



Keeyask Infrastructure Project

Socio-economic Effects Monitoring Program

Socio-economic Monitoring

Annual Report 2012-2013



KEYYASK INFRASTRUCTURE PROJECT

SOCIO-ECONOMIC EFFECTS MONITORING PROGRAM

Annual Report 2012 - 2013

Report for

MANITOBA CONSERVATION AND WATER STEWARDSHIP

Prepared On Behalf of the
Keeyask Hydropower Limited Partnership

By

Manitoba Hydro

December 2013

TABLE OF CONTENTS

1.0	INTRODUCTION	5
2.0	OVERALL PURPOSE AND APPROACH	5
3.0	STUDY AREA	6
4.0	OVERALL SCHEDULE	7
5.0	ECONOMIC MONITORING.....	7
5.1	EMPLOYMENT.....	7
5.1.1	Person Years of Employment.....	9
5.1.2	Hires.....	9
5.1.3	Employees	9
5.1.4	Employment Duration	10
5.1.5	Type (Job Classifications) of Work Available	10
5.1.6	Rates of Turnover.....	11
5.2	BUSINESS	12
5.2.1	Direct Project Expenditures	13
5.2.2	Indirect Employment and Business Opportunities Survey	13
5.3	INCOME.....	14
5.3.1	Labour Income	14
5.3.2	Taxes.....	15
6.0	SOCIAL MONITORING	16
6.1	BACKGROUND	16
6.2	ONGOING DISCUSSIONS WITH THE KCN COMMUNITIES, THOMPSON AND GILLAM.....	16
6.3	CULTURAL AWARENESS ACTIVITIES	17
6.4	TRAFFIC AND SAFETY	17
6.5	WORKER INTERACTIONS.....	18

LIST OF TABLES

Table 1:	Person Years of Employment, January 1, 2012 - March 31, 2013:	9
Table 2:	Number of Hires, January 1, 2012 – March 31, 2013:.....	9
Table 3:	Total Employees January 1, 2012 - March 31, 2013	10
Table 4:	Total Hires by Job Classification January 1, 2012 - March 31, 2013.....	11
Table 5:	Total Discharges and Resignations January 1, 2012 - March 31, 2013.....	12
Table 6:	Direct Purchases, January 1, 2012 to March 31, 2013.....	13
Table 7:	Labour Income January 1, 2012 to March 31, 2013	14
Table 8:	Tax Revenues January 1, 2012 to March 31, 2013.....	15
Table 9:	Traffic on the access road July 18, 2012 to March 31, 2013	18

1.0 INTRODUCTION

The Keeyask Hydropower Limited Partnership is constructing the Keeyask Infrastructure Project (“the Project” or “KIP”). The Project is located approximately 180 km northeast of Thompson and 40 km southwest of Gillam, extending between PR 280 and Gull Rapids on the Nelson River. The Project includes a start-up camp and associated infrastructure, a 25 km all weather access road and the first phase of a main camp.

The KIP Socio-Economic Effects Monitoring Program (SEMP) notes that monitoring provides a means to examine actual project effects, measure the effectiveness of mitigation measures, and identify any unanticipated impacts for adaptive management purposes. The socio-economic environment encompasses economic and social components. The Monitoring Program focuses on key components of the socio-economic environment that may be affected by the Project, including both indirect and direct effects.

2.0 OVERALL PURPOSE AND APPROACH

The Keeyask Infrastructure Project Environmental Assessment (EA) Report outlined various proposed socio-economic monitoring activities. Overall, the intent of Manitoba Hydro and the Keeyask Cree Nations (KCN) is to reduce adverse effects of the Project and to enhance Project benefits to the extent feasible and practicable. Monitoring information will assist in this management task. The SEMP for the Project is intended to document positive and adverse changes with respect to specific socio-economic components over time, with the following purposes:

- To confirm impact predictions in the EA Report;
- To identify unanticipated effects;
- To monitor the effectiveness of mitigation measures;
- To identify other actions necessary to mitigate adverse effects or enhance positive effects;
- and
- To provide socio-economic information for other uses.

