



ROSS River Dena Council

General Delivery
Ross River, Yukon
Y0B 1S0

Economic Development Program

Phone: (867) 969-2832
Fax: (867) 969-2405
e-mail rrdedo@northwestel.net

Continuing to Build on Strength

*An Update of the Ross River Economic Development
Strategy*



Prepared for the Ross River Dena Council by:

Luigi Zanasi MA Economist
PO Box 31481
Whitehorse, Yukon
Y1A 6K8
Tel (867) 633-4247
Fax (867) 633-4759

Malcolm Taggart MA
Research Northwest
P.O. Box 1237
Marsh Lake, Yukon
Y0B 1Y1
Tel: (867) 660-5347
Fax: (867) 660-5348

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Executive Summary

This paper is an update of the May 2006 document *Building on Strength: An Economic Development Strategy for Ross River*. There is one major addition: a much more extensive stand-alone tourism strategy that can be found under separate cover as the *Ross River Dena Council Tourism Development Strategy*.

The original *Building on Strength* and *Continuing to Build on Strength* have both been developed in collaboration with many community members who participated in numerous meetings and provided their ideas and insights.

Based on consultations with community members and our analysis, we developed 27 recommendations relating to the strategic sectors initially identified in the original strategy:

1. Community Infrastructure
2. Mining
3. Renewable Resources
4. Tourism
5. Cultural Industries
6. Education, Community Health and Recreation
7. Economic Development tools

What we understand are the top priorities of the community, based on our community meetings and discussions with community members are as follows.

- Recommendation No. 4 That the Ross River Dena Council continue to move toward development of a sustainable subdivision on the Old Village site.
- Recommendation No. 16 That the RRDC restart the process to plan and build a cultural centre on the traditional village site.
- Recommendation No. 5 That the Ross River Dena Council move forward with the planning and construction of a new administration building using a community corporation to own, operate, and manage the building.
- Recommendation No. 15 Implement the Ross River Dena Council Tourism Development Strategy.
- Recommendation No. 20 That a new recreation centre is built in Ross River as quickly as possible.
- In addition to those, we believe that the two following recommendations are key to the future economic development of Ross River.
- Recommendation No. 25 In order to ensure that the RRDC does collect some of the value of the minerals on its traditional territory, every SEPA negotiated by the RRDC should include a royalty based on Net Smelter Return.
- Recommendation No. 22 Develop a detailed strategic plan for the development corporation.

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1 Introduction and Background

This updated economic strategy aims to provide some economic tools to the people of Ross River to assist in their efforts to build a healthy and prosperous community. This strategy is an update and incorporates many of the features of the May 2006 document *Building on Strength: An Economic Development Strategy for Ross River* (see Section 1.1 below). There is one major addition in *Continuing to Build on Strength*, a much more extensive stand-alone tourism strategy that can be found under separate cover as the *Ross River Dena Council Tourism Development Strategy*.

The original *Building on Strength* and *Continuing to Build on Strength* have both been developed in collaboration with many community members who participated in numerous meetings and provided their ideas and insights.

Ross River's strengths come from its people, its location, and its environment.

Community members have considerable strengths and skills, notably:

- A widely recognized artistic and cultural tradition;
- Skilled workers experienced in mining-related activities (prospecting, heavy equipment operation, drilling, line cutting etc.) and experience in supplying and dealing with mining companies;
- Traditional knowledge and subsistence skills, including the Kaska language, trapping skills, traditional medicine, knowledge of the land and how to live on it; and,
- A strong people, resilient in adversity.

Ross River's location and environment are also sources of strength. It is located in the Yukon's richest mineral belt; the Tintina trench. The region contains known deposits of gold, silver, zinc, lead, copper, tungsten, coal, barite and gemstones. The area has a pristine environment; rivers and lakes, wildlife and fish, untouched forests, and spectacular scenery, especially along the North Canol road. Its location at the junction of the Canol and Campbell highways is also an asset, providing road access to mineral resources and the great outdoors.

