

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL
TRADE AND TOURISM
January 19, 2012
10:20 a.m.

MEMBERS PRESENT

Representative Bob Herron, Chair
Representative Kurt Olson, Vice Chair
Representative Neal Foster
Representative Wes Keller
Representative Cathy Engstrom Munoz
Representative Steve Thompson
Representative Berta Gardner
Representative Chris Tuck

MEMBERS ABSENT

Representative Reggie Joule

OTHER LEGISLATORS PRESENT

Representative Sharon Cissna
Senator Cathy Giessel

COMMITTEE CALENDAR

PRESENTATION: PACIFIC NORTHWEST ECONOMIC REGION - ARCTIC CAUCUS
UPDATE

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SENATOR LESIL MCGUIRE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided historical and current background information on the Pacific NorthWest Economic Region and the Arctic Caucus thereof.

MATT MORRISON, Executive Director
Pacific NorthWest Economic Region (PNWER)
Seattle, Washington

POSITION STATEMENT: Participated in the Pacific NorthWest Economic Region - Arctic Caucus Update.

DAVID RAMSAY, Member of the Legislative Assembly; Minister of Industry, Tourism & Investment
Government of Northwest Territories; Vice-President
Pacific NorthWest Economic Region (PNWER)
Yellowknife, Northwest Territories

POSITION STATEMENT: Participated in the Pacific NorthWest Economic Region - Arctic Caucus Update.

CURRIE DIXON, Member of the Legislative Assembly; Minister of Economic Development
Government of Yukon
Whitehorse, Yukon

POSITION STATEMENT: Provided economic information on Yukon Territory as part of the Pacific NorthWest Economic Region - Arctic Caucus Update.

LARRY DIETRICK, Director
Division of Spill Prevention & Response
Department of Environmental Conservation (DEC)
Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation entitled, "Arctic Caucus Oil Spill Task Force," dated August 20, 2011.

COLIN SMITH, Delegate
Professional Engineers and Geoscientists of British Columbia
Pacific NorthWest Economic Region (PNWER)
Victoria, British Columbia

POSITION STATEMENT: Provided information on Action Item 16 and answered a question as part of the Pacific NorthWest Economic Region - Arctic Caucus Update.

GEORGE GROENEVELD, Member of the Legislative Assembly
Government of Alberta
High River, Alberta

POSITION STATEMENT: Provided general information on Alberta and answered a question as part of the Pacific NorthWest Economic Region - Arctic Caucus Update.

ACTION NARRATIVE

[10:20:16 AM](#)

CHAIR BOB HERRON called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at 10:20 a.m. Representatives Herron, Gardner, Thompson, Munoz, Keller, Foster, and Olson were present at the call to order. Representative Tuck arrived as the meeting was in progress. Also present were Representative Cissna and Senator Giessel.

**PRESENTATION: PACIFIC NORTHWEST ECONOMIC REGION - ARCTIC CAUCUS
UPDATE**

[10:21:15 AM](#)

CHAIR HERRON announced that the only order of business would be the Pacific NorthWest Economic Region (PNWER) Arctic Caucus update, and he invited Senator McGuire to address the committee.

[10:22:03 AM](#)

SENATOR LESIL MCGUIRE, Alaska State Legislature, informed committee the PNWER acronym stands for the Pacific NorthWest Economic Region which is a group that has been in existence for almost 22 years. The founders of PNWER decided that Canada and the U.S. have much in common, and an organization was needed to meet annually and focus on the common goals of the two countries. The members of PNWER include states, territories, and provinces in the Pacific Northwest, with the newest member being the Northwest Territories. Senator McGuire noted that Alaska's ties with Canada continue to grow because of its relationship with PNWER. One of the goals during her term as the president of PNWER was to establish a registry for workforce development between Canada and the U.S. This registry would provide employers with information so they could respond to due to a shortage of workers for large infrastructure projects in Canada, and a shortage of highly-trained workers in the U.S. that - in some cases - could be filled by workers from across the border. Unfortunately, the registry project remains "on standby" because some of the large pipeline projects that would have created a shortage of workers are delayed. Another of her goals was creating the highly successful PNWER Arctic Caucus which continues forward due to the leadership of Chair Herron, Representative Gardner, and others. In fact, the vision of the Arctic Caucus was recognized by the legislature in the form of HJR 15 [Legislative Resolve 10] which was passed and signed by the Governor of Alaska last session. Senator McGuire explained that the need for the Arctic Caucus arose because as PNWER reaches across borders and looks at resource development,

