



Arctic Development
Library

***Socio-economic Aspects Of The Nwt
Diamonds Project - G.n.w.t. Oral
Presentation To The Panel Mining/oil/energy,
Nwt Minerals General
Date of Report: 1996
Author: G.n.w.t. - E.d.& T./e.m.p.r./e.c.e
Catalogue Number: 6-3-100***

SOCIO-ECONOMIC ASPECTS OF THE NWT
DIAMONDS PROJECT - G.N.W.T. ORAL
PRESENTATION TO THE PANEL

Sector: Mining/Oil/Energy

6-3-100

Analysis/Review

SOCIO-ECONOMIC ASPECTS OF THE NWT DIAMONDS PROJECT

**Submission to the Socio-economic Effects Technical Session
BHP Diamond Mine Environmental Assessment Panel**

Yellowknife, NT

Prepared by

Government of the Northwest Territories

**Department of Economic Development and Tourism
Department of Energy, Mines and Petroleum Resources
Department of Education, Culture and Employment**

February, 1996

6-3-100
0000
0000
0000

SOCIO-ECONOMIC ASPECTS OF THE NWT DIAMONDS PROJECT

**Submission to the Socio-economic Effects Technical Session
BHP Diamond Mine Environmental Assessment Panel**

Yellowknife, NT

Prepared by

Government of the Northwest Territories

**Department of Economic Development and Tourism
Department of Energy, Mines and Petroleum Resources
Department of Education, Culture and Employment**

February, 1996

**LEGISLATIVE LIBRARY
YELLOWKNIFE, N.W.T.**

TABLE OF CONTENTS

1.0	INTRODUCTION	1
2.0	STATEMENT OF ISSUE	2
3.0	IMPLEMENTATION AND RECOMMENDATIONS	3
4.0	CONCLUSION	5

1.0 INTRODUCTION

The Government of the Northwest Territories (GNWT) is pleased to be a participant in the **socio-economic** effects technical session being conducted by the BHP Diamond Mine Environmental Assessment Panel appointed to review the NWT Diamonds Project proposed by BHP Diamonds Inc. and the Backwater Group (Proponent).

In this session, the GNWT will expand on the presentation made at the General Session of the public hearings with special focus on **socio-economic** matters. Based on its analysis of the documentation provided by the Proponent to date, it is the **GNWT's** view that the **NWT Diamonds Project** should provide needed economic and social benefits to the residents of the Northwest Territories.

It is important to keep in perspective the economic circumstances of the Northwest Territories to appreciate the magnitude of the NWT Diamonds Project and its potential impact. A recent economic outlook completed by the GNWT Bureau of Statistics to the year 2000 concluded that the construction of a new diamond mine and its initial period of production will have a considerable impact on the Northwest Territories' economy measured by its Gross Domestic Product (**GDP**). It is estimated that the construction period, without any production, will increase GDP annually by 4% over the current baseline year. In the first year of production after construction is completed, mine operations **will** increase GDP by 6% over the base year forecast.

Demographic data clearly demonstrates the economic and social realities of northern life. The NWT has the youngest population in Canada and the highest birthrate. **More than 40%** of the population is under the age of twenty and the birthrate is almost twice the national average. Youth (15 to 24 years of age) make up **28%** of the **NWT's** working age population compared with 21% for Canada as a whole. [It is estimated that approximately 1,000 young people will be entering the **NWT labour** market every year in the 1990's and more than 1,500 by the year 2010.

There are currently over 8,000 people in the **NWT** not working and only seasonal or part time work is available to many of the 24,000 people who are currently employed. **One thousand six hundred** new jobs, filled by northerners, are needed now to bring unemployment in line with national averages and a further 260 new jobs will be needed each year thereafter to maintain that level of employment. According to the information provided in the Environmental Impact Statement, the NWT Diamonds Project, will generate an average of 830 direct, and 415 indirect jobs over the 25-year life of the project.

Despite the fact that the GNWT has expended considerable resources providing opportunities for adult basic education and skill training there remains a significant gap between the skills demanded in mining and mining service occupations and those in the current **NWT labour** market. However, through GNWT initiatives during the past five years,



schools offer more academic opportunities and fully 90% of those eligible are now enrolled in high school programs. As well, a college system is now in place in the North and post secondary education and training has grown by more than 65%.

The demand for health, social and educational services is growing rapidly while at the same time government revenues are decreasing. Unless a mechanism is found that encourages less dependence on government resources there will be continued stress on the economic well being of northern residents.

In its Environmental Impact Statement, the Proponent has made a number of commitments and statements that suggest northern businesses and northern people will have an opportunity to compete for contracting and procurement opportunities and to supply goods and services that will be required by the Proponent for its project. Similarly, residents will have an opportunity to seek employment with the project, earn a livelihood and receive on-the-job training from the company if they initially lack the skills. During the life of the project, it is the expectation that the GNWT will benefit from royalties and taxation. From a **socio-economic** perspective, there are many positive and significant benefits which could accrue to northerners. These benefits will be widespread and realized by many residents, businesses, organizations, government and thereby the general public.

How can we help ensure that these benefits are realized? What measures **can we** take to ensure that these benefits are promoted to their maximum extent? The GNWT is cognizant of the issues and challenges which face northerners in their effort to realize the benefits which should result from the NWT Diamonds Project. The GNWT has reviewed the statements and commitments made by the Proponent in the **EIS** and affirms the importance of these positions. In this paper, additional recommendations are offered which, if adopted, could lead to further opportunities and benefits.

The GNWT stresses the importance of working together and through partnership arrangements to embark on new initiatives which promote economic development. We acknowledge that there is already considerable momentum resulting from this project.

