

ECONOMIC IMPACTS OF LOWER CHURCHILL OR MUSKRAT ONLY HYDROELECTRIC PROJECT ON LOCAL COMMUNITIES

Presentation to the Joint Panel reviewing the Lower
Churchill Hydroelectric Generation Project

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Member Waterkeeper Alliance®



The Lower Churchill Hydroelectric Project will heavily impact the communities in the Upper Lake Melville region and to a lesser degree, the rest Labrador.

Effects will include municipal infrastructure, programs and services, the social as well as cultural, historic and ecological.

NALCOR claims “The Project will provide long term sustainable economic and social benefits for the people of Labrador and Newfoundland.” (EIS Vol 111, Ch.8 Conclusions and Sustainability)
NALCOR’S statement appears to be focused on “short term” economic effects and does not take the boom/bust scenario seriously.

Boom/Bust

BOOM: The Project will create short term jobs through the construction phase.

BUST: The number of Residents and Transient Workers create increased usage in the following areas:

- Fire protection (for increased number of buildings and homes)
- Recreation facilities (swimming pool, arena, parks etc)
- Water (system is already taxed with some residents complaining of low pressure)
- Sewage (more pollution at outfalls and/or impediment of river's ability to flush effluent from new lagoon system)
- Solid Waste (due to more residents, more industrial waste, increase in hazardous materials, decrease in lifespan of the dump)
- Land development (proportional demand for housing and lots. Secondary/support industry will need more commercial land)
- Roads (wage economies create more vehicles and more vehicles per capita. Industrial activities necessitate more and heavier vehicles.)
- Local Government Employment (LCHP positions closely related to community government positions..Some qualified people likely to leave to pursue higher pay)

We already have a housing crisis and escalating social problems in our communities. (see info in the *HV-GB Community Plan for Addressing Homelessness and Transition Housing*. June 14, 2007, The Lichen Group, Inc. -copy available) We feel the Project will exacerbate these issues.

BUST--continued

- ▣ Socio-economic issues related to boom/bust resource extraction economy that will likely be exacerbated by the Project.
 - Unwanted pregnancies (transient worker problems)
 - Housing (rising rental rates and housing prices) (currently poor people bank up-live with relatives, creates tension, family stress)
 - Emergency shelter use (by our most vulnerable people who cannot afford housing or have stressed family life)
 - Crisis workers (financial and family life stresses rise)
 - Stressed family life (due to high rents, high prices, unwanted pregnancies)
 - Labour force/employment/training (34% of HV-GB citizens earn less than \$15,000 and 25% earn less than \$29,000) (=59% earning less than \$30,000)
 - Loss of Heritage resource
 - Loss of Traditional culture/values
 - Health care facilities and services (already taxed, but needs will increase with influx of more residents and transient workers)
 - Medical staff (already overworked-extra 2000 workers will stress further)

Past experience shows Municipalities bare the brunt of costs!

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- ▣ Municipalities have tended in the past to bear the cost of the increased use of their infrastructure including increases in administrative and employment costs, insurance and deferred maintenance and capital costs. Upper Lake Melville communities need to be prepared in advance to negotiate with industry and government to mitigate the effects of a likely substantial increase in the use of our physical infrastructure. Benefits to the communities from this Project will outweigh the negative impacts, only if the community is adequately prepared to take advantage of opportunities! (Infrastructure Canada report "Northern Communities, Boom, Bust and the Role of Infrastructure, Nov. 2005)
- ▣ **There is no evidence that NALCOR will provide assistance with these added municipal burdens.**

NO POWER for Labrador

- ▣ Labrador North Chamber of Commerce comments on the EIS
 - *"power must be made available throughout Labrador" (Sterling Peyton, Labrador North Chamber of Commerce, Letter to the Joint Panel, May 22, 2009)*

The Transmission Link document/map CLEARLY shows, NO Power is slated for Labrador!

Town of Happy Valley comments on the EIS

- *"Transmission lines will either be going back to Churchill Falls into Quebec or directly across Labrador to the Island with no energy access available for Labrador communities from this project." "we require 25MW of power...in order to attract potential business ventures." (Mayor Leo Abbass, letter to Joint Panel May 22, 2009)*

Former town Planner, Dennis Peck on Hydro Power:

- *"NL Hydro has reached it's capacity to provide electricity...unless new power lines are installed"*
- *"The Town is of the opinion that NL Hydro has not adequately planned for future development." "says it can build to meet demand, but issue is cost."*
- *"Hydro's indecisiveness stifles our ability to develop accurate future economic development plans that will attract investment."*

No Infrastructure Money for Labrador

- *“without additional financial assistance the enormity of this development will greatly stress the infrastructure of a municipality of our size.” (Mayor Leo Abbass, letter to the Joint Panel, May 22, 2009)*

Voisey's Bay Nickel-Inco invested \$15 million over 5 years in the local Hospital! Hydro Quebec has invested millions in communities near the La Romaine project! NALCOR should be expected to do likewise. It's the cost of doing business, and the business is the extraction of resources from our area, with absolutely no guarantee of a substantial return. An Impact Benefits Agreement or a Dedicated Labrador Development Fund should be established for Labrador's needs.

The Guidelines for the EIS, section 2.4 Sustainable Development, page 9, states: The objectives of sustainable development are: (bullet # 3)

- “The attainment of durable and equitable social and economic benefits.”
- Such an Impact Benefits Agreement or Dedicated Labrador Development Fund is the only way Labrador communities could realize the “attainment of durable and equitable social and economic benefits.” from this Project.

Dis-Economics of Large Dams

- Huge expenditure on dams may threaten cuts in public expenditures in health, education and other services.
- 4.5 Billion dollars spent on Muskrat Falls increases the Public Debt by half again...and may threaten the Province's ability to maintain current services; already stretched to the limit.
- Spending 12 to 14 Billion on the full Project exacerbates the problem.
- What other possible uses could 12 to 14 billion dollars be put to in our sparsely populated territory to benefit everyone?
- Is this the best use of public funds?
- Nalcor's stated Need for the project is
- **1. "to address the future demand for (hydroelectricity) generation in the Province;" emphasis added.** In fact, future demand for energy could come from many sources, it doesn't necessarily have to come from hydro. Wind, natural gas, tidal etc. could easily supply the 400MWs from the Muskrat Falls Project.
- **2. "provide an electric energy supply for sale to third parties;"** Since approximately half the energy from the Muskrat Falls project is all that is to be sold at this time...couldn't there be better, more profitable ways to bring in revenue...i.e. small manufacturing with local jobs vs huge hydro, boom/bust and a few jobs left after construction. (Also it will take aprox. 30 years to retire the debt on the project. JRP 146, July 27, 2010.)
- **3. "develop the Province's natural resource assets for the benefit of the Province and its people."** Spending the money on alternative energy sources could address this need just as well.

What's apparent here is that the dis-economies stated above would be contrary to the stated needs of the Project; i.e. benefits to the people of the Province could be severely undermined!



Thank you for listening