transportation hubs, and intermodal growth, a voice from the Arctic region was missing, hence the Arctic Caucus provides an opportunity for Alaska, the Northwest Territories and Yukon to focus their efforts on the needs of those areas. She pointed out that the Arctic region is of interest to China and Russia, although in the U.S., there has been "a failure to ... embrace our status as an Arctic nation." In an effort to push the interests of Alaska, the Northwest Territories, and Yukon, the Arctic Caucus held a meeting in Barrow in December to emphasize living conditions in the far North in winter. Subjects covered at the meeting included infrastructure and the potential for marine vessel tracking in the Northwest Passage. A meeting was also held in Yellowknife in August 2011, and she described several experiences there.

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SENATOR MCGUIRE relayed that North America will hold the chairmanship of the Arctic Council [an intergovernmental forum formally established by the Ottawa Delegation of 1996] from 2013 to 2017, creating a leadership opportunity at the state and provincial level to "dovetail" PNWER and Arctic Caucus issues into larger global goals, and perhaps acquire "observer status." She expressed her appreciation for the support and guidance from Alaska Lt. Governor Mead Treadwell regarding setting policy goals that are in alignment with other members of the Arctic Caucus. Senator McGuire called attention to a document published in 2007 by Yukon, the Northwest Territories, and Nunavut entitled, A Northern Vision: A Stronger North and a Better Canada, which is a vision to guide Canada's far North. She read from the document, and pointed out that although the Arctic Caucus is in the process of establishing goals through its meetings, the joint resolution passed last legislative session, and other documents, it has not created a "PNWER Arctic Caucus vision" and she encouraged this to happen. Senator McGuire read from the document, and noted that Alaska is similar to Yukon, the Northwest Territories, and Nunavut in its "northern people, our northern culture, and our desire to be a jurisdiction that's recognized for its own right."

[10:33:57 AM](#)

MATT MORRISON, Executive Director, Pacific NorthWest Economic Region, expressed his appreciation to the committee for its support of a long-term and sustainable effort to articulate to the respective federal governments the goals and vision for the North. Mr. Morrison noted that Canada's prime minister visits

communities in the Arctic each year and he expressed his hope that bringing Canadian territories together with Alaska will result in more impact for the pan-Arctic agenda in Washington, D. C. He praised the work of the Alaska Northern Waters Task Force and opined Alaska should be the U.S. leader in this area. Crafting a vision with the Arctic Caucus to submit to the Arctic Council is a very important opportunity. He commended Senator McGuire on the creation of the caucus and commented on its ability to improve connections with the rest of the U.S.; in fact, PNWER will continue to pull in the rest of the states to enhance their understanding Arctic issues. He relayed PNWER is planning an event on 3/8/12 in conjunction with the Energy Council that will be a briefing by the Arctic Caucus to the U.S. Department of State and Canada's federal delegation. The Arctic Caucus will encourage Canada and the U.S. to set priorities for the Arctic Council during their period of leadership from 2013-2017, and to begin planning for six years in advance, instead of two years. Mr. Morrison noted that the U.S. Arctic Research Commission and the Canadian Polar Commission will hold a joint meeting at the 2012 International Polar Year Conference in April at which PNWER hopes to make a presentation. Before turning to discuss the sixteen action items identified by the caucus, he described how the Northwest Territories formed its consensus government in Yellowknife.

