

THAIDENE NENE –LAND OF OUR ANCESTORS
BUSINESS CASE

Prepared by:

Cathy Wilkinson

On behalf of:

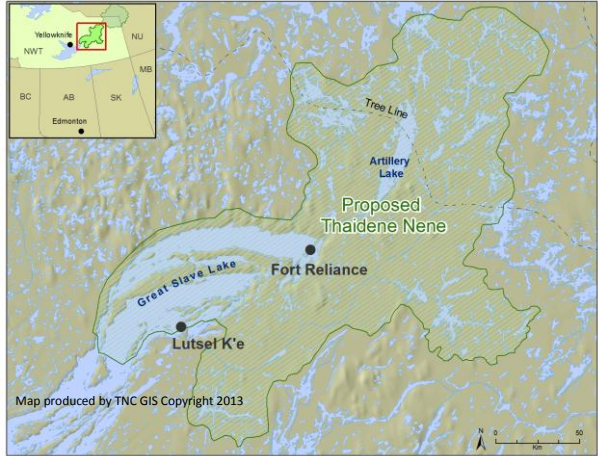
Lutsel K'e Dene First Nation

April 2013

Lutsel K'e Dene First Nation (Lutsel K'e) has identified an area called Thaidene Nene ("Land of Our Ancestors"), whose ecological and cultural values it wishes to protect through the establishment of a protected area in partnership with Parks Canada.

Lutsel K'e and Parks Canada have signed the Thaidene Nene Framework Agreement, which creates a formal negotiating process towards the establishment of Thaidene Nene, and to determine shared governance, management, and operational responsibilities. Lutsel K'e and Parks Canada are working to refine a vision and boundaries for Thaidene Nene to meet a range of ecological, cultural and visitation objectives.

The proposed protected area would protect habitat for wildlife species such as barren-ground caribou while securing key cultural features such as the traditional hunting and fishing grounds of the Lutsel K'e Dene. It would also enable the Parties to protect an outstanding representative portion of the northwestern boreal uplands.



In addition, the creation of Thaidene Nene offers a host of economic benefits. For example, Lutsel K'e believes that Thaidene Nene will catalyze a broader sustainable tourism strategy and associated employment opportunities for the community. It will also make a significant contribution towards fulfilling a range of federal and territorial goals and policies.

In particular, Thaidene Nene will help the Government of the Northwest Territories (GNWT) achieve the goals of its Tourism Strategy 2015, which aims to increase the value of the tourism industry by \$130 million by the year 2015, in part through an emphasis on growing the Aboriginal tourism sector and associated cultural tourism products and facilities. Thaidene Nene offers unparalleled opportunities in this regard.

Thaidene Nene will also contribute to the fulfillment of the Government of Canada's Northern Strategy, which aims to promote both social and economic development, and the protection of environmental heritage. By protecting key ecological and cultural values, pursuing economic opportunities associated with conservation, and providing certainty to industry regarding land use in the region, Thaidene Nene will serve as an excellent example of the Northern Strategy's balanced approach.

This document, while not a comprehensive economic assessment, aims to outline some of the economic impacts associated with the creation of Thaidene Nene. It is intended to inform ongoing discussions with both the federal and territorial governments regarding the initiative. It was developed using existing documents produced by Parks Canada, other Canadian park agencies, and external experts. It also draws on a preliminary market study produced to support development of a sustainable tourism strategy associated with Thaidene Nene for Lutsel K'e.

At over \$111 million annually, tourism generates more revenue in the Northwest Territories than all other renewable resources combined.

Source: GNWT, Industry, Tourism and Investment

Protected Areas Generate Significant Economic Benefits

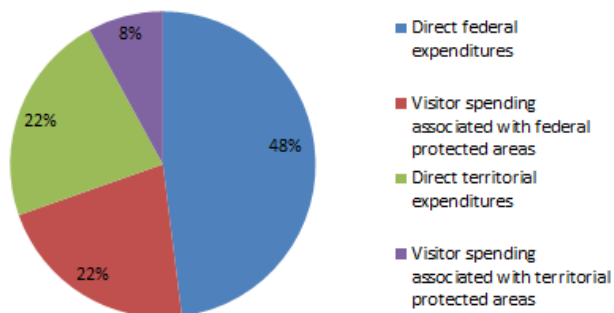
In addition to the ecological and cultural values they represent, protected areas can make a significant economic contribution, both in terms of the direct impact of park expenditures as well as enhanced tourism and visitation to these areas and to their surrounding communities.

