

# Anticipated Social Impacts of the Proposed Mackenzie Gas Project

Prepared for Hon. Floyd Roland

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## Overview

Forty years of studies, projects, and experiences pertaining to hydrocarbon activity in the North offer a significant amount of information to the consideration of potential socio-economic impacts of the Mackenzie Gas Project (MGP). Many of the social issues identified through this time period remain relevant today. Issues such as anticipated increases in alcoholism, crime, violence, and welfare dependence date back to Thomas Berger's report of 1977.<sup>1</sup> Predictions of overwhelmed community infrastructure and services, insufficient housing stock, disruption of traditional activities, and the need for increased social expenditures and the hiring of additional front line workers persist through reports of the 1980s.<sup>2</sup>

This report outlines the anticipated social impacts of the proposed pipeline from the perspective of the Inuvik Interagency Committee. Our concerns are based on our members' past experience of petroleum exploration and resource extraction in the Beaufort-Delta and the lessons learned from similar activities in the North. Numerous reports of similar and more extensive content on the matter have been written by Interagency partners and bear consultation in consideration of pipeline preparation and mitigation strategies.

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<sup>1</sup> T. R. Berger, Northern Frontier Northern Homeland: The Report of the Mackenzie Valley Pipeline Inquiry (Ottawa: Minister of Supply and Services, 1977) Vol 1.

<sup>2</sup> Federal Environmental Assessment and Review Office, Beaufort Sea Hydrocarbon Production and Transportation Proposal, (1984).

D.A Stewart, Perceived Impacts of the Norman Wells Project on Social Conditions and Native People (Ottawa: Indian Affairs and Northern Development, 1986)

## The Inuvik Interagency Committee

For more than twenty years, the Interagency has worked to identify, address, and resolve gaps in social services programming. It is the Interagency's goal to implement changes in the town of Inuvik which are responsive, proactive, progressive and, ultimately, community-driven. Efforts to enact positive social change in the past have led to the establishment of entities such as the Inuvik Food Bank, Suicide Hotline, Victim's Services, and the New Beginnings Alternative School.

The Interagency performs a unique function in our community, serving as a forum and model for collaboration. Our membership is open, currently ranging between 60 and 85 individuals representing over thirty local agencies and programs and including members of the general community. Member involvement ranges between active participation in projects and subcommittees, attendance of monthly meetings, attendance of special events, and receiving informational communications.

The Interagency was originally established to address concerns regarding the impacts that a previous oil and gas boom (1970s – 1980s) had on residents of the Beaufort-Delta. These concerns persist with renewed exploratory activity on the part of the Mackenzie Gas Project (MGP). We work to account for and address current social issues to minimize their exacerbation by the anticipated development stresses associated with the MGP thereby allowing us to direct more energy to maximizing the anticipated positive impacts.

### ***Our Mission***

*The Inuvik Interagency Committee is a non-profit network of community representatives collaborating to implement community-driven social change.*

*Community-driven issues are those based on the expressed needs of the community.*

*To accomplish this mission, we:*

- *Facilitate communication between existing programs and services,*
- *Engage our community in consultations, needs assessments and issue-identification processes,*
- *Identify and resolve gaps in social programming,*
- *Act as a resource for service access, and*
- *Foster the development of new social programs and services.*

## Anticipated Social Impacts

### *Drug and Alcohol Use and Abuse*

Increased economic opportunities tend to result in more money being spent on alcohol and substances. The petroleum industry has an image of one in which employees “work hard and play hard”. For example, Fort McMurray’s booming economy has been reportedly accompanied by a significant increase in drug and alcohol use and related crimes. From 2004 to 2005, the number of cocaine offences increased 106%; the same year, impaired driving offences were almost three times the national rate at 28%.<sup>3</sup> Increased alcohol and substance use presents numerous spin-off costs as well as risks to non-users.

The NWT has a notably high rate of drug and alcohol use and abuse. In fact, “the prevalence of heavy alcohol consumption and high-risk drinking is significantly higher in the NWT than in any Canadian province.”<sup>4</sup> There is considerable concern that the economic boom associated with the pending pipeline will lead to further increases in these already high rates.