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CHAIR HERRON recalled the Alaska Northern Waters Task Force recognized PNWER as a unique organization and encouraged all of its jurisdictions to use it to promote the welfare of the residents of the Arctic.

[10:43:04 AM](#)

DAVID RAMSAY, Member of the Legislative Assembly, Minister of Industry, Tourism & Investment, Government of Northwest Territories, stated that the Northwest Territories joined PNWER in 2009 and his government is pleased to work with the Arctic Caucus to advance their interests of mutual concern. Furthermore, the new premier of the Northwest Territories is Bob McLeod, who is an enthusiastic supporter of PNWER. Mr. Ramsay provided his background and added he also serves as vice-president of PNWER. He also spoke of the PNWER meeting hosted by the Northwest Territories at Yellowknife, and recalled the activities in which the PNWER executive participated. Mr. Ramsay further explained the Northwest Territories' consensus style of government - which with Nunavut is unique in Canada.

He mentioned that there are currently several reality television programs that reveal similarities between Alaska and the Northwest Territories. Mr. Ramsay turned to the Arctic Caucus meetings in August and the topics discussed such as infrastructure, electricity from natural gas, telecommunications, the role of Canada within the Arctic Council, search and rescue in the North, Arctic offshore drilling, and oil spill response. Mining potential was an important topic to all regions and presentations were heard on how to develop infrastructure, enhance development, and facilitate development with state financing programs. Arctic Caucus presentations included visits to Aurora Village, the Giant Mine Remediation Site, and a geothermal project. Finally, the Arctic Caucus working group identified 16 action items including a mapping project of the caucus region and the establishment of a working group to identify and share jurisdictional best practices on resource development regulatory systems. The mapping project seeks to develop a joint resource inventory, infrastructure, and opportunity map of the Arctic Caucus region that is interactive, shared, with multiple GIS layers for infrastructure and resources, and with links to contacts and more detailed information. The Northwest Territories is the lead on this project - which is expected to highlight the economic potential of the North, as well as help identify current infrastructure gaps - and he described the status of both the mapping project and the working group, and the portions that have, and have not, moved forward.

[10:58:05 AM](#)

CURRIE DIXON, Member of the Legislative Assembly, Minister of Economic Development, Government of Yukon, described his responsibilities as a Yukon government official and provided information on Yukon's economic status from 2002 to present. Prior to 2002, Yukon suffered from a negative economy, but since then three mines are operating and Yukon has less than five percent unemployment with no net debt. Mr. Dixon compared Yukon potential resource development with Alaska's in that it "has only scratched the surface of our natural resources." There are several promising projects underway and Alaska is an integral economic partner with Yukon because of its part in the transportation of Yukon products to market. Yukon projects a growth in population and in the development of infrastructure, with Alaska as a partner in providing energy, transportation, and telecommunication. Mr. Dixon continued, explaining that the Government of Yukon is interested in securing tidewater access at Skagway in support of its resource industry and exports to

the Asian market. The Alaska Highway is an example of collaboration between Canada and Alaska on transportation infrastructure critically important to both. Finding sources of new energy for Yukon is vital, and he cautioned against restrictions, noting that 90 percent of Yukon's power comes from hydroelectric, and the size of its deposits of natural gas are unknown. He encouraged regional planning - such as the Southeast Alaska Integrated Resource Plan - to reach beyond the border. In fact, Yukon would like to be connected to the North American electrical grid through Alaska, because a connection south through British Columbia is very expensive. Mr. Dixon restated that expansion of its infrastructure, including the important expansion of internet connectivity and loops of redundancy, will lead to growth in Yukon and all of the PNWER regions.

