DEHCHO MACKENZIE GAS PROJECT
UPDATE ON BENEFITS AGREEMENT

An Update Without Prejudice to the Dehcho Process

March/April 2008

Introduction

On February 27, 2007, the Dehcho Leadership passed a resolution appointing five Chiefs to negotiate an Access and Benefits Agreement for the proposed Mackenzie Gas Project. This group was mandated to negotiate a single Agreement for all of the Dehcho. Included in the final agreement will be Access and Benefits, Harvester’s Support, Compensation and Monitoring.

This newsletter is meant to provide you with information about the status of the Benefits negotiations. Your opinions are valuable and your community leaders would appreciate your input.

The five Chiefs that were appointed are Co-Chair Keyna Norwegian, Co-Chair Berna Landry, Stanley Sangues, Lloyd Chiicot, and Darcy Moses. Chief Dolfus Jumbo joined the Negotiation Team in December. Mel Benson was appointed by the Chiefs as the Lead Negotiator assisted by Shane Parrish.

“A lot of talks are happening with the leaders,” says Amos Cardinal of Hay River. “We need more involvement with the younger generation because these discussions will impact them. They need to get involved.”

The Negotiation Team agrees, the focus of negotiations is on the future and its impact on future generations. If you would like to join the discussion, your leaders encourage you to contact them so that your thoughts can be included in these discussions.

The Mackenzie Gas Pipeline could begin construction as early as 2011 with the first contracts being awarded for work as early as two years from now. When it is built, the pipeline will be a major economic contributor to the Territory, and will provide jobs and opportunities to all Dehcho communities.

This Newsletter highlights progress made on the Benefits portion of the Agreement. Our next newsletter will feature progress made on the Access and Harvester and Monitoring portion of the Agreement. The Team is planning to conclude Negotiations in May of 2008.

Highlights from Benefits Negotiations

The Benefits Agreement will include:

- The Dehcho will receive a lump sum payment every year to be used for any type of education initiatives identified by the Dehcho.
- A Capacity Building Process will be created to train workers into new or better positions.
- Dehcho beneficiaries will have first job priority within the Dehcho region.
- Assistance will be provided to Dehcho businesses to ensure they are aware of business opportunities.
- A list of “Set Aside” opportunities will be awarded to Dehcho businesses as long as they are competitive and able to complete the work in a way that meets specific standards.
- Built-in system that will ensure prompt and continuous cash flow to Dehcho businesses.

DEHCHO BENEFITS FROM MACKENZIE GAS PROJECT (approximate values over 25 years)

- ABORIGINAL PIPELINE GROUP ($10.5 million)
- ACCESS & BENEFITS ($50.2 million)*
- TRAINING (SEA/ASEF/PTC) ($4 million)
- MACKENZIE GAS PROJECT IMPACT FUND ($10 million)

* Does not include benefits from business opportunities
The Mackenzie Gas Pipeline will create more than enough work for the qualified people and businesses in the Dehcho region. Once the project is in full swing, there will be no need for Dehcho Communities or Dehcho Beneficiary businesses to compete with each other for work. The approach that has been adopted by the Access and Benefits Team embraces the principle of cooperation in the Dehcho.

The business list submitted by the Dehcho to the Mackenzie Gas Project will contain one company. This company will be owned by Dehcho Communities forming a Joint Venture with an industry leader in pipeline construction and logistics. We are in negotiations to join the Mackenzie Aboriginal Corporation, currently a Joint Venture with Gwich’in Development Corporation, Denendeh Development Corporation, Flint Energy Services, Klewen, Ledor and North American Construction Group.

This approach gives the Dehcho control over the work performed by Dehcho Communities and Dehcho Beneficiaries. Participating beneficiary businesses will continue to operate independently under this umbrella.

A registry of Dehcho businesses and services will be created for use by the Joint Venture. The Joint Venture will coordinate activities, and assist businesses and employees prepare and qualify for work.

**SET ASIDE WORK**

The construction of the Mackenzie Gas Pipeline is a mega-project on a scale never before seen in the NWT. The project will require all of the qualified people and equipment in the Dehcho. Since the pipeline is still 2 years away, that provides an opportunity to get all of the businesses and resources ready to take advantage of the construction work that will take place.

The Dehcho businesses will have an advantage over other competitors because a list of work, that is still being finalized, has already been “Set Aside” for them.

Examples of what will be on the list include site preparations and food supplies for camps, Right of Way clearing, timber salvage, barge landings, helipads, and various other construction opportunities.

On the operations side, it would include equipment supply and rentals, maintenance, waste handling, and temporary camps.

**The Aboriginal Pipeline Group**

As indicated in the pie chart found on the previous page, a large part of the Dehcho’s anticipated benefits from Mackenzie Gas Project are derived from participation in the Aboriginal Pipeline Group. The financial benefit to the Dehcho is estimated at $70,000,000 over the first 25 years.

The Aboriginal Pipeline Group (APG) currently owns one third of the Mackenzie Valley Pipeline, and therefore shares in the third of the revenues that will be generated. At the latest Regional Meeting, the APG proposed an opportunity that would allow the Dehcho to join the group and share in the potential long-term revenues that would be gained from the Pipeline.

This opportunity was built to allow Aboriginal groups to directly benefit from the pipeline for as long as it operates, and provides ongoing financial return long after it has been built. In addition, as a partner in the APG, the Dehcho will be able to participate through the APG’s seat on the Board of the Pipeline, which means that they will be able to directly influence any decisions that relate to the Pipeline.

Currently, the APG is owned by the Sahtu, Gwich’in and Inuvialuit. Each aboriginal group that joins forms a single entity that will own shares and units in the limited partnership and that will receive dividends from the APG. Additionally, each group is able to elect two directors that will sit on the APG’s Board. This means that the Dehcho will be able to spend or distribute the dividends from the pipeline as they see fit, and they will be equally represented in any decisions that relate to the APG.

“The right way to proceed with this would be for the Dehcho to be on the Board,” says Bob Reid, president of the APG. “We strongly encourage that the leadership consider their options carefully so that they don’t miss out on this opportunity to share in the benefits that the APG can offer.”

The total investment to join the APG is $59, and would allow the Dehcho to share in the profits from the pipeline for as long as the natural gas is moving through the pipeline. These dividends can be used to promote education and training and represent a sustainable source of revenue for the life of the pipeline. A decision on Dehcho’s participation in the APG is anticipated in a Leadership meeting scheduled for April of 2008.

**WHAT ARE YOUR THOUGHTS?**

This Negotiating Team has been talking to the Mackenzie Gas Project representatives since the summer of 2007 trying to get ready for this important development and has seen tremendous progress. But it is important for you to get involved and voice your opinions, concerns and comments to let the team know what you think.

“Some people may think their ideas and opinions are minor,” says Chief Keyna Norwegian. “But it’s important to have everyone’s input. We welcome all our people to attend the community meetings and to get involved.”

Some questions that you might consider asking yourself could include:

- What benefits do I want to receive from the Pipeline?
- What do I think about joining the APG?
- What concerns do I have about this project?

You can voice your thoughts at community consultations or by contacting any of the committee members.

Chief Norwegian 695-3131
Chief Landry 699-7000
Chief Sangued 809-2000
Chief Chicot 825-2000
Chief Moses 581-3131
Chief Jumbo 206-2800