However, in spite of the inherent strengths of its people, Ross River continues to be one of the poorer communities in the Yukon, typically suffering from high unemployment and low incomes. Economic opportunities are limited. Levels of formal education are generally low, and substance abuse problems have helped give the community a bad reputation.

The goal of this strategy is to provide tools to help overcome these problems and build a healthier and more prosperous community.

Ross River is the home of the Ross River Dena Council, a Kaska First Nation. The RRDC does not have a signed land claims agreement, nor are any negotiations currently underway. As a result, the federal government still deals with the RRDC as an Indian Act Band, and the first

Continuing to Build on Strength

Past experience with booms

The Ross River Dena have seen several mining booms come and go in their traditional territory since the discovery and development of the Faro mine in the 1950s and 1960s. The experience of being the indigenous population that reaped little long-term benefit from these booms has increased the determination of the Ross River Dena to reap the economic benefits of the current upswing in mining.

nation is not formally recognized by either the federal or territorial governments as having self-government powers over its traditional territory. The Ross River Dena Council and its citizens, however, hold strongly to the view that they have inherent self-government powers over their traditional territory and will exercise those powers as seems appropriate.

The population of Ross River is about 80% aboriginal and 20% non-aboriginal. The community is unincorporated and, to date, does not even have the Local Advisory Council structure that acts as a kind of pre-municipality under the Yukon's Municipal Act. The lack of any form of local, municipal-type government and the population split between First Nation and non-First Nation has long created problems for the community in its dealings with both the territorial and federal governments. The federal Department of Indian Affairs' mandate is to deal with the First Nation and its citizens and any community project or issue that involves the non-First Nation portion of the community tends to bring on a reflexive effort to pass responsibility to the territorial government. The Yukon government in turn, sees the 80% First Nation side of Ross River and attempts to pass as much responsibility on to the federal government as possible. The lack of any kind of formal, unified local body exacerbates the problem and paralysis is often the result.



1.1 Building on Strength

Building on Strength: An Economic Development Strategy for Ross River was completed in May of 2006. That document was built on a foundation of a series of well attended community meetings and workshops and included:

- A series of community priorities and goals;
- An analysis of strategic economic sectors;
 - Community infrastructure
 - Mining
 - Renewable resources
 - Tourism
 - Cultural industries
 - Education & community health
- An analysis of the tools for economic development;
 - RRDC Economic Development Corporation
 - MOU's SEPA's and royalties
 - Joint ventures
 - Business creation
 - Government programs
 - Rainy day fund
 - Building development process
- Summary of recommendations.

Building on Strength also included a series of appendices including:

- A description of the community process used to develop the strategy;
- A background primer of economic concepts and terminology;

- An economic profile of Ross River;
- A summary of Ross River's strengths, weaknesses, opportunities and threats identified by participants in community meetings and workshops; and,
- An extensive review of previous economic development, labour market and various specific project studies connected to Ross River and its current priorities.

Finally, *Building on Strength* also included a stand-alone Integrated Community Sustainability Plan completed as a requirement for the Ross River Dena Council to access its share of the gas tax monies.

1.2 Vision and Values

The vision statement developed and agreed to by community members in 2006 is:

***In 20 years, Ross River will be
a healthy, strong, stable, united community
driving a diverse and sustainable regional economy.***

The values agreed to by the community members were:

A healthy environment.

Ross River values a healthy environment that helps maintain the health and well being of all people as well as the plants, animals and fish of the region. It is an ongoing goal of the community to minimize damage to the environment.

A healthy community for all.

The community values the physical, mental, and emotional health of all community members. Clean, high-quality water is a crucial component of health. Substance abuse is a serious problem and its elimination is a long-term goal of the community.

The Kaska language, traditional knowledge and traditional skills.

The community values the Kaska language and traditional knowledge and skills both for their inherent worth and for their social and economic value. The preservation and enhancement the language, knowledge and skills are an ongoing goal of the Ross River Dena Council and its citizens.

