

A Community Economic Development Assessment of the Keeyask Model

Presentation to the Clean Environment Commission Hearings
26 November 2013

By

Jerry Buckland, PhD (Int. Development Studies, Menno
Simons College) &

Melanie O’Gorman, PhD (Economics Department, The
University of Winnipeg)

We are very grateful for research assistance from Jazmin
Alfaro, Alain Beaudry and Heidi Cook


Outline of Presentation

- * Introductions
- * Overview
- * CED Framework
- * Summary of CED Features of Keeyask Model
- * Analysis of the Keeyask Model
- * Conclusion

Overview

- ❖ The Keeyask model is an improvement over past dam projects, from a CED perspective.
 - * The KCNs have been engaged in conversation with Manitoba Hydro for years, and there are plans to address potential harms.
 - * Aggregate economic benefits are not trivial.
- ❖ Positive aspect of Keeyask from a CED perspective:
 - Establishment of the Manitoba Hydro-Keeyask Cree Nation partnership
 - Effort to deliberately include KCNs as economic beneficiaries
 - Keeyask project training
 - Employment policies

Overview

- ❖ Challenges that the Keeyask project presents
 - Causing local harm
 - Disrupting traditional livelihoods
 - KCN participation in decision-making
 - Dynamic capacity building
 - Starting the process with a very large project
 - Economic arrangements in the project
 - ❖ Major risks to the Keeyask Cree Nations (KCNs) relate to local harm and livelihood disruption, which would affect the KCNs socio-culturally, economically, politically, and psychologically.
 - Economic benefits cannot compensate for these harms.
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2. CED Framework

- ❖ Hydroelectric dams can contribute to economic growth, but they often place heavy and involuntary burdens on local, often indigenous, peoples (World Commission on Dams (2001))
- ❖ A new approach to hydro development is needed that includes benefits for, participation of and permission from indigenous communities surrounding proposed dam sites.
- ❖ Community economic development is a valuable framework that can be used to analyze the Keeyask Model.

2. CED Framework

A CED Principled Framework

1. Project management must be holistic given the interconnectedness of the socio-economy and the environment
2. Small is beautiful, and once established, scaling up may be appropriate
3. Protection of the environment and community interests
4. Participation in decision-making of less vocal stakeholders
5. Building local capacity

3. Summary of CED Features of Keeyask Model

- * Keeyask a joint effort of Manitoba Hydro and four Manitoba First Nations (Tataskweyak Cree Nation (TCN), War Lake First Nation (WLFN), York Factory First Nation (YFFN) and Fox Lake Cree Nation (FLCN)).
- * Discussion regarding the Keeyask Generation Project began between TCN and Manitoba Hydro in 1998.
- * Joint Keeyask Development Agreement (JKDA) signed in 2009.
- * Manitoba Hydro will own at least 75% of equity of the partnership.
- * KCNs may collectively own up to 25% of the partnership.

3. Summary of CED Features of Keeyask Model

The Pre-Construction Phase (1998-2014)

- * Consultation
- * Training - Hydro Northern Training and Employment Initiative

The Construction Phase (2014-2021)

- * Business opportunities
- * Employment in 3 categories: designated trades, non-designated trades and support occupations.
- * Burntwood Nelson Agreement (BNA) will direct hiring.

The Post-Construction Phase (2021-)

- * Operational jobs for KCN members
- * Investment income for each KCN in proportion to their equity investment
- * 2 types of investment: Common Units and Preferred Units

3. Summary of CED Features of Keeyask Model

The Post-Construction Phase continued

- ❖ Adverse Effects Agreements (AEAs) - The off-setting measures for each individual KCN are programs that provide “replacements, substitutions or opportunities to offset unavoidable Keeyask Adverse Effects” (Tataskweyak Cree Nation Adverse Effects Agreement (2009), page 13).
- Examples of AEA programs:
 - Resource Access Programs
 - Cree Language Programming
 - Gravesite Restoration
 - Land Stewardship Program

4. Analysis of the Keeyask Model

a) Economic benefits – Possible Scenarios

Estimated range of annual benefits – 1.9% Preferred Equity Holding (millions)

Item	Low estimate	High estimate
Construction labour income	\$2.7	\$7.8
Business profits during construction period	\$1.27	\$1.90
Multiplier effect	\$0.79	\$1.94
Total economic benefit for construction period	\$4.76	\$11.64
Investment income	\$1.25	\$3.04
Operational labour income	\$19.7	\$19.7
Multiplier effect	\$4.19	\$4.55
Total economic benefit for operational period	\$25.14	\$27.29