According to the most comprehensive study of its kind in Canada, park organizations across the country spent \$0.8 billion in 2008-09, while visitors to the parks they manage spent an additional \$4.4 billion. The economic impacts generated by these expenditures included \$4.6 billion in GDP – an amount slightly greater than the entire GDP of the Northwest Territories that same year¹. Other economic impacts included labour income of \$2.9 billion, creation of over 64,000 full-time equivalent² (FTEs) jobs, and tax revenue of 0.3 billion³.

National parks played a particularly significant role in generating these economic benefits. Spending by Parks Canada during this period exceeded the total of provincial and territorial park agencies combined⁴. In the Northwest Territories alone, Parks Canada outspent the territorial government \$16.9 million to \$7.9 million during the period examined. Visitor spending in 2009 was also higher in federally-managed protected areas: visitor spending in territorial parks was \$2.8 million while in Parks Canada sites, expenditures were closer to \$7.6 million.

As a sector, Canadian protected areas (including agency expenditures and associated visitor spending) generated \$4.6 billion in GDP in 2009. The entire GDP of the Northwest Territories in 2009 was \$4.055 billion.

Spending related to Protected Areas in the NWT 2008-09



¹ See <http://www.statsnwt.ca/economy/gdp/>.

² Total employment impact – number of actual jobs may be higher, given that many may be seasonal or part-time.

³ "The Economic Impact of Canada's National Provincial and Territorial Parks in 2009", prepared by The Outspan Group Inc. for the Canadian Parks Council, April 2011.

⁴ Ibid, Table 3, page 15.

These investments in the NWT contributed an estimated \$22.9 million to Gross Domestic Product (an amount roughly equivalent to the contribution made to the NWT's GDP by the residential construction industry⁵). Other economic impacts included \$18.2 million in labour income, 246 full-time equivalent positions (FTEs), and \$1.7 million in tax revenue. National park spending (both by Parks Canada and national park visitors) was responsible for over 70% of these impacts⁶.

Economic Benefits Associated with Thaidene Nene

The creation of Thaidene Nene will add to these benefits in a number of ways, including direct employment, major capital investments in site infrastructure, ongoing operational investments, and associated opportunities for sustainable tourism both in Lutsel K'e and across the region.

Direct Employment

While the details of the management model for Thaidene Nene are still under negotiation, the community has already created 2 full-time positions and anticipates the creation of at least one additional part-time position, as well as up to 8 seasonal jobs.

Parks Canada is one of the largest employers in the North, with 370 employees in 22 communities. Well over half of these employees are Aboriginal¹. These employees contribute directly to the social and economic fabric of their communities, and have access to a host of training and leadership development opportunities through such programs as the Aboriginal Leadership

Based on the funding model typically used by Parks Canada in northern parks, it is assumed that up to another 8 FTEs could be created directly by the Agency within the first twelve years after establishment (including both full-time and seasonal positions). In addition to visitor interpretation and site management, key seasonal jobs in the context of Thaidene Nene include fire management (given the prevalence of fire in northern boreal ecosystems).

As such, direct employment in the Lutsel K'e community as a direct result of Thaidene Nene is estimated at 18 positions, including at least 5 full-time, year-round jobs. Thaidene Nene would therefore become a significant local employer, helping to diversify the local economy with high quality, long-lasting jobs. By comparison, Lutsel K'e currently has one full-time community nurse and two RCMP officers⁷.

⁵ See <http://www.statsnwt.ca/economy/gdp/>

⁶ "The Economic Impact of Canada's National Provincial and Territorial Parks in 2009", prepared by The Outspan Group Inc for the Canadian Parks Council, April 2011, Table 4, page 18.

⁷ From <http://lutselke.lgant.ca/services-14>

Major Capital Investments

Start-up investments in infrastructure will be required in Thaidene Nene. It is anticipated that initially, this will include a visitor centre and administrative offices (potentially housed in the same building), and over time, expand to include one or more patrol and/or monitoring cabins, campsites, and other recreational infrastructure (e.g. a trail network, emergency shelters, etc).

Based on Parks Canada's investments in other similar sites, it is estimated that **investments in major capital projects within Thaidene Nene could be in the range of \$12 million during the first twelve years of operation (with an initial focus on building the visitor centre/administrative offices).**

In addition to providing infrastructure that will attract tourists to the area, these investments will generate spin-off benefits through, for example, construction jobs and purchase of associated goods and services from suppliers in the community and the region as a whole (including Yellowknife). This will magnify the impact of this spending significantly.