A diverse and sustainable regional economy.

The community values the benefits brought by a diverse and sustainable economy. As much as possible, booms and busts should be avoided.

A strong, stable, united community.

The people of Ross River wish to live in a united community, not one with sharp divides between First Nation and non-First Nation people. A goal of the community is to create a form of local government that includes both First Nation and non-First Nation people.

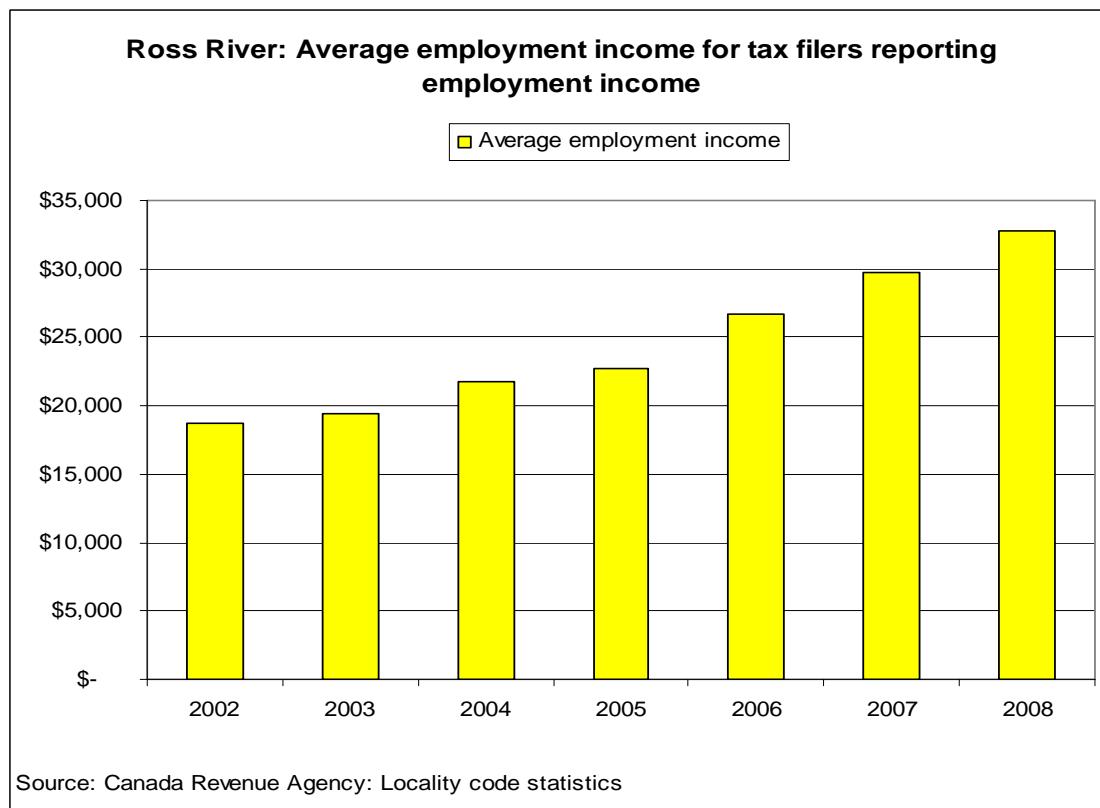
1.3 Summary of Current Economic Conditions

There are strong indications that economic conditions in Ross River have been improving. The community is in the midst of another mining-driven upswing and appears to be benefiting from it.

The population of the community has remained quite stable over the past decade, ranging between 350 and 400 people according to statistics kept by the Yukon Bureau of Statistics.

Declared income from employment has been rising substantially (though from a low base) as can be seen in Figure 1 below. Data from the Canada Revenue Agency shows that the average employment income for those with any employment income rose from \$18,700 in 2002 to \$32,800 in 2008, an increase of 75% in six years. The number of tax filers claiming at least some employment income increased from 160 to 190 over the same period. This substantial increase in employment and employment income has driven up overall incomes in community has dwarfed the changes in other forms of income such as pensions and Social Assistance.

