



ECONOMIC FUTURES IN THE SAHTU REGION

A DISCUSSION PAPER ON BUILDING A BALANCED ECONOMY



Alternatives North

JANUARY 2016

Introductory Remarks

- Authors are: Diana Gibson and Dave Thompson, long history of economic research, Policy Links
- Volunteer presenters today
- Not a prescription for Sahtu but research on possible economic paths
- Lots of info, trying to link to your work
- Report a resource for your board

Non-Renewable Resources Current Situation

- Based on drop in commodity prices
Best described by Premier Robert McLeod:

"The oil and gas industry has packed up and left the NWT. We don't expect to see any exploration for probably 10 years." — Robert McLeod, MLA and Premier

Current Context in Sahtu

- Whole chapter in report:
- High cost of living
- Low income levels and inequity of income levels
- High unemployment rates
- Promise of jobs important

Two Economic Paths....

Industrial Recruitment

- High profile investment from outside
- Made possible by subsidies and incentives
- Often considered magic bullet for economic development

Local Economic Gardening

- Based on sustainability and long term jobs in a diversified economy
- Expand current activities and develop new ones
- Replace imports and if possible build market



GETTING THE BEST BANG FOR YOUR BUCK: JOBS

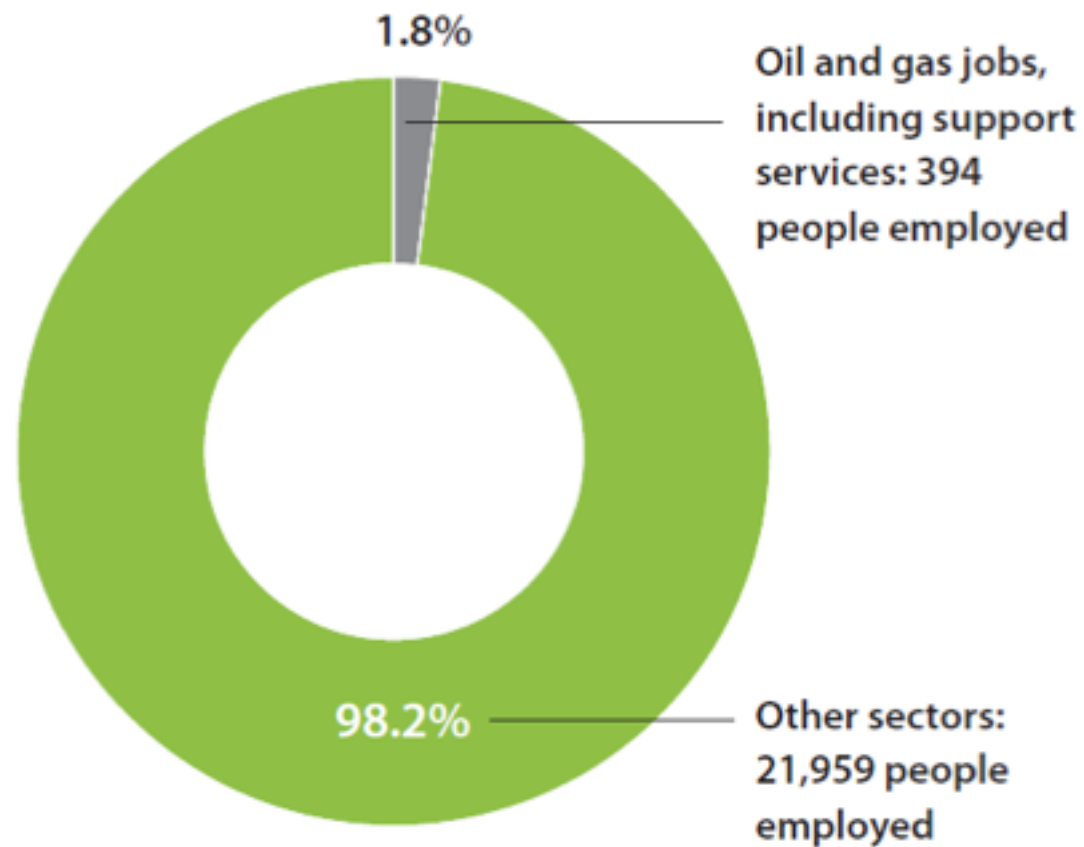
Figure 3: Selected Economic Multipliers in the NWT



Note: For a complete list of economic multipliers in the NWT, see Appendix A.

Source: Northwest Territories Bureau of Statistics, 2012, *NWT Economic Multipliers: Overview and Results*.

Figure 4: Employment in NWT Oil and Gas Extraction and Support Services



Even adding support activities for mining and oil and gas extraction, the combined total is only 394 out of 22,353 total employed people, or about 1.8 per cent of the NWT workforce.

