weather highway system, the other half rely on ice roads and barge services for re-supply. Air transportation is the only year-round system for these communities, and this is often constrained by unpredictable and extreme weather.

The shipping season can extend anywhere from 1-5 months depending on the year and is typically used for re-supply of fuel, oil, and bulk goods. Communities in Nunavut must rely on a marine system in the summer months for re-supply due to their lacking road infrastructure.

Winter Roads are used extensively in the NWT to reach many communities that otherwise would not have road access. These ice roads are constructed every year over frozen rivers and lakes and rugged areas. The Winter Road system extends from existing highways to communities and resource development projects in eastern NWT and to communities along the Mackenzie Valley to the northwest. The road system that does exist is under increasing strain. Freight travel is the largest contributor of wear and tear to this system and is expected to continue to grow as new mines are developed and pipeline construction begins.

There are 82 airports distributed over the North with infrastructure lacking in paved highways, facility sizes and security. As new economic development projects arise there are dramatic increases in air travel that creates significant congestion at the small northern airports. In 2003 there was an average 7% increase in aircraft arrivals and departures at six of the NWT's largest airports.

Developing a Northern Strategy

Indian and Northern Affairs Canada (INAC) provided participants with an update on the Northern Strategy that is being developed by the Federal Government. INAC outlined the objectives of the Strategy and described some of its attached funding programs.

The recent Speech from the Throne emphasized that now is the time to develop a Northern Strategy. It will foster sustainable economic and human development; protect the northern environment and Canada's sovereignty and security; and promote cooperation with the international circumpolar community. The Strategy Framework, as released by the Prime Minister on December 14, 2004, was jointly developed by the Federal and Territorial governments and consisted of an initial vision of the North including principles to guide the development of the Northern Strategy.

There are currently two complementary funding programs related to the Northern Strategy:

1. In the 2004 federal budget, \$90 million was provided (over five years) to Indian and Northern Affairs Canada (INAC) to support economic development in the Territories. These funds were originally intended to provide the Territories with development funds similar to those provided to Western Canada by Western Economic Diversification and to Atlantic Canada by the Atlantic Canada Opportunities Agency. This \$90 million fund may be incorporated into the Northern Strategy in the future but is currently separate.
2. The Government of Canada also announced an investment of \$120 M (divided equally among the three Territories) to help the Territories to achieve the objectives of the Northern Strategy in the short term, such as establishing strong foundations for economic development (including the development of transportation infrastructure).

Although INAC is the lead federal department developing the Northern Strategy, it plans to work closely with other federal departments. INAC will begin a series of consultations in the near future to gather views and additional information necessary to develop the final Northern Strategy. They hope to have consultations completed by the end of March 2005.

Government of Canada Initiatives Rising to the Challenge

Transport Canada and **Infrastructure Canada** described some of the initiatives that the Government of Canada has introduced to improve and develop new transportation infrastructure. Currently, there are three federal programs providing funds for this.

The Airports Capital Assistance Program (ACAP) is led by Transport Canada as part of the National Airports Policy. Its purpose is to provide funding to eligible airports for capital projects that promote safety, asset protection and operating cost reduction. To date, the Territories have received over \$22 million from this program and these funds

have been used for improvements at the Dawson City Airport, to contribute to the Inuvik runway overlay, and to rehabilitate the airside surfaces at Baker Lake. The Territories will continue to receive funding from this program for approved projects through 2010.

The Strategic Highway Infrastructure Program (SHIP) is also managed by Transport Canada and provides a minimum of \$4 million for each Territory to make improvements to the national highway system. Due to Nunavut's unique circumstances and fiscal constraints, a separate agreement was made to fund the construction of three air terminal buildings and one community road.

The Canadian Strategic Infrastructure Fund (CSIF) is led by Infrastructure Canada with support from Transport Canada to implement transportation projects. CSIF provides funding for large-scale strategic infrastructure projects. In the North, CSIF funds have been used to support NWT's Corridors for Canada initiative and for improvements to the Alaska Highway in Yukon.