Figure 1: Ross River average employment income, 2002 through 2008



Anecdotal and statistical evidence indicates that much of the increase in work and earnings has come from the mining sector as neither the Yukon government nor the Ross River Dena Council have added significantly to their payrolls in the community. And, according to the 2001 Census, there was negligible employment of Ross River residents in the mining industry, while that industry accounted for 17% of employment in the 2006 Census.

Increasing individual incomes is critical for developing the local economy. Business activity, especially in sectors providing services to the community, depends very much on people's purchasing power. The viability of most businesses depends on the size of the market. Higher incomes in the community create a larger market. This gives many small businesses that provide services to community members a better chance of being profitable. However, rising incomes also bring a greater ability to travel to Whitehorse and purchase goods and services there, blunting the effect.

2 Summary of 2006 Community Priorities and Strategy Recommendations

The community workshops and meetings that were an integral part of creating *Building on Strength* produced a set of priorities that the participants wanted to see accomplished by the community and by the Ross River Dena Council. The priorities were grouped according to how soon they should be acted on. The 2006 priorities, along with a summary of actions and current status are shown in Table 1 below.

Table 1: Priorities, 2006

PRIORITIES	ACTION/STATUS
Priority #1: Get going on them right away	
• Build a First Nation administration building	No action
• Build a Cultural centre/Visitor reception centre	Conceptual design done by Douglas Cardinal, consultants hired to bring forward project, expected funding not provided by INAC
• Build sufficient housing	\$2 million worth of housing repairs and renovations and new housing units built under the Northern Housing Trust Fund, planning to build prototype Cardinal house, delays due to design problems
• Create a local government in Ross River	No action
• Install community-wide water and sewer system	No action
• Work toward a high level of education for RRDC citizens	No action
• Develop community spirit	No action
• Eliminate substance abuse	Recent commitment by YTG for healing camp funding
• Preserve and enhance traditional values and knowledge	Unknown
Priority #2: Get going as soon as time and resources permit	
• Improve Ross River's reputation	No action
• Implement mining strategy	SEPAAs being negotiated with North American Tungsten, Selwyn & Ketza River. Joint ventures in place for construction, fuel delivery and camp services contracts.
• Develop a tourism marketing plan for Ross River	Done as part of this study.
• Lobby to improve the Campbell Highway	No action
• Lobby to develop a major airport (not just VFR)	No action
• Scheduled air/bus service to Ross River	No action
• Build a centre at Coffee Lake	No action

PRIORITIES	ACTION/STATUS
Priority #3: Get going only once #1 and #2 priorities are well underway	
• Build a retirement home/elder care	No action
• Build a hydro power station	No action
• Install artificial ice in the arena	No action
• Re-route Campbell highway nearer to town	No action
• Improve the Canol Road and build a bridge	No action – possibility of bridge to service Mactung & Selwyn
• Invest directly in mining projects	No action, not recommended
• Expand health care services	No action

Table 2 below summarizes the 17 recommendations made in *Building on Strength* and their current status or actions taken since 2006.

Table 2: Recommendations from 2006 Strategy

RECOMMENDATION	ACTIONS/STATUS
1. A new economic development corporation should be formed as soon as possible to reduce risks to the First Nation.	Done
2. The new economic development corporation should make every effort to keep both existing and new community corporations as separate legal entities in order to minimize the risk that a failure of one venture will cause the failure of others.	Being done under legal advice
3. An updated capital plan that, among other things, identifies the housing needs of the community is needed.	Capital plan was updated in 2007. However, housing needs still must be identified
4. A land use plan for the community that would identify where new housing and other community facilities would be built needs to be developed.	Not done
5. As a first step toward a community-wide piped water and sewer system, YTG must complete the sewage lagoon and wetlands treatment area.	Not done. Monitoring wells have been installed at the sewage pit.
6. Money from agreements with mining companies should not be used to cover current operating expenses, but should be invested in physical or financial assets or profitable businesses that do not depend on mining.	Done until 2010. In 2010, money from the development corporation was used to cover band operating expenses.