[11:07:12 AM](#)

MR. DIXON turned to the Alaska Northern Waters Task Force initiative and pointed out the three governments of Yukon, the Northwest Territories, and Nunavut have banded together in a similar way. He also quoted from the 2007 "northern vision" initiative and explained that there are 14 First Nations in Yukon - 11 of which are self-governing - thus a document to make land ownership very clear is vital for resource development and the permitting system. The northern vision document also informed the federal government in the creation of its northern strategy based on four priority areas: exercising sovereignty, protecting environmental heritage, promoting social and economic development in the North, and improving governance. As a result, Yukon and northern Canada have a very positive relationship with their federal government, which invests in the North and allows it to have an influence on Arctic policy. He further discussed Arctic Caucus Action Item 1 and elaborated on Action Item 2, indicating that his office is working with the Department of Commerce, Community & Economic Development, Alaska Industrial Development & Export Authority (AIDEA), to create prospective models for an Arctic Infrastructure Development Authority. Regarding communications, he said Yukon is continuing its work with Northwestel Inc. to develop alignment of a "northern region's telecom infrastructure" and suggested telecommunications is another "cross-jurisdictional opportunity" to support economic development. He summarized several Yukon and Alaska shared interests such as infrastructure, transportation, energy, and telecommunications, and expressed his belief that PNWER is an important part of building and fostering governmental relationships.

[11:13:34 AM](#)

CHAIR HERRON commented that in some ways Yukon is far ahead of Alaska in telecommunications.

MR. DIXON, in response to Chair Herron, recalled his early experience in politics.

[11:16:29 AM](#)

LARRY DIETRICK, Director, Division of Spill Prevention & Response, Department of Environmental Conservation (DEC), displayed slide 2 of a PowerPoint presentation entitled, "Arctic Caucus Oil Spill Task Force," dated August 20, 2011, and informed the committee Arctic Caucus Action Item 6 created an Arctic state/territorial oil spill task force to educate, share information, collaborate, and coordinate oil spill planning, preparedness, and response in the Arctic. The designated representatives to the task force are: Brian Love, Yukon; Peter Vician, the Northwest Territories; and Larry Dietrick, Alaska. Slide 3 indicated the task force held its first teleconference on November 16, 2011, and the participants were: Calum MacPherson, the Northwest Territories; Ron Sumanik and Perry Diamond, Yukon; and Larry Dietrick, Alaska. Slide 4 identified the agenda items for discussion: review and discuss implementation of Action Item 6; verify the official points of contact; share information; discuss future collaboration; and identify areas of cooperation. Slide 5 summarized the discussion, and Mr. Dietrick explained there is a great diversity between the Northwest Territories, Yukon, and Alaska in jurisdictional responsibilities, programs, organization, and coverage for oil spill response offshore. Because of this, the task force wanted to identify areas of common interest in order to leverage its influence. He assured the committee the task force has a very strong foundation despite the organizational differences of the participants.

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MR. DIETRICK displayed slide 6 and noted the outcome from the teleconference was that all participants agreed to a teleconference in the spring to discuss future items of interest, how to collaborate, and how to continue an exchange of basic information and understanding of programs and differences. This will put the task force in a position to deal with the ultimate PNWER goal of resource and economic development in the

Arctic region, significantly in offshore exploration and the development of oil and gas. Slide 7 indicated items of interest to the task force including the following three Arctic Council items: the Task Force on Oil Spill Preparedness and Response draft mutual aid instrument; the Best Practice Prevention of Marine Oil Pollution dealing with marine oil pollution and shipping, offshore oil and gas development, and land-based development; and the Emergency Prevention and Preparedness Working Group agenda items. Also, three field items of interest are: the CANUSNORTH [bi-lateral U.S. Coast Guard and Canadian Coast Guard] 2012 drill planning exercise in anticipation of drilling operations in the Beaufort Sea and Chukchi Sea by Shell; the Alaska Arctic Shield offshore drill; and an Alaska North Slope Mutual Aid drill that will be conducted with Shell. Other items of interest include the Canadian National Energy Board report regarding drilling safety, and the upcoming Alaska Northern Waters Task Force report. Mr. Dietrick noted that the University of Alaska - Fairbanks is a finalist in a competition for a Science and Technology Center for Oil Spill Prevention and Preparedness in the Arctic and, if successful, the center would be a significant step forward in spill response for the state. He restated that drilling is poised to move forward on the Alaska sides of the Chukchi Sea and the Beaufort Sea, in addition to the seventy wells and four offshore drilling operations already in place. Shipping is another issue as the Northwest Passage and the Northern Sea Route open and the response capability to Vessels in Innocent Passage is necessary; in fact, the International Maritime Organization is developing a Polar Code for vessels operating in ice. Finally, Alaska is updating its Subarea Contingency Plans for the Chukchi Sea and Beaufort Sea coasts in anticipation of drilling this summer. Mr. Dietrick closed by encouraging members to review the PNWER web site for further information.