The SEMP focuses on key pathways of effect to, and components of, the socio-economic environment. The SEMP builds on the assessment studies conducted for the EA Report using

established methods for data collection and analysis. The SEMP is intended to be adaptive in that results of monitoring are to be used to modify the SEMP on an on-going basis, as appropriate. Separate monitoring programs have been developed in relation to terrestrial and aquatic factors and heritage resources.

3.0 STUDY AREA

The KIP SEMP notes that the nature and degree of socio-economic effects resulting from the Project are expected to vary across different regions depending on, among other things, proximity to the Project and geographic location relative to the Project hiring preference. The regions identified below were considered in the Keeyask Infrastructure Project Environmental Assessment.

KCN Community Study Area - The KCN Community Study Area includes the four First Nation communities in the vicinity of the Project: Tataskweyak Cree Nation at Split Lake; York Factory First Nation at York Landing; War Lake First Nation at Ilford; and Fox Lake Cree Nation at Bird and Gillam. These First Nation communities were included in this study area for the following reasons:

- They have areas used for traditional activities such as hunting or trapping that could be affected by the Project facilities;
- They have populations eligible for employment under Directly Negotiated Contracts (DNCs) during construction; and
- They are parties to the Joint Keeyask Development Agreement (JKDA) and are partners in the Project.

Northern Manitoba Study Area – The broadest spatial scope used for the assessment (other than very occasional references to provincial and broader regions) is the Northern Manitoba Study Area. For the purposes of the socio-economic assessment, this area is defined as Statistics Canada Census Divisions 22 and 23. The key focus is on Thompson and Gillam as they are the major service centres in the region.

In order to facilitate data collection and analysis, the SEMP has adopted somewhat different study area definitions. For the purposes of employment and business monitoring, the **Northern**

Region is to be defined by the BNA line (Schedule D from the Burntwood/Nelson Agreement). The SEMP is also to consider business and income effects for **Manitoba** and **Canada**.

4.0 OVERALL SCHEDULE

The SEMP focuses on the construction period of the Project, reflecting the magnitude of employment, business and income opportunities available during that time. It is anticipated that certain socio-economic parameters will continue to be monitored into the operations and decommissioning period as part of the proposed future Keeyask Generating Station, if it is developed.

5.0 ECONOMIC MONITORING

Economic monitoring includes monitoring of all employment and business associated with the Project. The objectives of economic monitoring for the Project are as follows:

- To track employment outcomes, with a particular focus on Aboriginal and northern resident employment outcomes;
- To track construction business outcomes, with a particular focus on Aboriginal and northern business participation; and
- To track the effect on project income levels, including labour income resulting from direct employment as well as estimated taxes paid to the government.

All information regarding employment monitoring is provided from January 1, 2012 to March 31, 2013.

5.1 EMPLOYMENT

The Project EA Report provided estimates regarding potential KCN and northern Aboriginal resident participation in employment opportunities associated with the Project. It was estimated that the levels of participation would be influenced by several factors, including timing of the employment opportunities and the level of interest in pursuing employment opportunities by KCN members and other northern Aboriginals.

Monitoring of employment outcomes provides data on the success in attracting and retaining KCN and northern Aboriginal employees during Project Construction.

During construction, employment data is collected on site by contractors through an employee self-declaration form designed specifically for the Project (“Employee Report- Keeyask Project”). All completed forms are provided by on-site contractors to Manitoba Hydro, and stored in a central database for the Project. Contractors also provide information to Manitoba Hydro on hours worked and labour income to enable calculations for person years and income estimates during construction. Employment data is provided in the categories outlined below:

- Person years – When part-time and/or seasonal workers are used, it is useful to standardize the hires in terms of person years of employment. Person years of employment are defined as the amount of work that one worker could complete during twelve months of full-time employment. For construction planning purposes and to compare to the EA Report, the number of hours worked per year is approximately 3000 hours per year (assuming 60 regular hours weekly) in most trade categories. For economic comparison purposes, the number of hours worked per year is approximately 2000 hours per year (assuming 40-44 regular hours weekly). As this report can be used for various types of comparisons, the data has been presented in terms of 3000 and 2000 hours per year.
- Hires - Refers to the number of people hired on the Project site for any duration.
- Employees - Refers to the number of individuals hired. The variance between Hires and Employees can be attributed to an individual being hired to the Project more than once.
- Average duration of work on the project
- Type (job classifications) of work available
- Rates of Turnover

5.1.1 Person Years of Employment

To date, KIP has generated 88 person years of employment in terms of a 3000 hour per year basis (132 person years in terms of a 2000 hour per year basis). See the Table 1 below for the breakdowns of person years of employment.

Table 1: Person Years of Employment, January 1, 2012 - March 31, 2013:

	3,000¹ hours	2,000² hours	% of Total Person Years
KCN	32	47	36%
Aboriginal	53	80	60%
Non-Aboriginal	35	52	40%
Northern Manitoba Aboriginal	44	66	50%
Northern Manitoba Non-Aboriginal	1	1	1%
Manitoba	87	130	99%
Non-Manitoba	1	1	1%

Note: Figures above are not additive.

5.1.2 Hires

As of March 31, 2013, there were 521 hires on the project. See Table 2 below for the breakdown of total hires.

Table 2: Number of Hires, January 1, 2012 – March 31, 2013:

	Hires	% of Total Hires
KCN	231	44%
Aboriginal	377	72%
Non-Aboriginal	144	28%
Northern Manitoba Aboriginal	334	64%
Northern Manitoba Non-Aboriginal	6	1%
Manitoba	497	95%
Non-Manitoba	24	5%

Note: Figures above are not additive.

5.1.3 Employees

A total of 330 employees were hired on the Project from January 2012 to March 31, 2013. See Table 3 below for the breakdown of total employees.

¹ This number is used for construction planning purposes and to compare to the numbers in the EA Report.

² This number is used for economic comparison purposes.

Table 3: Total Employees January 1, 2012 - March 31, 2013

	Employees	% of Total Employees
KCN	118	36%
Aboriginal	213	65%
Non-Aboriginal	117	35%
Northern Manitoba Aboriginal	183	55%
Northern Manitoba Non-Aboriginal	6	2%
Manitoba	307	93%
Non-Manitoba	23	7%

Note: Figures above are not additive.

The total number of employees is less than the total number of hires because the same individual may have been hired more than once. For example, an individual may have moved to work on a different contract or moved to a different job classification to improve their position.

The number of employees to date does not reflect the number of employees on site at a given time. The number of employees on site at any given time varies depending on the work in progress and the time of year. The number of employees on site is usually highest during the period from late spring through early fall, which is typically the period with the highest level of construction activity and the largest workforce on site. The actual number of employees on site over the course of the year ultimately depends upon the work plans and schedules of the contractors for the various project components, in conjunction with the provisions of the Burntwood-Nelson Agreement, which is the collective bargaining agreement for the Project.

5.1.4 Employment Duration

As duration is a retrospective indicator, it will be reported on at the end of construction. During construction many positions on site are ongoing; therefore it is not possible to capture a meaningful picture of duration until all employees have left the job site.

5.1.5 Type (Job Classifications) of Work Available

Total hires by job classification are provided in Table 4 below. For employee privacy and confidentiality reasons, the numbers of hires by residency cannot be disclosed, similar to Table 3 above, as the numbers are relatively low for particular classifications at this phase in the project.