7. The RRDC should negotiate taking over as the main contractor involved in the mine clean-up in Faro to maximize community and regional benefits.	Not done. Bid of RRDC joint venture was not successful. Beginning to look into it.
8. When time and resources permit, a tourism marketing plan for Ross River needs to be developed.	Done as part of this project (see appendix)
9. Scholarship funding from SEPAs should not be limited to mining-related studies.	No SEPAs are final
10. The community needs to develop an education strategy that lays out the means of achieving the goal of raising education levels in Ross River to the Yukon average or higher.	Not done
11. Joint-venture agreements and SEPAs must include provisions for on-the-job training for Ross River residents.	Done
12. The Margaret Thompson Centre should start planning the proposed treatment centre.	Begun
13. Develop a detailed business plan for the new development corporation.	Not done. Strategic Plan is needed
14. For many of its tasks, the development corporation should focus on finding agencies and contractors that can deliver a needed service and then coordinating and supervising that delivery rather than offering services directly.	Partially done through joint ventures. Development corporation still directly operating Tu Lidlini Petroleum & store.
15. Do not use mining money — one-off payments, royalties, or economic development funds — to pay for the day-to-day operations of the economic development corporation.	Not done. Development corporation funded from a variety of sources. Development corporation money used to fund FN government operations.
16. Use a small group of people with relevant experience from outside the community to make decisions on funding entrepreneurs or on turning over businesses.	Not done. No funding of entrepreneurs done.
17. A portion of the mining money that will flow to the Ross River Dena in the form of royalties or other payments should be set aside in an investment fund.	Not done.

The 2006 priorities and recommendations in Table 1 and Table 2 are discussed in more detail in Section 3 and Section 4 below.

3 Strategic Sectors

From the public community meetings, both in 2006 and in 2010, it is obvious that there are a number of sectors that are important to the community. To achieve the vision, simultaneous actions on a number of fronts are needed. Ideas for activities, goals, projects, and new businesses fell into the following strategic sectors:

8. Community Infrastructure
9. Mining
10. Renewable Resources
11. Tourism
12. Cultural Industries
13. Education, Community Health and Recreation

These sectors are not separate and distinct, as activities in one sector can and will affect the others. One of the purposes of this strategy is to identify opportunities in each sector and create synergies between the different sectors. For example, Tu Lidlini Petroleum Corporation was originally set up as a joint venture to provide heating fuel to community residents. However, the opportunity to provide fuel to mining exploration companies arose and the company took advantage of it to expand its business.

3.1 Community Infrastructure

Adequate community infrastructure is basic to any kind of economic development. Ross River continues to be lacking in community infrastructure: there is insufficient housing, the water and sewer system has long been recognized as seriously inadequate (see Section 0 below), and the administrative offices of the First Nation government are scattered among numerous buildings, many of which are in bad condition. In 2006 community members identified housing, water and sewer and a First Nation/community administrative building as major priorities. With the destruction of the Recreation Centre on March 10, 2011, the construction of a new recreation centre is now also a major priority for the community (see Section 3.6.3 below).

A number of other infrastructure projects or improvements were also identified but were ranked as being of a lesser immediate priority.

3.1.1 Water and Sewer

The installation of a community-wide piped water and sewer system remains a top community priority and perhaps the largest single project identified in the strategy. During the 2006 consultation process, it was pointed out that this issue has been raised and studied several times over the past 30 years. A review of previous studies shows that recommendations that Ross River have a piped water and sewer system began in the early 1970s and have continued at intervals since. See Section 0 in the appendix.

This is a long-standing need and will most likely be achieved through a phased approach.

The December 2009 Yukon Infrastructure Plan stated that YTG had planned to establish a piped water system from the community well to service the hotel, school and health center. This has not yet been done. However, there is currently money budgeted for a water treatment plant to be built at the community well as part of a new public works building in the summer of 2011. The water treatment plant is required to meet new drinking water standards that have reduced the level of arsenic allowed.