#### **Existing Conditions:**

- 62% of First Nations people aged 15 and over perceive alcohol abuse as a problem in their community, while 48% state that drug abuse is an issue.<sup>5</sup>
- Approximately 32% of NWT residents aged 15 and over (41.3% of current drinkers) had engaged in high-risk alcohol use in the year prior to the survey. The prevalence of hazardous drinking in the NWT was about two times higher than in the provinces.<sup>6</sup>
- One in three NWT residents in 2003 was insulted or humiliated by someone who had been drinking, had serious arguments as a result of someone else’s drinking, or is pushed or was shoved by someone who had been drinking. 13.5% of residents had been hit or physically assaulted by someone who had been drinking.<sup>7</sup>
- Lack of addictions treatment services and/or aftercare.
- Insufficient mental health workers and drug & alcohol counsellors.
- Suspected high incidence of Fetal Alcohol Spectrum Disorder (FASD).

#### **Anticipated Impacts:**

- Increased need for addictions services
- Increased incidence of relationship violence
- Introduction and spread of harder drug use (e.g. cocaine, etc)
- Increased rates of unwanted pregnancies or children born with FASD

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<sup>3</sup> Glen Kauth, *Crime rise ‘typical of a boomtown,’* Fort McMurray Today (July 2006).

<sup>4</sup> GNWT Dept. of Health & Social Services, *Northwest Territories Addictions Survey* (January 2006) 29.

<sup>5</sup> Statistics Canada, *Aboriginal Peoples Survey*, 1991.

<sup>6</sup> GNWT Dept. of Health & Social Services, iv.

<sup>7</sup> GNWT Dept. of Health & Social Services, iv.

- Increased bootlegging activity
- Increased crime and vandalism
- Increased workplace accidents

### **Mitigation:**

- Schedule shift changes so that employees do not have the previous evening in the community, or time prior to the flight to access alcohol;
- Strict enforcement of a zero-tolerance policy regarding drugs and alcohol on the work sites;
- Restrictions on alcohol sales – in particular, quantities sold in a single sale;
- Provide healthy alternative activities through which employees can recreate and relieve stress;
- Require drug screening for all new employees and random drug testing throughout employment;
- Provide services for employees and community members to access appropriate treatment in the community;
- The problem can be addressed by companies actively promoting the reduction of the use of alcohol and substances, or its elimination, through education and information programs;
- Industry could provide assistance to existing local addictions and substance abuse counselling services;
- Industry could collaborate with the Interagency Committee in implementing a community plan to address the issue.
- Industry could hold regular safety meetings that inform workers of the dangers associated with working under the influence.

### ***Housing***

Housing has received considerable attention as an area where impacts are most expected as a result of rapid population growth and increased economic activity. Inuvik's housing market already struggles to adequately house its existing population; an extremely low vacancy rate and the unique challenges of northern construction make for a limited supply of housing. Inseparable from social context, the local housing situation is further complicated by a myriad of related social issues including addictions, physical and mental health, gambling, domestic violence, and insufficient education and employment.

As the construction phase of the pipeline nears, the northern migration of prospective workers and relocation of management personnel will increase housing demand and compound social issues that put pressure on housing. Anticipated outcomes include housing shortages, increased crowding in available housing, increased rents and the rental of substandard units.

### **Existing Conditions:**

- Overcrowding
- Significant amount of substandard rental housing.
- Vulnerable homeless population.<sup>8</sup>
- Extremely low vacancy rate - A 2002 study cited a 0% vacancy rate and no unoccupied houses in 2001.<sup>9</sup>
- 28% of Inuvik households experience some form of housing problem (suitability, adequacy, and/or affordability). 13% of Inuvik households have been identified as being in “core need” as defined by the NWT Housing Corporation.<sup>10</sup>
- High rental rates – 14% of Inuvik households experienced housing affordability problems in 2004.<sup>11</sup>

### **Anticipated Impacts:**

- Promise of development will increase rental rates and cost of living
- Increased demand for housing – resulting in increased competition, prices, and waitlists
- Increased strain on program and service delivery;
- Decreased capacity of local housing organizations;
- Higher costs for program and service delivery
- Additional strain on infrastructure