Ongoing Operational Costs

There will also be ongoing operational costs associated with the creation of Thaidene Nene, including wages, goods and services, and ongoing capital costs not related to major infrastructure. To estimate these costs, this analysis considered figures generated in a 2006 impact assessment of the potential expansion of the Nahanni National Park Reserve. Nahanni is the most comparable site to Thaidene Nene in terms of location, access, and likely visitation⁸. As such, these figures provide a reasonable working model for what can be anticipated for Thaidene Nene.

While the average annual expenditure by Parks Canada in Nahanni since its creation is approximately \$1.6 million, these expenditures average closer to \$2 million each year by the year 2000 and were expected to go up following park expansion. Given the similarities between Nahanni and Thaidene Nene, **it is anticipated that annual investments by Parks Canada will ramp up from approximately \$1 million in the first years of operation to at least \$2 million annually within twelve years.**

This is consistent with the level of investment in other northern sites managed by or with Parks Canada. Lutsel K'e will also contribute directly to these operational costs, in the expected range of between \$250,000 and \$750,000 annually, for a combined total of approximately \$2.5 million per year within twelve years.

⁸ While Nahanni is one of four national parks in the NWT, two (Aulavik and Tuktoyaktuk) are very remote and visitation is relatively low. As such, Nahanni is responsible for an estimated 59% of visitor spending in the NWT.

Innovative Trust Mechanism

Lutsel K'e is exploring a different financing model for Thaidene Nene that would secure up-front capital costs within a trust fund, which in turn will serve as a mechanism for additional private conservation donations. The trust will also be a vehicle to enable Lutsel K'e's direct participation in the operation and management of Thaidene Nene. While still being developed, this innovative trust mechanism will reflect a true partnership between Parks Canada and the Lutsel K'e First Nation in establishing Thaidene Nene, and will provide financial security for the operations of Thaidene Nene over the long-term.

Sustainable Tourism Benefits

Initial market research suggests that protection of Thaidene Nene in partnership with Parks Canada can be a potent catalyst for significantly enhanced sustainable tourism opportunities for both the community of Lutsel K'e and the region as a whole, including Yellowknife. These new opportunities would support and complement existing economic activities such as trapping, which will continue in and around Thaidene Nene.

While many of these benefits would accrue to the community of Lutsel K'e, these would also have broader benefits. For example, Yellowknife would benefit from both through-traffic as well as the fact that visitors to Thaidene Nene will almost certainly also visit Yellowknife as part of their trips.

An estimated 40% of NWT residents trap, hunt, and fish. Sales of NWT fur marketed through the Genuine Mackenzie Valley Fur program totalled over \$1.5 million in 2012, the highest sales in 20 years.

Source: GNWT, Industry, Tourism and Investment

There is currently very limited accommodation and commercial services and infrastructure in Lutsel K'e to support business or leisure travel to the community. According to the preliminary market research conducted for the community, 'current supply is not meeting leisure travel demand at all and ... is meeting only approximately 60-75% of the current business travel demand'⁹.

Despite this lack of infrastructure and the fact that Lutsel K'e is not currently marketed as a tourism destination, leisure travel to Thaidene Nene is estimated in the range of a minimum 500 people per year, primarily for sport fishing¹⁰. This suggests that, with the enhanced promotion and branding typically associated with Parks Canada sites, Thaidene Nene could

⁹ From, 'Preliminary Market Study Data: Ground-truth research on existing tourism visitation to Lutsel K'e and Thaidene Nene to support the Thaidene Nene Sustainable Tourism Strategy', prepared by Pure North Canada Ltd, February 2013.

¹⁰ *ibid.*

easily meet or surpass Nahanni’s visitation levels (which averages 1000 visitors/year) once park and associated tourism infrastructure are in place.

In particular, the creation of Thaidene Nene provides an opportunity to attract both additional tourists from existing audiences (i.e. sport fishing) as well as other segments of the tourism industry, such as outdoor adventure travellers and tourists seeking to view the aurora borealis. As noted earlier, it also represents a major opportunity to contribute to the delivery of the GNWT’s tourism goals, related particularly to Aboriginal tourism products and experiences.

This in turn will generate demand for commercial services in Lutsel K’e as the gateway or staging ground for visitors to the area. Of primary importance will be additional lodging, given that this represents the greatest existing barrier to leisure travel in and around the community.

As a starting point, new accommodations could include an “ecolodge” in or adjacent to Thaidene Nene as well as additional in-town lodging (in the range of 6-12 beds). This in turn would drive other economic opportunities, such as food and beverage services, outfitting and guiding, transportation, arts and crafts, and general recreation services. In addition, there will be demand for a range of support industries from accounting to health services.