Building on Strength recommended that the Yukon government undertake the steps needed to complete the sewage lagoon and wetlands discharge that was planned for and promised in the 1990s. It appeared that this work would likely be done as the sewage pit did not have a water licence. However, a lagoon and wetlands discharge has not been built. Instead, monitoring wells and site inspections at the sewage pit appear to have met the immediate water license requirements.

Ross River has needed a community-wide piped water and sewer system for decades. The time for band-aid solutions is long past.

Recommendation No. 1

That the Yukon government provide a complete and detailed plan, including an implementation schedule, for the construction of a community-wide piped water and sewage system.

The scheduled construction of the water treatment plant in 2011 will obviously form part of the system. It is also assumed that a sewage lagoon and wetland discharge will be required.

With the planned layout complete, groups of houses — and especially houses that are experiencing problems with their existing individual septic fields — can be tied into a group pump-out tank. The placement of these tanks must be made with the goal of eventually tying them in to the planned piped system. This approach will be more affordable and, by gradually eliminating problematic septic fields will also reduce the amount of ground water contamination in the community.

Water and sewage systems are eligible projects under the gas tax sharing agreement, although the money available will only cover a small portion of the total cost of a community-wide water and sewer system.

Recommendation No. 2

That the implementation schedule is followed and a community-wide piped water and sewer system be built for Ross River.

3.1.2 Housing

In the consultations for this strategy, building sufficient housing was rated as a number one priority for economic development. Given that insufficient housing and generally poor housing quality is a perennial issue in Ross River — and in most First Nation communities in general — this is not surprising. The reasons for the perennial problems associated with both building sufficient housing and in maintaining it in decent condition in First Nation communities are many and multi-faceted. Among these problems are:

1. The federal government provides funding to the First Nation for house construction, but the amount allocated per house is too low to build a house. By accepting the funding, however, the First Nation is required to build a house. This leads to enormous pressure to cut costs in construction which results in houses being as small as possible (making overcrowding more likely), with designs and materials chosen for the lowest possible upfront cost, and places a premium on speed of construction rather than good workmanship. The inevitable result is housing that costs much more to operate and maintain than it should and in houses that need replacing far sooner than the norm.
2. The occupants of First Nation housing in Ross River do not own their houses, the First Nation does. Like any rental situation, occupants who are not owners tend to take far less care of their houses as they are not personally responsible for repairs and maintenance. This problem is exacerbated in First Nation communities where there are few or no housing options and the First Nation landlord cannot evict destructive tenants.

Overall, the condition of Ross River's housing stock has been poor as is illustrated by three different assessments.

In 1999 the Yukon Housing Corporation did a detailed survey of the condition of housing in all Yukon communities. In Ross River a total of 65 randomly selected households were interviewed in October of 1999. Findings included:

- Just over 30% of Ross River households paid more than \$3.00 per square foot to heat their homes;
- Energy related repair needs in Ross River were 40% of households versus 14% for the Yukon as a whole;
- 72% of all dwellings in Ross River required major repairs compared to 33% of all Yukon dwellings;
- 45% of Ross River dwellings had health and safety deficiencies ranging from lack of working smoke alarms to inadequate sewage disposal; and,
- Crowding was a significant issue in Ross River with 12 % of homes not having enough bedrooms (compares to 6% Yukon wide).

