



**Media Release**  
**(For Immediate Release)**

25 January 2007

**Alternatives North Questions**  
**Mackenzie Gas Project Socio-Economic Agreement**

(*Yellowknife, NWT*) Alternatives North is raising serious questions and concerns about the Socio-Economic Agreement for the Mackenzie Gas Project (MGP) signed by the Government of the Northwest Territories and the proponents (Imperial Oil, ConocoPhillips and Shell).

The Agreement was signed over the period of January 12-19, 2007 and not released to the public until January 22, 2007.

Alternatives North spokesperson, Ben McDonald, describes the agreement “as a ‘best efforts’ deal with no penalties for non-compliance. It simply repeats the commitments made by the proponents over two years ago, with few if any improvements or gains.”

McDonald said, “Alternatives North had requested that a draft be made available for public review prior to signing. But the Territorial Government ended up negotiating a sub-standard agreement in secret that does little to ensure northerners benefit from this massive project built by some of the world’s largest and richest corporations.”

In the Agreement, the GNWT commits to streamlining the regulatory and administrative processes for the MGP, but fails to secure even a general statement of support from the proponents for devolution or revenue-sharing.

“This Agreement does nothing to address the real incremental and forced growth costs that the MGP will place on public programs and services such as policing, health care, housing, emergency response, and the municipal infrastructure gap. Why was this Agreement signed with so many gaps?” McDonald asked.

The monitoring provisions of the Agreement are particularly weak, especially compared to the monitoring bodies already set up for NWT diamond mines.

“It’s clear that the proponents and GNWT did not want a meaningful, resourced and active monitoring body. Without staff, with no office, and meeting a few times a year during construction and only once per year during operation, it is difficult to see how the important jobs of monitoring, enhancing benefits and improving mitigation will be done”.

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For more information:

Ben McDonald  
Co-Chair, Alternatives North  
867-873-8123 Phone or e-mail: [benmcdonald@mac.com](mailto:benmcdonald@mac.com)

**ALTERNATIVES NORTH CRITIQUE OF THE  
MACKENZIE GAS PROJECT SOCIO-ECONOMIC AGREEMENT**

**Negotiation Process and Parties**

- There was no public involvement in the negotiation, drafting or review of the document. GNWT negotiated the Agreement in secret with the proponents. Alternatives North suggested to GNWT at public hearings before the Joint Review Panel that there should be a public comment period on a draft before the Socio-Economic Agreement was signed.
- Aboriginal governments were not involved in the negotiation, drafting or review of the document. “Representatives of the Inuvialuit Regional Corporation (IRC), Gwich’in Tribal Council and Sahtu Secretariat (SSI) have been briefed on the contents of the SEA [Socio-Economic Agreement]” (GNWT Questions and Answers). It does not appear that NWT municipal governments or their organization, the NWT Association of Communities, were involved either.

**Lack of Vision and Linkages**

- Agreement is not linked to a larger vision of a sustainable future for the Northwest Territories. There are no linkages to devolution, revenue-sharing, or a heritage fund to transition to a more sustainable economy.
- The proponents secured a commitment from GNWT to “facilitate and streamline regulatory and administrative processes applicable to the Project” (s. 5.6.1) but failed to secure even a general statement of support from the proponents on devolution or revenue-sharing.

**Enforceability**

- The provisions in the Agreement do not guarantee residents of the NWT any economic benefits from MGP. This is a “best efforts” deal as found in the definition of “reasonable commercial efforts”. There are no teeth since the Agreement “does not mean or imply that a Party commits that it will actually accomplish the applicable objective” (s. 1.2.9)
- There are no sanctions, penalties or fines if the proponents do not meet any of the targets for employment, training, procurement or other commitments. As an example of what might have been done, if the proponents were to fail to meet NWT employment targets, additional contributions to training funds may have been sought.
- It is unclear how the proponents’ commitments will apply to contractors or subcontractors who will carry out much of the work on the MGP.

### **Shortcomings, Gaps and Lack of Progress**

- The definition of NWT resident is anyone who claims that “he or she resides in a self-contained domestic establishment in the Northwest Territories” (see s. 1.1 Definitions). There is no residency requirement, for example, the three-month waiting period for health care coverage.
- There are no specific commitments towards affirmative action for women including provisions for childcare.
- It is admitted in the Agreement that further work is needed on arrangements for worker health care, policing, municipal infrastructure support, emergency response, and other public services. The Agreement does not address the incremental or forced growth costs for GNWT or how the proponents may contribute towards the increased demand and stress that will be placed on public services.
- The GNWT appears to have surrendered its ability to take positions on and to intervene in labour disputes (see s. 11.7.2).
- The Agreement is little more than a consolidation of the socio-economic commitments made by the proponents in the original Environmental Impact Statement filed on October 7, 2004. GNWT appears to have been unwilling or unable to negotiate any further concessions on or improvements to employment, training, procurement, mitigation, or monitoring.

### **Weak Monitoring Provisions**

- Although a NWT Oil and Gas Socio-Economic Advisory Board is to be established, the parties “do not intend for the Advisory Board to maintain permanent staff or premises” (Schedule A s. 3 (a)). It is unclear how effectively a Board can perform without staff or an office in monitoring the “accuracy and completeness of the predicted socio-economic effects”, “effectiveness of mitigation measures”, and “adjustment of existing and the development of new mitigation measures” in relation to the multi-billion dollar MGP.
- The membership of the Board does not include organized labour or non-governmental organizations that are often responsible for delivery of front-line social services.
- The resources provided for the Board (\$200,000/year during construction and \$75,000/year during operation) are very low compared to the scale of the MGP and similar monitoring bodies for the NWT’s diamond mines. Recent annual budgets for the existing agencies are as follows: Diavik Communities Advisory Board (\$400,000/year), Environmental Monitoring Advisory Board (for the Diavik mine \$630,000/year), Independent Environmental Monitoring Agency (for the BHP Billion Ekati mine \$560,000/year), and Snap Lake Environmental Monitoring Agency (for the De Beers Snap Lake mine \$650,000/year).
- The NWT Oil and Gas Socio-Economic Advisory Board is to meet only three times per year during construction and once a year during operation (s. 8.4.6). The Board can only conduct its own research or studies with the unanimous consent of all the parties (s. 8.4.1).