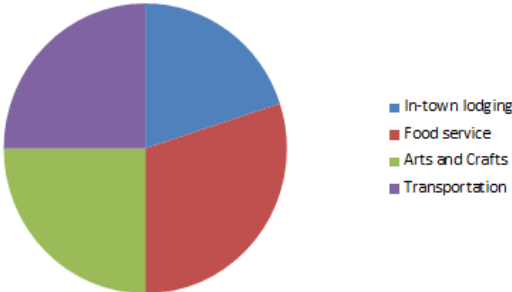
Estimated Employment Generated by Thaidene Nene Sustainable Tourism Development

| Sector / Opportunity | Estimated Direct Employment Generated | Seasonal | Year-Round | Estimated Indirect Employment Generated | Seasonal | Year-Round | Estimated Indirect Businesses and/or Supported |
|---|--|-----------------|-------------------|--|-----------------|-------------------|---|
| Ecolodge (12-18 rooms) | 10-14 | X | | 1-2 | X | | 1 |
| In-town lodging (6-12 rooms) | 3-6 | | X | 1-2 | | X | 1-3 |
| Foodservice for above | 2-4 | | X | 4-9 | | X | 1-2 |
| Interpretive Guiding and Outfitting | 9-11 | X | | 2-3 | X | | 1-2 |
| Recreation (unguided) | 1-2 | X | | 10-12 | X | | 1-2 |
| Arts and Crafts, Performing Arts | 1-2 | | X | 4-7 (plus) | | X | 1-2 |
| Transportation | 1-2 | | X | 4-5 | | X | 2-3 |
| TOTAL EMPLOYMENT, BUSINESS OPPORTUNITIES | 27-41 | | | 26-40 | | | 8-15 |

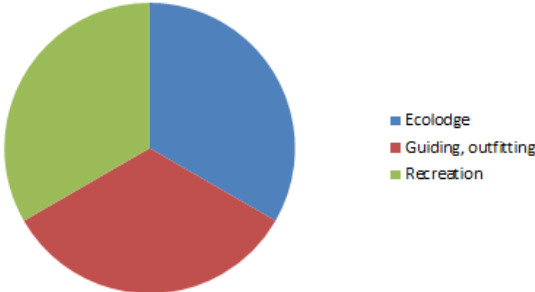
Source: Preliminary Market Study Data from Pure North Canada Ltd, 2013

Based on the initial projections above, these opportunities could directly or indirectly result in **the creation of at least 20 new year-round jobs in the community, as well as an additional 30 seasonal jobs.** This represents a significant boost to the local economy and economic wellbeing of the community of Lutsel K'e, as well as the broader regional economy.

Year Round Employment by Source



Seasonal employment by source



Summary

Creation of Thaidene Nene represents an unparalleled opportunity to protect key ecological and cultural values in the region, create land use certainty for all players, and contribute to the overall economic health of the community, the South Slave region, and the territory as a whole.

As such, it offers a powerful example of the kind of balanced approach to conservation and economic development anticipated in the Northern Strategy, which can be highlighted as Canada takes over chairmanship of the Arctic Council.

Based on initial market research and analysis of similar protected areas across the north, potential economic benefits generated by Thaidene Nene include:

- Up to 18 full-time and seasonal jobs annually within 12 years in Lutsel K'e for the direct operation and management of Thaidene Nene;
- Capital infrastructure investments of approximately \$12 million dollars and associated spin-off benefits for local builders and suppliers over the first twelve years of operation;
- Ongoing operational funding of up to \$2.5 million/year within twelve years; and
- At least 20 new, year-round jobs and 30 jobs on a seasonal basis in sustainable tourism opportunities in Lutsel K'e, along with potential spin-off opportunities in Yellowknife.

“Every job outside of Yellowknife is like 10 jobs in Yellowknife.”

NWT Finance Minister
Michael Miltenberger,
CBC News, February 7,
2013

These economic benefits would significantly improve the wellbeing of the community of Lutsel K'e, as well as the broader region, consistent with the desires of both Lutsel K'e and the GNWT to maximize jobs across the territory, particularly at the community level.

However, these gains will not be realized without the designation of Thaidene Nene as a protected area and provision for joint management between Lutsel K'e and Parks Canada. Partnering with Parks Canada creates unique employment and training, national branding and promotion, and tourism opportunities for the community and the region as a whole.

Not proceeding with a national park in Thaidene Nene would result in the loss of both immediate and ongoing investments in the region by Parks Canada. Furthermore, it would eliminate a crucial driver for sustainable tourism in the region which could not be replaced by either local or territorial efforts.

As such, there is a clear rationale for the establishment of Thaidene Nene in partnership with Parks Canada, the GNWT and other partners to both safeguard key ecological and cultural values, and to create significant local and regional economic opportunities now and in the future.