Additionally, the Border Infrastructure Fund was discussed, with its aim to reduce border congestion and increase infrastructure to support secure movement of people and goods across Canadian borders.

Northern Resource Development Escalating Demands on the Existing System

Natural Resources Canada described how economic growth in the North shows no signs of slowing down. Most of this growth is being driven by mining activities and oil and gas development. In the next 10 years over \$10 billion will be invested in exploration and mining alone. As economic growth continues there will be escalating demands on the existing transportation system.

The discovery of diamonds in the Lac De Gras area in 1991 has made Canada a world leader in diamond production. Today with two diamond mines, Canada ranks third in world diamond production by value. Production will only increase with two new mines that are being developed. In addition, there have been some recent promising finds in Nunavut's Melville Peninsula, which raises the possibility of a third new mine.

Oil and gas discoveries date back to the 1920's but it is only recently that we have seen commodity prices generate interest in developing arctic gas from the Mackenzie Delta. Developing the natural gas reserves in the Mackenzie Delta will involve one of the largest infrastructure projects in Canada's history, the Mackenzie Valley Pipeline. If approved, the Mackenzie Valley Pipeline will generate in excess of \$7 billion of new investments in the North. This project will have a major impact not only on the northern economy but also on Canada's economy as a whole.

American interest in developing Alaskan gas may also result in construction of a second major pipeline in the next decade. If constructed, the Alaska Highway Pipeline would stretch through Yukon and Alaska to the Arctic coast.

The Northern Environment Climate Change

In the last session of the workshop **Environment Canada** and the **GNWT Department of Transportation** outlined a study they are collaborating on to assess the vulnerability of road and runway infrastructure to climate change. The study will develop strategies to reduce the impacts of these changes. The two-year project will be completed in December 2006.

The Northern transportation system is extremely sensitive to climate change. Thawing of permafrost has already begun to reduce the stability and strength of the land, threatening the structural integrity of roads, bridges and runways. Climate change also has the potential to reduce the winter road operating season, which would have implications for the diamond and oil and gas industries.

Conclusion

At the conclusion of the workshop, participants expressed an interest in continuing to work together to address northern issues. It was generally agreed that a pan northern approach, while recognizing the unique circumstances of each territory was a desirable approach to strengthening the northern transportation system to serve the needs of all Northerners.

AGENDA

NORTHERN INFORMATION DAY

JANUARY 24, 2005

MARRIOTT HOTEL, 100 KENT STREET

LAURIER ROOM (LOWER LEVEL)

OTTAWA, ONTARIO

1. 0830 –0830 Call to order

2. 0830-0850 Welcome

- Peter Wallis, Meeting Facilitator
- Louis Ranger, DM, Transport Canada
- David Baker DG Northern Affairs, INAC

3. 0850- 0900 Introductions

4. 0900-1000 Northern Sovereignty and Security

- Dr. Franklyn Griffiths, Professor Emeritus, University of Toronto
- Questions and discussion

5. 1000-1015 Health Break

6. 1015-1200 Northern Infrastructure and the Northern Strategy

- Territories
 - John Stecyk DM Yukon Highways and Public Works
 - Russ Neudorf DM, NWT Transportation
 - Alex Campbell DM, Nunavut Economic Development and Transportation
- INAC – David Baker
- Infrastructure Canada
- Transport Canada – Kristine Burr ADM, Policy

7. 1200-1245 Lunch (Provided)

8. 1245-1400 Infrastructure (Continued)

- Discussion

9. 1400-1515 Northern Resource Development

- Northern Resource Issues – Overview – Karen Hecks, Senior Director NRCan
- Northern Oil and Gas / Mackenzie Valley Pipeline – Giles Morrell, Senior Petroleum Geologist, INAC
- Discussion

10. 1515-1530 Health Break

11. 1530-1630 The Northern Environment

- Climate Change and Northern Transportation
 - Climate Change Adaptation and Transportation in the Northwest Territories (Jim Stevens, NWT Transportation)
 - NWT Economic Impacts of Climate Change on the Transportation System (Lynda Dunquah, Environment Canada)
- Discussion

12. 1630-1700 Wrap-up

Participants

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