4. Analysis of the Keeyask Model – a) Economic Benefits continued

Estimated range of annual benefits – 2.5% Preferred Equity Holding (millions)

Item	Low estimate	High estimate
Construction labour income	\$2.7	\$7.8
Business profits during construction period	\$1.27	\$1.90
Multiplier effect	\$0.79	\$1.94
Total economic benefit for construction period	\$4.76	\$11.64
Investment income	\$1.64	\$4.0
Operational labour income	\$19.7	\$19.7
Multiplier effect	\$4.3	\$4.7
Total economic benefit for operational period	\$25.64	\$28.4

Labour income from Keeyask construction employment

- Job target for KCN Members for the construction phase of the Keeyask project of 630 person years of employment.
- Wuskwatim experience may provide insight:
 - 944 person years of employment for Aboriginal individuals
 - However high turnover rate (Wuskwatim Power Limited Partnership (2013)).
- Construction support and service jobs are predicted to account for over 50% of KCN employment from Keeyask construction phase (KHL P (2012), Figure 3-23).
- Chance that employment is short-term:
 - Short spells of employment count towards target



Business Opportunities

- Business opportunities for KCN individuals through Direct Negotiated Contracts - A value of \$203.1 million in DNCs has been reserved.
- 9.2% of overall value of construction

Investment Income

- ❖ Common Unit option - KCNs would receive investment income proportionate to the Partnership's financial performance
 - Low financial performance → KCNs would receive no distributions but would still be repaying loans
- ❖ Preferred Unit option: KCNs would receive the higher of the Preferred Minimum Distribution and the Preferred Participating Distribution.
 - Construction Credit Facility loans forgiven by Manitoba Hydro

Income from Operational Jobs

- ❖ 20 year target for the employment of 182 Members of the KCNs in Manitoba Hydro's ongoing operations.

Multiplier effects

- ❖ As more KCN Members are hired to work on the Keeyask project, more money will be spent within KCN markets, hence demand for all goods and services in the KCNs will increase.
- ❖ Assume a multiplier of 1.2

Sources of Uncertainty Regarding Economic Benefits Arising from the Keeyask Project

- * Jobs
- * Skill-level of jobs
- * Business profits
- * Operational jobs
- * Investment income
 - * Common Units
 - * Preferred Units
- * Multiplier effects



b) Achievements of the Keeyask Model

- Partnership
 - Involving Keeyask First Nations
 - Mutual interests of Manitoba Hydro and local First Nations communities
 - Consultation throughout each stage of project

4. Analysis of the Keeyask Model continued – b) Achievements of the Keeyask Model

- Equitable sharing
 - Local communities have the chance to share benefits from large-scale project
 - For example: Tataskweyak Chief Duke Beardy said, “Keeyask provides an opportunity for us to join the mainstream Manitoba economy to build a future of hope that will sustain and provide for all citizens of Tataskweyak Cree Nation.”
 - Can choose preferred or common shares
 - Adverse affects agreements

4. Analysis of the Keeyask Model - b) Achievements of the Keeyask Model

- Training and Employment
 - The Hydro Northern Training and Employment Initiative
 - Trained over 1,000 First Nations people
 - Keeyask project involves stated employment targets - an improvement over Wuskwatim
 - Will follow BNA employment preferences

4. Analysis of the Keeyask Model

c) Challenges of the Keeyask Model: ***Local harm and inadequate compensation***

- The literature on the consequences of hydro dams on local and Indigenous people very troubling: Internationally, Canada, and Manitoba
- Benefits accrue to one group –often located a great distance from the dam - while local people harmed
- Often the hydro project is presented to the Indigenous people as a solution to their problems: e.g. ‘modernization’

Local harm and inadequate compensation continued

“The evidence of pervasive and escalating social problems in communities impacted by hydro regulation gives resonance to the concept of community trauma. What has happened to many communities must be understood as more than simply the sum of a series of discrete impacts. The cumulative effects of hydro regulation strike at the very core of a community's sense of self-confidence and well-being.”
(Loney (1995), page248)

- * Interrogatory process indicates that factors – such as housing or education support – are not considered to be within the mandate of the partnership.