2.0 STATEMENT OF ISSUE

Simply put, this project will create change in the Northwest Territories. This change will manifest itself in a variety of ways - in people's lives, the environment and the economy. This technical session is limited to the nature and degree of socio-economic change. Benefits from this project will primarily occur in four areas including increased employment, business and training opportunities, and community development.



The key issue for the **GNWT**, communities and Proponent is to find ways to work together to maximize the positive benefits and to mitigate any negative impacts of the development.

3.0 IMPLEMENTATION **AND** RECOMMENDATIONS

This project is critical for the economic well being of the Northwest Territories. We wish to acknowledge the commitment **shown by the Proponent** in the **EIS** towards maximizing northern benefits. Specifically, we would like to highlight those commitments which the **GNWT** believes will lead to new and exciting economic opportunities. One critical issue, that of monitoring, is referenced in the **EIS** but we have included it under Recommendations as well.

The following is a summary list of commitments made by the Proponent. The **GNWT** believes that these are important commitments and the Proponent's proposal is enhanced by their inclusion.

3.1 **Commitments in the EIS which are Supported by the GNWT**

The GNWT supports the following commitments:

- Worker rotation flights to and from affected NWT communities.
- The use of employment coordinators in affected communities to encourage and sustain local hiring and continued employment.
- Initiatives which identify anticipated procurement levels by commodity.
- Coordination of training activities with all **stakeholders** and the use of existing structures such as government programs as well as services offered by Aurora and **Nunavut Arctic College**.
- A proactive approach in its broad-based community communications program to promote career information in affected communities at both the kindergarten to grade twelve levels and with adults.
- Continuation of the cooperative approach in the design and implementation of pre-employment mine training projects.
- A comprehensive approach to **employee career** development involving regular career planning activities and training opportunities within their operation. This is critical to development of skills beyond the **entry** level.

- Apprenticeship opportunities outlined and believe them to be essential to the development of a skilled and qualified **workforce**. This is an opportunity for a cooperative approach with government and the Proponent.
- Continuation of scholarship programs to allow access to professional and technical occupations.
- Cross-cultural training for both aboriginal and non-aboriginal employees.
- Continued commitment to a broad public relations program.
- Negotiating Impact and Benefit Agreements with aboriginal communities which may include the establishment of employment committees. This will allow ongoing dialogue and an employment monitoring mechanism.
- Providing employee development services such as career, personal, financial and other types of counseling.

3.2 New Recommendations

Our recommendations are based on the recognition that the benefits which will accrue to northerners, lie in the four areas identified in the Statement of Issue. These recommendations are offered with a long-term view to maximizing those benefits.

The GNWT recommends that:

- Development of a job sharing strategy be considered. This has been a successful strategy for other industrial proponents and one which accommodates traditional lifestyles.
- The Proponent develop and maintain a human resource inventory specific to those interested in mining.
- The Proponent require contractors, agents, etc. to follow the same procedures with respect to hiring, training, community development and procurement as the Proponent themselves, throughout the life cycle of the project.
- The Proponent divide contracts into manageable pieces to facilitate northern participation.
- The Proponent develop and maintain a community business inventory specific to those interested in mining.



- The Proponent, in cooperation with other stakeholders, continue to conduct workshops, and implement other means, such as electronic communication, to provide information about the Proponent's performance expectations, procurement strategies and requirements.
- The Proponent consider a preferential payment policy for northern suppliers and contractors to recognize the higher costs of doing business in the NWT and the inherent strains of cash flow.
- Where appropriate, the Proponent assist small, local entrepreneurs in the purchase of equipment through innovative contracting procedures.
- The Proponent support a workplace literacy program, allowing access to further training for those not prepared academically.
- The Proponent's compensation package should encourage northern residency.
- As a final recommendation, we urge the Panel to consider expanding the monitoring instruments proposed in the **EIS**. It would be extremely useful in sustaining maximum benefits, if a mechanism was developed which could provide an appropriate forum for ongoing discussion with stakeholders distinct from **any** monitoring mechanisms specific to Impact and **Benefit** Agreements. In the past, we have seen a variety of mechanisms utilized by government and industrial proponents to maximize benefits as well as a variety of monitoring mechanisms. For this project, we recommend a form of voluntary corporate reporting, perhaps through periodic presentations, on subjects of mutual agreement. We propose that this monitoring function could be developed through joint discussions among government, the Proponent and other stakeholders.

4.0 CONCLUSION

This project offers the North a rare opportunity for significant economic growth. The **GNWT** has assessed the **EIS** and its support material, performed a variety of analyses and concluded that the project will have many socio-economic benefits.

However, in order to maximize northern benefits arising from these impacts, the **GNWT**, communities and northern **businesses must work in close partnership with the** Proponent and its contractors throughout the life of the project.

Throughout the EIS, the Proponent has made a number of commitments which could result in significant economic benefits for northerners. In this session, the GNWT has offered **further** recommendations which, **if adopted, could enhance northern** benefits. **We**



recognize there are great challenges ahead and that the sustained benefits which northerners want, will be more enduring with the development of an appropriate monitoring mechanism.

The Proponent has described its intent to initiate a high quality, long term, sustainable economic development project with **no** significant residual effects. It provides immediate, ongoing, long-lasting and transferable benefits directly to northerners and northern institutions in the areas where the effects are likely to occur. Those affected will reap the benefits if they choose.

The Proponent has worked closely with northerners in this development project. **BHP's** Community Mobilization Strategy could lead to future employment and contracting opportunities for residents and businesses.

In closing, the **GNWT** was pleased to participate in this technical session today. We trust that the Proponent and the Panel will give due consideration to the comments and recommendations we have provided.

