

# Indigenous and Northern Affairs

Northern Manitoba constitutes 67 per cent of Manitoba's landmass, but just over 7 per cent of its population, of which 75 per cent self-identify as Indigenous.<sup>1</sup> It has some of the province's richest natural resources and tourism icons, but also has an extremely high unemployment rate (35.1 per cent in November 2019).<sup>2</sup> Unemployment in First Nations communities is even higher with it being "typically above 75 per cent".<sup>3</sup> In contrast, unemployment in Southern Manitoba is only around 7.1 per cent and 5.4 per cent in Winnipeg.<sup>4</sup>

Beyond a lack of income, the effects of high levels of unemployment are correlated with suicide, incarcerations, greater social isolation, and chronic diseases such as cardiovascular disease and diabetes.<sup>5</sup> Unemployment and poverty also costs the provincial and federal governments money in terms of loss of income tax and increased demand for social services.<sup>6</sup>

Employment in Northern Manitoba has historically been contingent on large private corporations, especially in the natural resource industry.<sup>7</sup> Once profits begin to dwindle, corporations have "no loyalty to the communities they are based in or to the workers they employ", resulting in the closure of key industries "around which infrastructure and communities have been built

and become reliant".<sup>8,9</sup> Often these corporations leave behind environmental problems that stay long afterwards, such as the toxic mine waste leftover in Lynn Lake.<sup>10</sup> Furthermore, because the economic base is smaller in these communities, it can be harder for workers to find new employment when these industries close down, resulting in more workers collecting employment insurance and/or income assistance, and some dropping out of the labour force altogether. As a result, governments often try and avoid the loss of these key companies through tax breaks, bailouts and subsidies.<sup>11</sup>

## Corporate Handouts

The paper mill in The Pas best exemplifies the precarious nature of employment in Northern Manitoba. In August of 2016, citing an inability to "keep their product prices competitive" Tolko announced the closure of the mill in December of the same year meaning that 330 jobs at the mill — the town's largest employer — and 250 additional subcontracted jobs were to be lost.<sup>12</sup> Luckily for the town's 5,500 residents, Canadian Kraft Paper Industries purchased the mill for a nominal figure in November 2016 and kept the

employees on.<sup>13</sup> However this new buyer came at a cost, notably a three-year break on municipal property taxes (totalling \$2,508,954 if they were to be taxed at the same rate as Tolko) and a three-year postponement of pension solvency payments for an undisclosed amount.<sup>14 15</sup> The provincial government stepped in to assist with the deal by giving the corporation a break on additional pension payments for three years — although the payments would have to be paid back over the following five years.<sup>16</sup> This deal would not be the first time the paper mill in The Pas has received government aid, as Tolko received millions of dollars in the early 2000s to help keep them afloat throughout the softwood lumber dispute with the US.<sup>17</sup>

This boom and bust cycle and the closure and reopening of key industries are unfortunately common in Northern Manitoba. In fact, the paper mill in The Pas has changed hands four different times in the last 50 years (not including the most recent purchase), with the provincial government even owning it for a brief stint.<sup>18</sup> Likewise, the port of Churchill closed in 2016, putting around one hundred people out of work, although it reopened in 2018 thanks to new buyers.<sup>19 20</sup> The rail line to Churchill was also flood damaged in 2017 hurting any chances of moving anything out of the Port.<sup>21</sup> However, the federal government stepped in with \$117 million to repair the rail line, while the provincial government was notably absent, maintaining that it was an issue for the federal government.<sup>22</sup>

The Vale Smelter and refinery shut down in Thompson in 2018, resulting in around 400 workers losing their jobs.<sup>23</sup> Additionally, some of these unionized jobs have been replaced by contracted workers, who “do not pay taxes to... [the] community, or contribute to... [the] local economy”.<sup>24</sup> However, Vale Manitoba has expressed interest in investing \$1 billion in a new mine along the Thompson Nickel Belt. Interest in nickel is increasing with the anticipated uptake in electric vehicles (EVs)<sup>25</sup> (see section on Climate Change

for more). Nickel mining could provide years of employment to the area and this, combined with a comprehensive strategy to develop Manitoba Hydro’s potential and train unemployed workers from Thompson and surrounding communities, could result in decent, unionized jobs for northerners. Preparing locals for these jobs is crucial, as explained later.

The days of Flin Flon’s only mine may also be numbered as it is scheduled to close by 2021, putting the status of 800 jobs up in the air.<sup>26</sup> Although this boom and bust cycle is common in our economic system, its effects are even more pronounced in Northern Manitoba due to its overdependence on key industries and its smaller economic base.