Size and Ownership Matter

- Local ownership has higher multipliers
- Local businesses spend more of their revenue in local economy
- True across various sectors (e.g., restaurant chains, retail sales)

Jobs Associated with Fracking

- Actual employment impacts are smaller than claimed (2 to 7 times)
- No statically significant to modest impact on overall employment
- *Why?*
 - Capital intensive and impact on other industries (e.g., tourism)
 - Jobs often go to people from outside region (skilled drilling force)
 - Most local jobs front end and short term
- Income and employment lower post boom than before boom
- Fracking not the same as conventional oil and gas (e.g. production ↓ by 40% after first year)



SECTION 4

BEYOND JOBS: DELIVERING ON WELL-BEING

Negative Impacts of Resource Extraction Sector

- Unstable and insecure long term revenue, linked to commodity prices
- ↑ crime rates, use of social services and health and social costs
- Poverty worsens as costs increase; ↑ gap between rich and poor
- Short and long term environmental impacts and costs
- ↓ cultural continuity (impact on land and seasonal harvesting schedule)
- Local jobs short term and lower skilled

Benefits from Local Economies Approach

- More stable, accessible and longer term jobs
- ↓ crime rates, ↓ use of social services, and better public health and safety
- Less poverty and greater well being
- ↓ environmental footprint of business
- Maintenance of cultural continuity
- Decreased cost of living - replacing imports
- Creates activities that engage families and community

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- Forestry and Wood Products
 - Agriculture
 - Tourism
 - Arts and Crafts
 - Trapping
 - Traditional Harvesting
 - Renewable Energy
 - Energy Efficiency
 - Environmental Monitoring and Conservation

Forestry and Wood Products

- **23.4 jobs per \$1.0 million invested (highest estimated rate of return; more that 40X as many direct jobs as oil & gas sector)**
- Small lumber production from community woodlots
- Manufacture of furniture and toboggans
- Biomass
- Mushrooms and other non-timber products



Tourism

- **Not necessarily low paying, especially when locally owned and operated**
- Increase trends in cultural tourism
- Newer sectors such as ‘fastpacking’ and mountain biking
- CANOL trail: infrastructure
- Deline workshops identified tourism as a key economic sector to pursue (Great Bear Lake R&M plan)



Renewable Energy

solar, hydro, biomass, wind

- **Besides cost factors, replacing diesel can reduce pollution and reduce climate change emissions**
- Colville Lake solar: being tracked. Meeting expectations? Lessons learned? Mentorship?
- Wind speeds in Norman Wells show wind turbines more cost effective than solar
- Biomass: individual home, institutions, district
(example of import substitution)



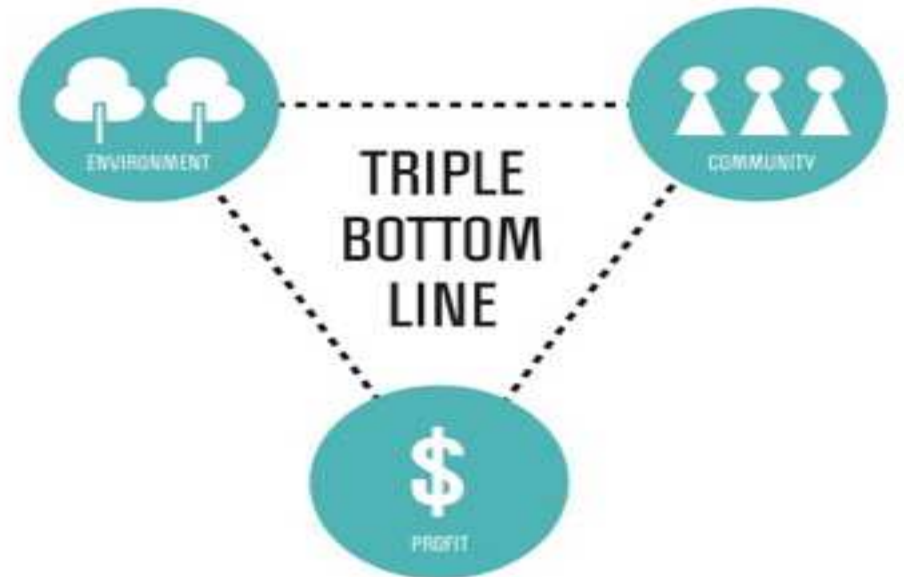
Environmental Monitoring and Conservation

- **Includes professional and technical services; waste management; repair and maintenance**
- Monitoring of Land Use Plan conservation zones and protected areas
- Improve recycling
- Repair instead of replacing appliances and machinery



Steps to Local Economic Gardening

- Long term thinking
- Re-direct investments to diversified sectors
- Focus industrial policy on local sustainable economies
- Growth ... if it takes into account our finite world
- Align new/updated infrastructure with supporting local economies
- Complete cost accounting (no externalized environmental costs; triple bottom line = social/cultural, environmental, economic)



Suitable metrics

- **Pay greater attention to how we monitor success...not just GDP and formal employment levels, for example:**
- Income and food security
- Well-being (happiness ratings)
- Social and family cohesion
- Cultural connectedness
- TK regarding 'economic' health
- Others?

Great Bear Lake Research and Monitoring Plan

Example objectives:

- To develop a series of indicators to define ‘sustainable development’ in a holistic and integrated way, including accounting for the qualitative aspects of life in the community, the financial aspects, infrastructure, and the health of the watershed in general
- To develop a series of indicators to define measure economic and financial success in Déline’s terms, and the capacity within Déline to measure that success

Summary

- **Good news! Sustainable local economies are based on a healthy environment**
 - Your work on research and monitoring the land, water and animals is part of baselines for sustainable local economies
 - Ties in with several existing programs and ideas
- Expanding your research and monitoring to include varied economic indicators could help shift emphasis from industrial recruitment to sustainable local economies
- Translations of concepts for discussion with elders, youth e.g.,
 - Economic diversification
 - Triple bottom line
 - Economic multiplier