[11:27:59 AM](#)

COLIN SMITH said he was representing the Professional Engineers and Geoscientists of British Columbia as a delegate to PNWER. He stated the power of PNWER is that it is a partnership between the public and private sectors with private sector participation at all levels of membership and activities, including the executive committee. Furthermore, the 14 working groups within PNWER are co-chaired by private sector members. He addressed Arctic Caucus Action Item 16, and said the workforce committee was tasked with looking at employment training opportunities for Northerners. His experience is that employment opportunities in remote communities are scarce and he stressed the need for young

residents to finish high school in order to be able to enter skilled trades, or to continue to postsecondary education. This is an ongoing challenge in all of PNWER's jurisdictions, especially if construction of a gas pipeline is undertaken in Alaska. The workforce committee will continue to explore methods to provide skilled training to workers. An initiative the committee is currently pursuing addresses the 60,000 workers still needed for the Canadian oil sands projects. Mr. Smith explained that it is a cumbersome process for a company to import foreign workers into Canada. Through the Beyond the Border Action Plan, PNWER is developing a pilot project where a pool of 500 to 1,000 U.S. workers, holding bi-national certifications from unions, would be created. This pool would fill vacancies such as those currently found in northern Alberta and would benefit both countries. Another program he highlighted seeks to obtain credential recognition by both governments for professional engineers throughout the PNWER region. Lastly, there is a proposal now before British Columbia and the State of Washington that will allow a roster of "disaster resilience experts" to be recognized by both governments and thereby provide a sufficient number of engineers to quickly determine whether damaged buildings are safe to repair and rebuild.

[11:36:30 AM](#)

REPRESENTATIVE GARDNER surmised a professional certification would have to be through the federal - not the state - governments.

MR. SMITH agreed and expressed his belief that such a proposal would be accepted by both federal governments. In further response to Representative Gardner, he said "certainly the example [is] in place." For instance, first responders can cross the border immediately.

[11:38:11 AM](#)

REPRESENTATIVE TUCK stated he is a member of the International Brotherhood of Electrical Workers and attended a convention in Vancouver, B.C. He restated the problem of U.S. electricians who are not allowed to work in Canada, and reminded Canadian employers that Alaskans are comfortable working in northern conditions.

MR. SMITH agreed.

[11:40:47 AM](#)

GEORGE GROENEVELD, Member of the Legislative Assembly, Government of Alberta, said although Alberta is not a member of the Arctic Caucus, it is interested in northern issues. He relayed Alberta has a new premier, Alison Redford, and he expected an election to be called soon. He stated PNWER is a useful tool and can respond quickly to implications of federal programs between the U.S. and Canada, such as the Beyond the Border Action Plan and the Regulatory Cooperation Council Action Plan. Mr. Groeneveld noted the failure of the Keystone XL pipeline permit and opined legislators from Alaska "shared a little bit of that shock." He observed that Alaska and Alberta have many things in common such as pipelines and energy resources, and confirmed that Alberta is short 60,000 skilled laborers and has an unemployment rate of 4.9 percent.

[11:45:41 AM](#)

REPRESENTATIVE TUCK asked whether there is a shortage of housing resulting from Alberta's fast industrial growth.

MR. GROENEVELD said the companies around the oil sands fields have provided housing projects, although housing is expensive; as a matter of fact, there is a strain on Alberta's entire infrastructure.

[11:47:32 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 11:47 a.m.