Table 4: Total Hires by Job Classification January 1, 2012 - March 31, 2013

Classification	Total KIP Hires	% of Total Hires
Labourers	83	16%
Security Guards	6	1%
Operating Engineers (Crane & Equipment)	147	28%
Teamsters	111	21%
Carpenters	25	5%
Insulator Workers	<5	<1%
Iron Workers	7	1%
Electrical Workers	9	2%
Plumbers and Pipefitters	<5	<1%
Office Workers	21	4%
Caterers	22	4%
Other*	85	16%
Total Hires	521	100%

*The “Other” category refers to hires in job classifications not covered by the Burntwood Nelson Agreement, i.e. “out of scope” positions. This would include managerial and supervisory staff (both Contractor and Manitoba Hydro), other Manitoba Hydro on-site staff and certain technical staff (engineers and technicians).

5.1.6 Rates of Turnover

To date, there have been 84 occurrences where employees were discharged or resigned. This represents a rate of turnover of 16 percent of total hires. Of the 84 occurrences where employees were discharged or resigned, 53 reported being of Aboriginal descent. This represents a 14 percent rate of turnover among Aboriginal hires. The majority of job site turnover, 71percent, is comprised of resignations as opposed to discharges. A resignation represents an individual choosing to leave a job and does not include layoffs. Table 5 below outlines the breakdown of discharges and resignations, as well as turnover.

Table 5: Total Discharges and Resignations January 1, 2012 - March 31, 2013

	Number of Discharges	% of Total Discharges	Number of Resignations	% of Total Resignations	Turnover Rate³
KCN	14	58%	27	45%	8%
Aboriginal	20	83%	33	55%	10%
Non-Aboriginal	<5	<17%	27	45%	6%
Northern MB Aboriginal	19	79%	32	53%	10%
Northern MB Non-Aboriginal	<5	<5%	<5	<5%	<5%
Manitoba	23	96%	57	95%	15%
Non-Manitoba	<5	<5%	<5	5%	<5%

Note: Figures above are not additive.

To date there have been a number of instances where individuals have resigned or been discharged from the job site, but have later returned to work on the Project. Since Project inception to March 31, 2013 this has occurred eight times - approximately 10 percent of total resignations and discharges. Of these returns to the work site, five reported to be of Aboriginal descent, representing about nine percent of all Aboriginal resignations and discharges.

5.2 BUSINESS

Project construction presents business opportunities locally, regionally and across the Province. Business outcomes are measured in terms of data on the direct expenditures of the Project for goods and services with a focus on Aboriginal and northern spending. Data collected during construction consists of:

- Direct project expenditures
- Indirect employment and business opportunities survey

³ Turnover is calculated as total incidences of discharges and resignations divided by total hires. The total hires for calculating turnover has been modified to exclude Contract 016125 (Emergency Medical Services) as the hiring and work scheduling practices for this contract can misrepresent the true turnover rate.

5.2.1 Direct Project Expenditures

To date, \$78.7 million has been spent on goods and services for the Project. Of this, \$70.5 million were Manitoba purchases. Total northern Manitoba (Aboriginal and non-Aboriginal) purchases represent \$54.5 million or 77 percent of total Manitoba purchases. Another \$0.6 million was spent on other purchases using credit cards and cheques where there is no definitive way to confirm whether the vendor is a northern, Aboriginal, Manitoba or non-Manitoba business. Table 6 below summarizes the breakdown of total purchases to date.

Table 6: Direct Purchases, January 1, 2012 to March 31, 2013

	\$ (Millions)	% of Total
Manitoba	\$70.5	89%
KCN	\$53.9	-
Other Northern Manitoba Aboriginal	\$0.4	-
Other Northern Manitoba	\$0.2	-
Other Manitoba	\$16.0	-
Outside of Manitoba	\$7.6	10%
Other	\$0.6	1%
Total	\$78.7	100%

5.2.2 Indirect Employment and Business Opportunities Survey

This survey will be conducted near the end of construction and results will be summarized in a future Socio-Economic Effects Monitoring Program Annual Report.