### **Mitigation:**

- Establish a camp in or near Inuvik to alleviate some of the pressure on the housing market;
- Industry could construct temporary housing to meet their accommodation needs;
- Industry should only rent and retain apartments and/or row houses in Inuvik as and when needed;
- Supply transient housing for people coming to Inuvik seeking work;
- Re-examine existing housing policies in light of changing circumstances;
- GNWT should explore costs and benefits of rent control policies

## **Health & Social Services**

Interagency members are anticipating an increased demand on health and social services accompanying the expected increase in population and demographic associated with employees of the hydrocarbon industry. The message from residents and non-governmental and aboriginal organizations that have participated in socio-economic impact assessments is unanimous: *our front-line workers are already overwhelmed*. In a report on the social impacts expected in the Inuvialuit Settlement

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<sup>8</sup> Eilidh Mackenzie, Homelessness in Inuvik Inuvik Interagency Committee (November 2003).

<sup>9</sup> R. Ellis, Housing Demand Study NWT Chamber of Commerce (2002).

<sup>10</sup> NWT Housing Corporation, Community Needs Survey: Community Housing Needs Overall Results (March 2004) 3.

<sup>11</sup> NWT Housing Corporation, 3.

Region, the Inuvialuit Regional Corporation calls for “a comprehensive review and assessment of regional health care and social services programming,”<sup>12</sup> stating that

There is an urgent and immediate need for enhanced services and programs, and the development and implementation of new programming to better manage both existing health and social conditions and the increased demands that will result from the project’s social impacts.<sup>13</sup>

#### **Existing Conditions:**

- In 2002, 245 therapeutic abortions were performed on NWT women. At a rate of 24:1000, this was the highest across Canada;<sup>14</sup>
- Gonorrhoea rates for NWT women are twelve times the national rate;<sup>15</sup>
- Existing services and staff numbers already inadequate;
- High rate of staff turnover;
- The Family Counselling Centre is under funded and consequently experiences significant difficulty in maintaining a sufficient number of qualified staff – operating, at times, under a waitlist of up to two months.

#### **Anticipated Impacts:**

- An influx in southern workers may result in an increase in STI’s and other infectious diseases;
- An influx in southern workers may result in an increase in unwanted or teenage pregnancies;
- Increased demand on health services;
- Increased demand on emergency services for workplace injuries;
- Increased need for counselling and social work services.

#### **Mitigation:**

- Industry could meet with Public Health on how to minimize the spread of STI’s;
- Condoms can be made available in the work place and camps;
- Education and information can be offered on using condoms to prevent STI’s and unwanted pregnancies would assist in addressing the issue;
- Require a health exam for new employees;
- Industry should provide medical and mental health staff in camps;
- Industry could provide financial support to Family Counselling, the mental health agency in the community;
- Industry could provide support to agencies that provide support services to individuals, families and the community;
- Industry could support recreation in the community through funding specific projects or contributing to the Family Centre;

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<sup>12</sup> Inuvialuit Regional Corporation, Mackenzie Gas Project: Preliminary Assessment of Potential Social Impacts on the Inuvialuit Settlement Region (July 2004) 42.

<sup>13</sup> Inuvialuit Regional Corporation, 42.

<sup>14</sup> Status of Women.

<sup>15</sup> Status of Women.

- Hire additional qualified counsellors with knowledge of the northern cultures to work with families and community members who will be impacted;
- Employers should implement local Employee Assistance Programs (EAP) with qualified professionals who understand the cultures of the north;
- Establish debriefing teams to deal with any accidents or deaths that may occur in connection with the construction and operation of the pipeline.

## ***Crime & Justice***

Periods of economic boom are commonly accompanied by an increase in the crime rate as was seen during the oil activity of the 70's and 80's in the Beaufort Delta and during the construction of the Alaskan Pipeline. Currently amidst oilfield economic boom, Fort McMurray's crime rate has increased faster than its population, a trend that is said to be "reflective of a transient community with a high percentage of single males aged 18 to 20."<sup>16</sup> Other factors in boom-associated rises in crime include the drastic increase in alcohol and substance abuse, a rise in assaults and family violence, and inequalities in access to pipeline income.

