

# Territorial Minerals Workforce Development Strategy

## Background

Mine Training Organizations (MTOs) in Canada's territories were initially co-funded by mine industry partners and the federal government through the Aboriginal Skills and Employment Partnership (ASEP) program. ASEP funding was discontinued on March 31, 2012 and MTOs were advised to look elsewhere for funding or close down operations.

There is a compelling business case for the continuation of federal training investments in the territories to ensure resource development succeeds and, with it, the economic benefits that would flow to the rest of the territorial and Canadian economies. The Conference Board of Canada, the Canadian Chamber of Commerce and other national bodies forecast that all or most of Canada's territories could continue to lead the country in GDP growth over the next several years. The development of mining projects in the territories is key to making this possible.

There are more than 20 new mining projects in the territories at various stages feasibility and regulatory assessment. Collectively, these opportunities represent \$2 billion in resource royalties and tax revenues to the federal government in addition to existing mining royalties.<sup>1</sup>

Additionally, the chambers of mines for the three territories have estimated that mining companies will invest \$19 billion in projects over the next 7-10 years. This represents a significant body of additional revenues to the federal government through the Goods and Services Tax (GST).

If all of these mines progress to the operations stage, the territorial mining industry alone will require over 10,700 additional workers by the year 2017. Natural Resources Canada estimates that for every direct mining job, there are three indirect jobs created. That translates into 32,000 jobs in the three territories and throughout Canada to provide goods and services to territorial mining projects.

The most common impediment to mining development in the territories is the significant shortage of skilled workers<sup>2</sup>. Over the past nine years territorial MTOs have addressed industry needs by recruiting and training candidates. Virtually all of these candidates were of Aboriginal descent and most were on some form of income assistance.<sup>3</sup> In total, more than 1,400 people in the territories have been trained and placed by MTOs since 2004<sup>4</sup>. This is a remarkable metric given the fact that many trainees began with literacy and numeracy deficiencies.

To address the elimination of ASEP funding all three territories have worked together to develop the Northern Minerals Workforce Development Strategy (NMWDS), which has been discussed with the federal government since the fall of 2011 and presented to territorial representatives in the federal government caucus. The NMWDS is a partnership between amongst the territories and has the support

---

<sup>1</sup> Northern Minerals Workforce Development Strategy, March 2012

<sup>2</sup> Canada's mining sector will need more than 112,000 new workers by 2021: *An HR Strategy for the Canadian Mining Industry, Activity Update 2012-2013*, Mining Human Resources Council

<sup>3</sup> According to Hilary Jones, General Manager of the Northwest Territories Mine Training Society, 100 per cent of a test group of trainees vetted by the Northwest Territories' Department of Education, Culture and Employment enrolled in her organization's programs between 2004-2007 were on some form of government assistance. Of these people, nearly all were of Aboriginal descent. After completing their training, 77 per cent went on to become employed and moved off income assistance.

<sup>4</sup> Annual Reports of the Kivalliq Mine Training Society, Yukon Mine Training Association and NWT Mine Training Society 2009-2011

of territorial mining companies and more than 120 industry, national, Aboriginal and territorial leaders.<sup>5</sup> All three territorial premiers have endorsed moving forward in a united manner.<sup>6</sup>

The NMWDS is industry-driven and partnership based. Industry will identify the jobs and careers available and provide job assurances to successful trainees. Funds will only flow where there is a demonstrated, positive outcome. MTOs are performance-based organizations achieving measurable results.<sup>7</sup>

The cost of the NMWDS is \$200 million over five years. The territorial project partners, including mining companies, will invest 50 per cent of the costs. The partners are requesting that the federal government also invest 50 per cent of the costs in support of territorial economic development and in recognition of the national benefits. This is the same funding formula that existed prior to the elimination of ASEP.

As a stop gap, since March 31, 2012, mining companies and partners in the territories have covered the shortfall created by the elimination of ASEP funding. MTOs have also restructured their funding portfolios and sought training dollars on a project-by-project basis through the Skills Partnership Fund. This piecemeal approach is a temporary solution and only works for small projects. The funding envelope needs to provide proponents with greater certainty, capacity and a long-term solution.

MTOs are the “life lines” of the territorial minerals industry. Mining growth is continuing at a tremendous pace. This growth will be curtailed, however, if MTOs are not co-funded going forward. The corollary is that territorial peoples who would have otherwise been trained for skilled, well-paying jobs in the mining sector will likely remain on income security programs and national benefits will be lost.

The federal government has a vision for Canada’s territories and is taking some action to ensure that vision comes to life for the benefit of all Canadians.

When MTOs were advised to look elsewhere for funding, the private sector stepped up. But unlike provinces, there is not another level of government with revenues available to fund MTOs in the territories, since resource the vast majority – or all depending upon the territory – of natural resource royalties flow to the federal government. It is not unreasonable to expect that a small portion of natural resource royalties and tax revenues would be returned to the territories through a partnership with the federal government to support training that benefits federal finances and is in the national interest.

### **Recommendation**

That the federal government restore its 50 per cent funding partnership with mine training organizations in the territories, as defined in the Northern Minerals Workforce Development Strategy, beginning in fiscal year 2014-2015.

---

<sup>5</sup> Common Ground – Pan-Territorial Mine Training Organizations Strategic Planning Workshop - Outcrop Communications October 13, 2011

<sup>6</sup> Northern Premiers’ Forum, June 2012

<sup>7</sup> Evaluation of Mine Training Society Programs and Employment Targets Summary and Final Reports May 26, 2011