5.3 INCOME

The results of income monitoring include estimates of the following:

- Labour income - an important indicator of the direct economic impact of the Project. Income levels affect the general standard of living of individuals and families.
- Taxes - Direct taxes reflect revenue generated for the government, which in turn, contribute to societal programs and general well-being. Examples include:
 - Provincial sales tax
 - Payroll tax
 - Corporate capital tax
 - Fuel tax
 - Estimate of personal income taxes

5.3.1 Labour Income

The estimate of labour income reflects the direct income earned by workers from employment on the Project. It is the sum of wages and salaries associated with direct person years of employment⁴. Total labour income earned to date is approximately \$10.1 million. Table 7 below lists the breakdown of labour incomes earned on the Project to the end of March 31, 2013.

Table 7: Labour Income January 1, 2012 to March 31, 2013

	Labour Income (Millions)	% of Total
KCN	\$3.1	30%
Aboriginal	\$5.8	57%
Non-Aboriginal	\$4.3	43%
Northern Manitoba Aboriginal	\$4.7	47%
Northern Manitoba Non-Aboriginal	\$0.1	1%
Manitoba	\$10.0	99%
Non-Manitoba	\$0.1	1%

Note: Figures above are not additive.

⁴ Labour income is calculated based on information provided by contractors and Manitoba Hydro.

5.3.2 Taxes

The Project also contributes to government revenues. This includes revenues received by federal and provincial governments such as payroll tax, personal income tax, capital tax, fuel tax and provincial sales tax. Not all of these taxes are payable by the Project; however, they are generated as a result of it. The estimate provided here does not include taxes received by the local or municipal government or taxes associated with indirect or induced employment.

The estimate of total tax impacts to the end of March 2013 is \$7.5 million. The estimate includes \$0.2 million in payroll taxes⁵, \$2.8 million in personal income taxes⁶, \$0.7 million in capital tax, \$1.0 million in fuel tax⁷ and \$2.8 million in provincial sales tax⁸.

The breakdown of the estimated total is provided in Table 8 below.

Table 8: Tax Revenues January 1, 2012 to March 31, 2013

	Taxes to March 31, 2013 (\$Millions)		
	Provincial	Federal	Total
Provincial Sales Tax	\$2.8	----	\$2.8
Payroll Tax	\$0.2	----	\$0.2
Corporate Capital Tax	\$0.7	----	\$0.7
Fuel Tax	\$0.6	\$0.4	\$1.0
Personal Income Tax	\$1.2	\$1.6	\$2.8
Total	\$5.5	\$2.0	\$7.5

⁵ Health and Post-secondary Education Tax is calculated as 2.15 percent of the estimated labour income of \$10.1 million.

⁶ Personal income taxes are paid by individual employees to the federal and provincial governments. Each individual's personal tax situation (and therefore taxes payable) will vary. However, this estimate is based on a range of reasonable assumptions.

⁷ The fuel tax estimate is based on provincial taxes of 14 cents/litre for both diesel and gasoline; federal taxes of 4 cents/litre for diesel fuel and 10 cents/litre for gasoline; provincial and federal taxes of 3.2 cents/litre and 4.0 cents/litre, respectively, for aviation fuel.

⁸ PST is based on estimates of taxes paid directly by the Project and PST on materials provided by suppliers under real property contracts.

6.0 SOCIAL MONITORING

6.1 BACKGROUND

The Keeyask Infrastructure Project Socio-Economic Effects Monitoring Program notes that social effects of the Project are expected to vary across regions, and the widest scope and magnitude of effects is expected to occur in the Local Region closest to the Project (i.e., including the KCN communities, as well as Thompson and Gillam). Anticipated social effects were identified in the EA Report. The SEMP has been designed to address these potential effects and to identify and respond to any unanticipated effects of the Project.

The objectives of social monitoring for the Keeyask Infrastructure Project are as follows:

- To document the Partnership's ongoing discussions with the KCN communities and the Town of Gillam and the City of Thompson regarding Project impacts;
- To document outcomes of on-site cultural and employee retention activities during construction; and
- To document transportation safety.

Unless otherwise indicated, information is provided from the start of the Project to March 31, 2013.