Local harm and inadequate compensation continued

“And I don't know if I can speak enough today, tonight on this occasion to tell you the hurt that I carry within me, that I carried all my life because of Manitoba Hydro. (Cree spoken) My soul hurts and is dying. I feel as though I'm mourning everyday while being on the lake and the land. You can't understand that because you don't want to go past that door. And you can't. I like to see you try. To live the life we live as First Nations people being as connected to the water and the land as we are. You killed the land. You killed the water. You killed the fish. You killed the Indian. Ininiw. Do you understand that? I come here with a rage built up inside me for so long that I can't hold it back anymore. (Cree spoken) Thank you Lord for giving me the chance to come and speak here today in front of the CEC. (Cree spoken) And I never thought I was going to be able to come up here to talk in front of all you people. But I asked the Creator for help. And thank God he gave me the courage to come up here and talk on behalf of the people of Split Lake.”
(Robert Spence, Keeyask Hearing, November 14, 2013, page 3358-59)

Disruption to Traditional Livelihoods

- Traditional livelihoods more holistic than modern livelihoods and involve integration of cultural and material realms
- An intervention that affects the material realm will affect the cultural realm: e.g., flooding land → loss of livelihoods → loss of religious and cultural tradition
- Replacing healthy and vigorous traditional livelihoods not equivalent to modern jobs and services
- Care must be taken to not assume traditional livelihoods are inferior to modern society
- AEAs interesting, but largely untested

Disruption to Traditional Livelihoods continued

“Traditional land uses has been passed on from generation to generation in our culture. Each family has their own territory. And to impose this on them will create conflict between families. That's what Hydro is trying to do to us, is to find another trapline for us. But every family member in our community has their own traditional land use. We can't go and impose on them. Because every time we have a meeting with Hydro, that's what they put on the table. Manitoba Hydro has suggested to us that all they have to do is to pay us a very small amount of money and perhaps find us another trapline area. But this is not a trapline issue, we have been given very few choices and all very poor. First of all, we find another -- if we find another suitable trapline area, it will never substitute for our homeland, where we have always been. It will be like forestry location. Anyone who understands Cree culture would never say to a Cree person, just pack up and move on. That would degrade who we are because we are about the relation to our land. The land of the creator gave to us to live on and take care of it. (Janet McIvor, Keeyask Hearing, November 14, 2013, pages 3354-55).

KCN Participation

- Inherent challenges to fostering participation because of asymmetry of power between Manitoba Hydro and the KCNs
- Sense of inevitability of the project may have affected participation and voting in the referenda

“We feel the First Nation got boxed in by all the pressure. There was pressure from all the damage that hydro – that the existing hydro project have done to all of us, and the pressure that came from the KGS itself. Many of us believe that KGS will get built regardless of what we want. The Manitoba Hydro has so much power that they will get what they want no matter what” (Marilyn Mazurat, Keeyask Hearing, November 14, 2013, page 3348-49)

KCN Participation (continued)

- Behavioural economics finds that framing of project can affect participation decision
- Important segments of the Keeyask partner communities that do not agree with the project going forward.
- A trusting relationship is at the heart of strong participation but there is a history of distrust between some communities and Manitoba Hydro

Dynamic Capacity Building

- Communities need ever-expanding capacity to represent their interests within the partnership
- Evidence of construction and trades training, but not of training and education to face leadership challenges of a large organization
- Capacity building is needed for leaders and community members for dynamic challenges

Small is Beautiful, and Meeting Local Need is Essential

- Effective CED practice involves starting small to build effective model and initial capacity then, some argue, scale up.
- But Keeyask project is large in comparison of KCN economic activities.
- Keeyask export orientation, from some CED perspectives, is acceptable if benefits accrue to communities.

Economic Development and Compensation

- Much employment will likely be short-term.
- Boom-bust nature of construction employment/business opportunities.
- HNTEI ended in 2010 but need for skill development for Keeyask continues.
- No plans for KCN Members to receive audited financial reports.
- Transparency of information flow within communities in general.

5. Conclusion

- Our study suggests that to ensure the Keeyask Project accords with principles of community economic development:
 - The KHL P allow for more time to ensure the Keeyask project reduces local harm.
 - Consult further with all KCN Members on measures that could be implemented to mitigate the negative consequences of the project.
 - Ensure the AEA s truly represent a proper substitute for the disruption of traditional livelihoods.
 - Put into place safeguards to ensure increased transparency regarding flows of Keeyask funds into each KCN.

5. Conclusion continued

- The KHLP should invest in:
 - Programs deemed by community members to be important for building long-term economic opportunities.
 - Initiatives that support capacity-building (for example, support to KCN high schools and post-secondary education in the North) so that KCN Members may be able to obtain higher-wage employment for the long term.
- The HNTEI could also be extended to help in this regard
- Given the sense of inevitability surrounding the Keeyask project, the KHLP should make it clear to all KCN Members that they have agency with regard to the project.

Thank-you for your attention.