

SSN-475

SSN Comment

Employment, wages, and training can be important benefits of major project development, but only under certain conditions. From a valuation perspective, the key question is to what extent will the project provide for incremental employment, wages, and training benefits beyond what would otherwise occur. Key elements to the problem include: unemployment rates, the skills demanded by a project and the skills available in the labour force, the wages and other benefits of project jobs and in alternative jobs, what training will be offered, the extent to which the training would already be provided and its costs, and expected benefits of training. Further, with respect to employment, wages, and training benefits for the SSN and other Aboriginal people in the region, it is critical to understand how the proponent will overcome challenges such as skill and education gaps, lifestyle conflicts, and cultural challenges.

Aboriginal people often face a number of challenges with respect to attaining and holding major project employment. The application notes that cross-cultural training will be provided to employees (p7.1-24), but I have not identified other information on how challenges faced by SSN members and other Aboriginal people will be addressed, nor information on the types of challenges that Aboriginal people face. Please indicate the proponent's assessment of the challenges SSN and other Aboriginal people may face, and how the proponent is planning on addressing these.

Response

As stated in section 14.2.2.1 of the Application, It is expected that a number of SSN members will benefit from these employment opportunities created by the Project. The ability of SSN members to benefit from these opportunities is linked to their current skills and experience, as well as KAM policies and commitments to local and Aboriginal hiring.

On-reserve workforce statistics (Table 14.2-3) indicate that as of 2011, 115 SSN members were experienced in trades, transport and equipment operations (over 20%), and another 40 members were experienced in occupations unique to primary industry occupations (7%). These proportions are considerably higher than for the rest of the LSA and RSA. According to Statistics Canada, TteS and SIB reserves have higher unemployment rates than the rest of the LSA. The unemployment rate at the Kamloops Indian Reserve (IR) #1 is 23.6% (or approximately 85 people), while the unemployment rate at the Skeetchestn IR is 16% (or approximately 33 people), compared to 8.5% for the entire LSA. It is expected that with appropriate training some of these unemployed members could be employed at the Project. It should be noted that over 40% of SSN members live off-reserve. Many of them likely live in Kamloops or other parts of the RSA and are also expected to have access to employment opportunities offered by the Project.

A number of SSN members are currently employed in mining-related activities. The SSN has a joint participation agreement in place with New Gold Inc. for the New Afton Project (which began commercial production in 2012). It is estimated that up to 25% of the New Gold employees (over 100 employees) could be SSN members at some point. In addition, many SSN members have transferable skills. Many Construction and primary sector workers, particularly in the forestry industry, have skills that are highly transferable to mining jobs. Many of these workers would require limited amount of additional education to be eligible for relatively high-paying jobs in the mining sector, in particular, heavy equipment operators, heavy duty mechanics, labourers and road builders, log hauling and transportation, wood processing, electricians, safety officers, administrators, and managers.

Overall, effects on employment and training are anticipated to be positive during Construction and Operation. However, as the Project moves out of Operation, there will be a reduction of Project

employment reverting to pre-Project conditions. However, investments in training and capacity development and skills gained at the Project will improve the employability of workers and thus their capacity to maintain incomes after the Project closes.

KAM is committed to maximizing long-term career and business opportunities for SSN members. KAM will work with the SSN to develop and implement a First Nations Human Resources Development Plan for all Project phases.

This includes measures to be implemented by the Project to enhance employment and training opportunities for local communities and Aboriginal Groups including:

- commitment to hiring locally;
- pursuing partnership opportunities with local education and training institutions to ensure that the expertise required for Operation is available;
- commitment to maximize recruitment of qualified Aboriginal candidates, in accordance with any established agreements;
- implementing cross-cultural training to recognize and support diversity, multicultural workforce; and
- facilitating continued training and development of employees, including provision of financial assistance to pursue educational opportunities and professional designations.

As stated in Section 14.2.2.3, The SSN have expressed concern that increased disposable income could result in increased social problems for communities (e.g., crime, drugs, gambling). This could cause stress for the communities and residents of the LSA. Employment and income available to local residents will directly benefit community well-being by reducing economic hardship (i.e., reducing unemployment for existing residents, providing higher incomes, and reducing dependency on government transfers). Project-related improvements to worker skills and experience will provide residents of the LSA with opportunities to pursue higher-paying jobs. Increased income could improve the standard of living, allowing people to purchase higher quality foods and housing, to pay for advanced education opportunities, or to access lifestyle amenities (e.g., buy equipment and supplies such as boats, fishing gear, fuel, etc., to engage in TLU activities) that may not be accessible with less income; therefore, enhancing their overall well-being.

Baseline information shows that Aboriginal residents of TteS and SIB reserves have lower personal and household income compared to the overall LSA and RSA. They also have lower educational achievement than other residents of the LSA (see Section 7.3). By providing additional income, employment, and training, the Project has the potential to increase living standards in the SSN communities. On the other hand, there could be some negative effects on well-being related to bad spending decisions. Relevant studies (Gibson and Klinck, 2005; Goldenberg et al., 2010) noted that increased incomes associated with resource extraction can lead to a greater potential for alcohol and drug use, increased sexually transmitted diseases, and other social and health problems. Negative consequences, however, are expected to diminish over time, after a period of adjustment by the workers and their families. Research suggests that, after one or two years, communities can adjust to increased income levels through an increase in social stability and improved services (NAHO, 2008).

This suggests that while there could be an opportunity for negative spending during the Construction phase and/or early Operation phase, employment income during the Operation phase is more likely to contribute to the overall improvement of well-being of the local communities.

The overall income-effect will largely depend on how workers choose to spend their increased income.

Development of appropriate socio-economic mitigation measures is a shared responsibility between KAM, the government, and the communities. As a result, all these parties must share responsibility for

social effects management for it to be effective. KAM will work with local stakeholders to assist in monitoring socio-economic effects and to take corrective actions where appropriate.

KAM will establish a Socio-economic Monitoring Advisory Committee. This committee will be comprised of municipal and regional governments, SSN representatives, KAM, and relevant local service providers (e.g., health service representatives, RCMP). This committee will be involved in monitoring and providing input to potential adaptive measures. In addition to these proposed measures, to minimize potential adverse effects on community well-being, KAM will implement the following mitigation measures:

- provide access to money management training to employees as required;
- offer counselling services to employees as well as cultural awareness training; and
- implement a zero tolerance policy with respect to drug and alcohol at the Project site for Project employees and contractors.

KAM recognizes that there are uncertainties associated with predicted socio-economic effects and the effectiveness of mitigation measures. To address these uncertainties the Project will implement a Socio-economic Monitoring Plan (SEMP) to track performance, evaluate mitigation measures, and implement adaptive follow-up programs as needed.