6.2 ONGOING DISCUSSIONS WITH THE KCN COMMUNITIES, THOMPSON AND GILLAM

Discussions have taken place with City of Thompson and Town of Gillam representatives regarding the first year of project implementation. The information provided indicated that, in its first year, the Project had no or minimal effects on either the Town of Gillam or the City of Thompson. No effects were observed by the representatives contacted, and they had received no related comments from community residents.

Manitoba Hydro and the KCNs continue to discuss community participation in monitoring activities related to both KIP and the proposed Keeyask Generation, specifically with regards to Aboriginal Traditional Knowledge (ATK) monitoring.

6.3 CULTURAL AWARENESS ACTIVITIES

The Project's Employee Retention and Support (ERS) services are provided under a Direct Negotiation Contract with the Fox & York Keeyask Joint Venture Company. This service provides for various on-site measures to ensure that sensitivity and respect for cultural differences are demonstrated. These measures include the provision of on-site counselling to employees, development and implementation of Aboriginal awareness training for employees, site orientation for KCN members, and making all necessary arrangements for cultural ceremonies at important project milestones.

ERS staff arrived on site on March 18, 2013. As there is a short period of time between when the ERS staff arrived on site and the end date for this reporting period, there is no information to report on at this time. It is anticipated that this information will be available for the next reporting period.

6.4 TRAFFIC AND SAFETY

The KIP SEMP identifies a potential for an increase in traffic on Provincial Road 280 (PR 280) during construction of certain components of the Project. Information on traffic levels and accidents on PR 280 is being compiled, based on data provided by Manitoba Infrastructure and Transportation (MIT). MIT collects PR 280 traffic counts every two years. Data from 2011 has been obtained, and will be used as a baseline for comparison to data to be compiled in 2013. Manitoba Hydro will also be obtaining MIT information on PR 280 traffic incidents as it becomes available.

The access road is intended to connect PR 280 to the proposed Keeyask Generating Station site. Access is controlled by means of a security gate at the intersection of the access road and PR 280. The gate office is staffed 24 hours a day, seven days a week. Road use and traffic incidents along the access road are monitored through gate records and by security reports from patrols. Information collected includes documentation of the types of users on the access road, and monitoring of any incidents associated with non-construction use of the road, consistent with the Project's Access Management Plan.

Data collection for the road began on July 18, 2012, initially by a temporary contractor. A Security Services DNC was signed with the Fox York & Sodexo Joint Venture Company in November 2012, and they took over data collection in February 2013.

Table 9 provides a summary of traffic on the access road during the reporting period. On average, 85 vehicles per day used the road from July 18, 2012 to March 31, 2013. To date, the access road has not been used for non-construction-related traffic.

Table 9: Traffic on the access road July 18, 2012 to March 31, 2013

	2012						2013			Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Total	513	1643	3454	5748	4214	1605	1078	1576	2022	21853
Daily Average	37	53	115	185	140	52	35	56	65	85

Source: Manitoba Hydro
 Note: Vehicles by month, with daily average (July 18, 2012 to March 31, 2013)
 July 18, 2012 was the temporary security start date.

6.5 WORKER INTERACTIONS

The Project’s Environmental Assessment (EA) Report identified a potential for socio-economic effects related to worker interactions, particularly in the KCN communities, Gillam and Thompson.

Discussions with representatives of the City of Thompson and the Town of Gillam regarding the first year of project implementation included their perspectives on possible effects of worker interactions. Information provided indicated that, in the first year of the Project, no such effects were observed.

During the reporting period, a Harmonized Gillam Development Worker Interaction Subcommittee was in development. The Subcommittee will provide a forum for information sharing and communication related to the anticipated increased workforce in the Gillam area due to various planned Manitoba Hydro projects. The Subcommittee is intended to monitor and consider the broader implications of the influx of workers into the area; facilitate early

identification of potential issues; and work cooperatively to prevent issues to the extent possible, or to address them as they arise. It is anticipated that additional information on ongoing Subcommittee discussions will be available for the next reporting period.