#### A Made-in-the-North Community Economic Development plan

As a result of the recent job losses and high unemployment rates, the *Look North Report and Action Plan* commissioned by the Manitoba government in 2016 describes Northern Manitoba as “a region in decline”.<sup>27</sup> However, there are potential solutions that use a Community Economic Development (CED) approach that can help remedy this ‘decline’ by building off of Northern Manitoba’s strengths such as its natural resources, its untapped worker base and tight-knit communities. The CED approach is key as it offers a solution to economic and social exclusion by allowing community members to democratically control development, and to ensure that it aligns with the community’s interests (see CED chapter for more).<sup>28</sup>

There are key short-term changes that can be made to immediately alleviate the difficult situation in the North. For example, the government should put an end to its second public review, in as many years, of the Communities Economic Development Fund (CEDF), a crown corporation serving the North headquartered in Thompson.<sup>29 30</sup> The CEDF plays a key role for many new

and small businesses, providing consulting services, community programs and loans that are often too small for banks to give out.<sup>31</sup> The CEDF is also close to "...a neutral cost to the Manitoba taxpayers" thanks in part to interest earned from loans it administers.<sup>32</sup> However, in reality the fund is probably net positive, as this estimate does not take into account the taxes paid by CEDF funded businesses and their approximately 1,216 employees.<sup>33</sup> The CEDF has administered \$214 million dollars in loans since 1973, but it has not given out a loan since the 2017/2018 year due to it being under review.<sup>34</sup> This means that for two years potential businesses have been stifled and potentially the creation of local jobs as well.

A concern that Northern Manitobans consulted for the *Look North Report and Action Plan* brought up was the amount of untapped natural resources.<sup>35</sup> As part of the response to this report, the government recently ended the Mining Community Reserve Fund (MCRF) and replaced it with the Manitoba Mineral Development Fund (MMDF) and increased the amount of money in the fund from just over \$10 million to \$20 million.<sup>36</sup> It can be assumed this increase was in part a response to the news that the mine in Flin Flon will be shutting down by 2021.<sup>37 38 39</sup>

Despite the appeal of natural resource development, it is rarely without its problems. Most mining is environmentally damaging, and natural resources are finite, meaning that they will eventually be depleted. Mining companies typically assisted the development of mining towns if the project was expected to last a decade or more. More recently mining companies used work camps that largely relied on workers from elsewhere who have no commitment to the region. Residents are thereby left out of employment opportunities and the local economy has few benefits from the significant capital expenditures and annual servicing costs of operations. A prime example of this is the new mine adjacent to Snow Lake which has already operated for over five years and is expected to

last ten or more years. Few local residents work there, so local economic benefits are less than they should be.

Northern hydro developments over the past fifty years have been hugely capital intensive, with very large workforces for five or more years and then small once the station is in operation. The work camps of most of those projects had very few Indigenous residents from the region until the past decade and created major social issues as many Indigenous women were victimized by elements of the largely male workforce from elsewhere.<sup>40</sup>

The paucity of training and decent jobs for Indigenous workers continues despite local training programs that have been attached to hydro development. Critics have identified how and why these programs haven't been successful, and what to do to fix them.<sup>41</sup>

Natural resource extraction should be structured to benefit community members — including those in First Nations. If the focus were more on job training, employment for local residents, service contracts for Northern businesses and sustainable extraction rates then there is potential for natural resource extraction to be more beneficial to northerners. One way that the government could help ensure a beneficial outcome is by requiring mining companies that draw from the MMDF to implement partnership agreement models similar to those that Manitoba Hydro has used for projects such as the Keeyask and Wuskwatim Generating Stations.

These models would require firms to train and employ locals, including many Indigenous peoples who have not had a connection with the labour market due to colonialism; lack of training opportunities and their remote location.<sup>42</sup> These projects have faced legitimate criticisms from community members and workers, such as the temporary nature of jobs and work conditions, but there are steps that can be taken to improve the agreements that would play a part in reconciliation.