### **Existing Conditions:**

- Limited number of RCMP members are worked to maximum capacity
- Overloaded justice system causes delays in addressing issues

### **Anticipated Impacts:**

- Increased need for RCMP services
- Increased alcohol and drug related crime
- Rise in prostitution
- Additional pressure on overloaded justice system
- Rise in youth crime

### **Mitigation:**

- Industry should consult with the RCMP on how to minimize the increase in crime;
- Industry could meet with the Town Council and local aboriginal organizations on this issue;
- Industry could support the agencies dealing with offenders and the victims of crime (Inuvik Justice Committee, Victim Services and Inuvik Transition House);
- Fund prevention programs such as life skills, responding to bullying, reducing vandalism, dealing with anger, Citizens on Patrol (COPS), Neighbourhood Watch, Block Parent Program and land skills programs;
- Fund programs aimed at preventing domestic violence;
- Fund programs aimed at reducing assaults and sexual assaults;
- RCMP could meet with the security personnel for the camps to work on crime prevention for both individuals and company property;

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<sup>16</sup> Glen Kauth, 2.

- Industry informs RCMP of any hazardous materials at each site and camp as they work with Emergency Measures on responding to disasters or accidents that may involve hazardous material.

### ***Education & Employment***

The amount and type of employment that will be available to northerners is yet unclear. While some northerners perceive the pipeline as a future opportunity for economic security, others are very aware of the short term nature of the jobs. There is considerable scepticism about how many pipeline positions will be filled by northerners due to steep competition, southern unions, and discrimination.

It is anticipated that low education levels will also be a barrier to the employment of northerners. However, there is currently little preparation in this area in terms of establishing training programs and enhancing adult education programs.

#### **Existing Conditions:**

- Poor educational participation and achievement rates;
- Lack of training opportunities directly relevant to skill development that would allow northerners to best take advantage of opportunities.

#### **Anticipated Impacts:**

- Union workers will gain priority employment over local people;
- Increased rate of high-school drop out rate, as youth leave school for work on or related to the pipeline;
- Increased need for trained and educated staff, pressure on the educational resources.

#### **Mitigation:**

- Industry continues to visit the high school to provide students with the message that they need to complete their education to qualify for employment;
- Industry continues to send the message to the public that only qualified personnel will be employed by pipeline;
- Industry should require high school graduation for employment;
- Provide immediate funding required for applicable training programs, training should be conducted locally through Aurora College and begin immediately;
- Provide funding for related programs at the post secondary level. These are programs that while not directly dealing with the petroleum industry deal with the impact of the industry;
- Provide funding for pre-literacy training such as the Caribou Out-Reach Centre to ensure a pool of potential employees;
- Provide pre-employment training such as Inuvik Works and Aurora College to ensure new employees are prepared for the demands, challenges and responsibilities of employment;

- Support programs at the elementary and high schools;
- Actively recruit women for training and education programs to prepare them for the construction and operation of the pipeline;
- Develop policies and practices that ensure equal opportunity for training and employment;
- Make passing in grade school emphasize achievement rather than the students age.

## **Poverty**

Poverty is an issue in Inuvik and the surrounding area. People living in poverty include those on Income Assistance, single parents, those working in the service industry and those working for minimum wage. Poverty issues will be complicated by the pipeline construction as the cost of living will increase in reflection of the economic boom.

### **Existing Conditions:**

- Inuvik Food Bank provides ongoing food assistance to approximately 500 community members<sup>17</sup> (~15% of the population).
- In Inuvik, 8% of households are overcrowded. For Beaufort-Delta communities, this number can be as high as 14%.<sup>18</sup>

### **Anticipated Impacts:**

- Inequalities in access to pipeline income will further marginalize low-income residents;
- Cost of basic needs (food, rent and clothing) will rise with introduction of industry wages;
- Influx of speculative migrant workers may find no jobs and end up on social assistance;
- Increased number of income support cases.

### **Mitigation:**

- Support community non-profit resources such as the Food Bank, public showers, laundry facilities, second-hand clothing store, and used furniture depot.
- Industry can donate excess or remaining supplies and materials to community non-profit and charitable organizations.

