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Indian and Northern Affairs Canada

Affaires indiennes et du Nord Canada

Assistant Deputy Minister

Sous-ministre adjoint

Ottawa, Canada K1A 0H4

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OCT 16 1998

By Fax

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Mr. Robert A. Alexie
 Chair
 Mackenzie Valley Land and Water Board Working Group
 Box 147 4916 - 47th Street
 YELLOWKNIFE NT X1A 2N1

Dear Mr. Alexie:

I would again like to thank you for the opportunity to meet with you and your board members and staff during my recent trip to Yellowknife. It served a useful purpose to hear first hand the challenges that you are facing in the preparation for the proclamation of the *Mackenzie Valley Resource Management Act* (MVRMA). As promised, I would also like to update you on the progress relating to the issues you raised.

With respect to establishing a firm date for the proclamation for Part IV, I can confirm that we have now completed our consultations with various key stakeholders who have expressed an interest and preference in a proclamation date, including the comments that Mr. McCaul has made on behalf of your Working Group. It probably comes as no surprise that we have had representations that cross the gamut from "do not proclaim" to the other extreme, "proclaim as soon as possible". The department's officials have prepared an options paper which will be shortly reviewed by senior departmental officials and the minister's office.

As it stands right now, the date for proclaiming Parts I, II, III, V, VI and VII is largely dependent on our completion of the Regulations, which we hope to achieve by early December 1998.

With respect to funding, I understand that the regional office has reviewed your budget estimate and has passed its findings back to you. I am advised that the regional office forecasts that your actual expenditures are unlikely to exceed the \$500 K that currently sits in the budget for 1998/99. Should this not be the case, we will have to deal with the matter as it develops and based on various factors (e.g. how much time remains in the year, the size of the shortfall, the degree to which the spending is discretionary).

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With respect to nominations for members in the unsettled claims area, I can confirm that I have brought this matter to the attention of the minister's office, where the minister's staff have been working on this for some time. As you know, the issue of finding nominations and making appointments for the southern Mackenzie is a challenging proposition. We must keep a careful balance between causing undue offense to those First Nations with outstanding claims and our desire to see true regional representation on these boards.

While we recognize that there are provisions in the legislation to ensure that the operation of the Mackenzie Valley Land & Water Board (MVLWB) cannot be thwarted or stymied by a refusal on the part of First Nations in the southern Mackenzie to offer nominations, you can be assured that every effort will be taken to avoid having to utilize this provision.

In this respect, there is a specific process of consultation that needs to be followed before the minister avails herself of the power to nominate on her own motion and the department is currently in the middle of that process. We are cognizant of and support your desire to have all Board members appointed well in advance of a proclamation date, to allow for necessary training and orientation. It is to this point that we have advised the minister's office of the increasing urgency in this matter.

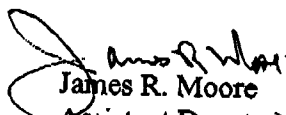
I believe that the discussion around setting up regional offices of the Board in unsettled areas was discussed and no further comments are necessary.

With respect to funding extraordinary costs such as the Diavik project, I would reiterate that the bulk of these costs will be borne by the Environmental Impact Review Board (EIRB) and not the Land & Water Boards (LWB). It is also noted that we have provided in the Act for the sharing of resources between the EIRB and LWBs and it will be incumbent on everyone to take advantage of this to the greatest extent practicable.

If your concern is about costs relating to a Water Board hearing on a project such as Diavik's, as was noted in earlier correspondence, the costs associated with a public hearing concerning with a water licence for the Diavik project is guaranteed.

I trust that the above helps clarify some of these issues. I would also encourage you to continue the close dialogue you are having with my officials.

Yours sincerely,


James R. Moore
Assistant Deputy Minister
Northern Affairs Program