Nisichawayasihk Cree Nation Shows Us How Nisichawayasihk Cree Nation (NCN) and the Wuskwatim Project Development Agreement (2006) provide an excellent example. According to Deane and Szabo:

This was the first agreement in Canada in which a First Nation entered into an equity ownership position in the development and operation of a hydroelectric project (Wuskwatim Project History, 2019). The partnership gave Nisichawayasihk a 33 percent share in the revenues from power generation at Taskinighahp Falls on the Burntwood River. It also gave the community a say in the development of the project and an on-going role in monitoring its impacts.<sup>43</sup>

Manitoba Hydro also left behind infrastructure that continues to benefit the community. The Atoskiwin Training and Education Centre (ATEC) located in NCN was originally built by Manitoba Hydro to train workers for its Wuskwatim generating station. ATEC now operates as a Labour Market Intermediary; meaning that it matches employees to employers and provides workers with the necessary trades and/or post-secondary education for jobs that are available in the area.<sup>44 45</sup> Additionally, after workers are matched with employers, ATEC stays in contact with both parties to ensure that their needs are being met, and if necessary, relocates or retrain workers. ATEC also serves an important community and cultural purpose as it provides therapy and traditional teachings to those who want it.<sup>46</sup>

NCN has benefited greatly from these investments, to the point that it is leading community development for First Nations across the county. Not only is it training community members for local jobs, it is training First Nation residents from across the North at their ATEC Centre and creating more jobs by building much-needed energy-efficient housing for the harsh northern climate. NCN is also creating backward and forward linkages so that construction materials are

manufactured in the community, creating even more jobs.<sup>47</sup>

### Diversification

Although natural resource extraction can be done in a way that is more beneficial to the community, it is also increasingly important for Northern Manitoba to diversify its economy so that it doesn't remain over dependent on natural resources. The provincial government recently committed to ensuring "the private sector is held accountable for environmental damage, and that remediation measures are rapidly implemented".<sup>48</sup> Knowing that there is clean up to be done in particular in orphaned mines and wells, the government could begin training workers in this field and create jobs. The provincial government has spent more than \$200 million on cleaning up orphan mines closed over the past fifty years.<sup>49</sup>

Another way that Northern Manitoba can diversify its economy is by growing its tourism industry. The current government recently pledged to increase its funding 25 per cent.<sup>50</sup> One way that this money could be put to good use is by creating a training centre similar to ATEC, whose goal is to train Northerners interested in working in the tourism industry.

These training centres could also double as important culture and community hubs by hosting art or dance classes, or by hosting healing programs to re-connect residents with traditional practices. This incorporation of arts could be a good way to combat the tragically high levels of suicide in Manitoba's North (see chapter on Arts for more).

Government procurement, as explained in Budget Paper C, can also play a larger role in Northern Manitoba. The indigenous owned Aki Energy is a good example of how government collaboration can be used to help social enterprises tackle several different problems simultaneously. Manitoba Hydro provides Aki Energy with contract work to install geo-thermal energy

in homes in First Nation communities, thereby reducing GHGs.<sup>51</sup> Aki also serves another important function as it trains workers — who are often multi-barriered — with key industry skills in the process.<sup>52</sup> Recognizing the importance and success of social enterprises, it makes sense to continue offering support through the CEDF. The goal should be to set up what the *Look North Report* dubs an “Enterprise Eco-system of Support”, where enterprises can grow and find the necessary connections to be successful.<sup>53</sup> This should include support for the Social Enterprise sector, as highlighted in the Social Enterprise section of the APB.

Ultimately, these changes would help lower unemployment, which has broader effects such as better health outcomes, lower rates of suicide and incarceration and would help create a more equitable Northern Manitoba.<sup>54</sup> Additionally, these changes would help the government fill some of the 168,700 job openings between 2018 and 2024 with the trades industry itself needing around 21,600 new workers and work towards their goal of creating 40, 000 private sector jobs.<sup>55</sup> <sup>56</sup> Finally, a lower rate of unemployment would save the federal and provincial government money by reducing the amount of people collecting employment insurance and benefits and increase their tax revenue.

### Investing in Manitoba’s North

The APB increases the amount of CEDF money available for the 2020/2021 year include the amount of money set aside for the previous two years that it was under review. In other words, the APB recommends that the budget be increased three fold from its annual average of 2.99M for one year to make up for the funds that were not available in the previous two years.

*Increased Expenditure: \$9M*

The APB provides training dollars to First Nation communities interested in adopting a similar model as ATEC. Funds could, for example, complement money borrowed from the CEDF for environmental clean-up, training in traditional arts, or for work in the tourism industry.

*Increased Expenditure: \$5M*

### Restorative Justice

As explained in the Justice chapter, Indigenous-led, self-determined restorative justice is an important part of reconciliation. The APB dedicates funding from the divestment of funding in the Justice department to restorative justice programming in the North.

*Increased Expenditure: \$20M*

***Total Increased Operating Expenditure: \$34M***

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<sup>8</sup> *Ibid*, p. 2.

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