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<sup>17</sup> Inuvik Food Bank Society, personal communication, (Aug 2006).

<sup>18</sup> NWT Housing Corporation, 3.

### **Family & Child Wellbeing:**

Residents and Interagency members are anticipating more pressures on local families in association with the Mackenzie Gas Project. With recent exploration activity, families and single parents have encountered significant problems in accessing affordable and reliable services such as day care. No daycare is available in Inuvik for children under the age of two, thus limiting the ability of some parents to work. Shift scheduling in camps will further complicate child care issues and cause additional strain on the parent whom remains with the children.

An increase in child abuse and neglect is also expected. This will result in an even higher workload for the community Social Workers who currently have limited resources to work with.

### **Existing Conditions:**

- Limited day care, no formal daycare for children under the age of 2;
- From April 2001 to March 2002, 295 women and their 321 children used NWT family violence shelter, for a total of 8,747 bed nights. NWT rate of shelter use is about eight times the national rate.<sup>19</sup>
- In 2004, 241 sexual assaults were reported to the RCMP in the NWT. This is almost eight times the national rate of reported sexual assaults.<sup>20</sup>
- Increase in child maltreatment cases

### **Anticipated Impacts:**

- Increased strain on families, specifically women and children, due to shift scheduling;
- Insufficient daycare will limit the ability of some, mainly women, to participate in labour force;
- Spouses in abusive relationships will have fewer options for leaving during a period of boom as even less housing will be available to them, and they may be dependent on their partner for money.

### **Mitigation:**

- Industry could provide financial support to the Inuvik Child Development Centre and Head Start Program to allow them to increase the number of spaces available for day care;
- Industry could provide employees with a childcare benefit or provide workplace childcare;
- Fund support for a day care accepting children under the age of two.
- Consider flexibility in the shift scheduling of parents who work in the field or community;
- Fund parenting programs so parents can develop their skills to meet the needs of their children;

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<sup>19</sup> Status of Women Council of the NWT, Facts on NWT Women (2005) Online Available Aug. 9, 2006 [http://www.statusofwomen.nt.ca/download/factsheet\\_2005.pdf](http://www.statusofwomen.nt.ca/download/factsheet_2005.pdf)

<sup>20</sup> Status of Women.

- Addressing alcohol consumption and substance abuse issues will reduce the number of assaults;
- Education and information programs can reduce the number of assaults and the attitudes surrounding assaults;
- Industry could provide supports to those agencies working with the victims of assaults (Victim Services, Family Counselling, and Transition House);

### ***Life Skills***

The rapid transition to a wage economy, the legacy of residential schools and the boom and bust cycle of the north has left many individuals and families without crucial life skills. These include the skills to budget, handle a sporadic income, or practice long term financial planning. The development of these skills will greatly enhance our community's capacity to manage economic change and to lead healthier lives through periods of stress and flux.

#### **Existing Conditions:**

- Parenting skills have declined;
- Many families lack basic life skills.<sup>21</sup>

#### **Anticipated Impacts:**

- Short term incomes will be treated like additional disposable income
- Increases in disposable income will be directed to increases in alcohol, drugs and gambling

#### **Mitigation:**

- That an orientation package be prepared for those hired addressing issues such as healthy living, stress, and budgeting;
- Provide life skills and financial management courses for workers and their families;
- Industry should consider direct deposit of pay cheques as a means of ensuring the employee's family members are able to access funds while the employee is working in camp;
- Work with CIBC in Inuvik to ensure that employees who do not have bank accounts are able to set them up with a minimum of difficulty;
- Assist and encourage workers to return to their home community at the end of the shift change. This may reduce the degree of substance use at shift change, and ensure that employees do not spend large sums of money on drugs and/or alcohol in Inuvik during shift changes.

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<sup>21</sup> Inuvialuit Regional Corporation, 28.

## **Conclusion**

The Interagency has an important role to play in preparing for and managing social impacts associated with resource development in the Mackenzie Delta. Representing community members and over thirty local social service agencies, the Interagency offers a broad cross section of expertise and feedback on community wellness and social issues. While the issues described above provide an overview of the concerns of our members, it is recommended that a more complete understanding be found the documents produced by member agencies.

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