The *Ross River Dena Physical Development Plan* of July 2000 contained the following findings on the condition of the First Nation's housing:

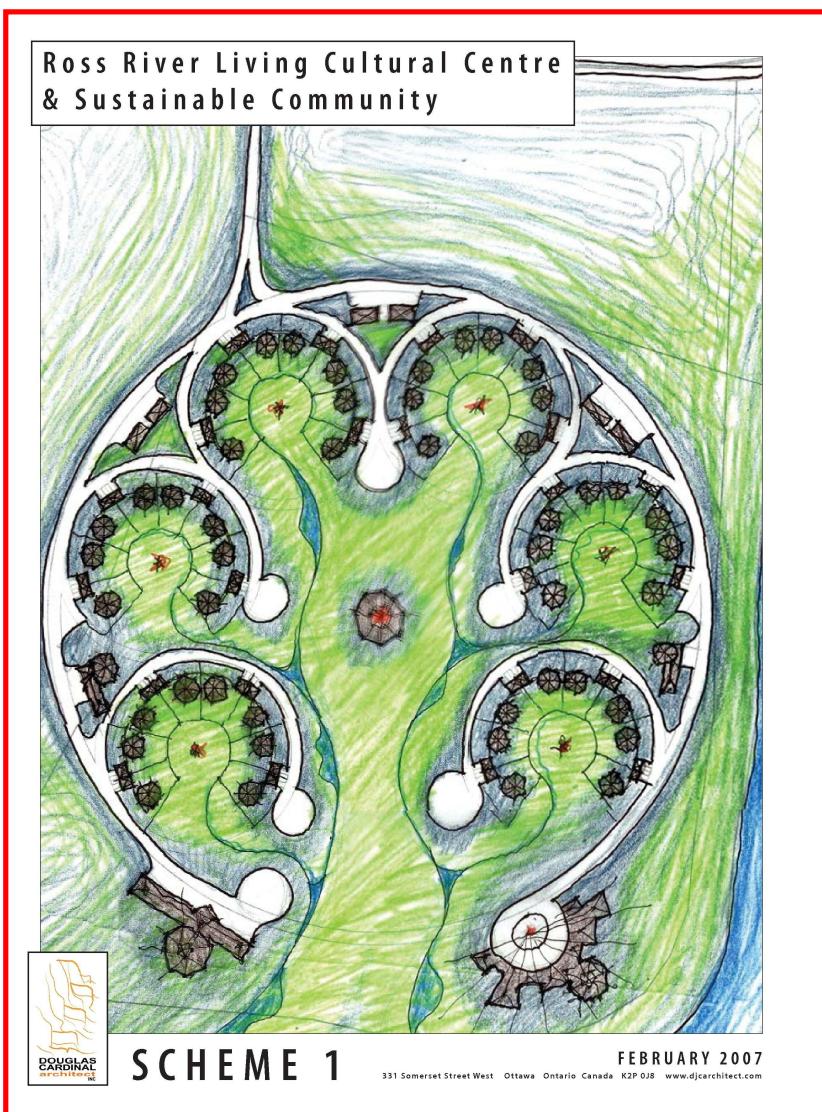
- There are currently 106 occupied houses in Ross River, 11 of which have been condemned and should be replaced;
- Overall, the 2000 Housing Condition Assessment suggests that only 54% of the Dena Council's housing stock is in "good or fair" physical condition; and,
- Over 5 years 11 houses need replacing, 41 need major renovations, and 33 need minor renovations.

The 2000 *Physical Development Plan* also included the following recommendations:

- The Ross River Dena Council construct 6 houses per year to meet the estimated housing needs;
- The Ross River Dena Council must develop 48 new lots to meet the balance of their ten year housing demand; and,
- The Ross River Dena Council should consider construction of two new residential development areas as identified on the Land Use Plan (i.e., the block of undeveloped land with approximately 30 lots in the town site (north-west corner of town) owned by YTG, and a 28 hectare parcel on the escarpment south of town).

The 2001 Census also confirmed a serious major repair need in Ross River. Thirty-one per cent of households reported living in a dwelling that needed major repairs compared to 14% for the Yukon as a whole, while another 35% of households stated their dwelling needed minor repairs, compared to 29% for the Yukon.

The 2006 Census found that the need for major repairs had increased rather than decreased since 2001 for the 128 occupied private dwellings in Ross River. Forty percent of households reported living in a dwelling that needed major repairs compared to the Yukon average of 15%.



Since 2006 approximately \$2 million has been spent on new housing, renovations and repairs under the Northern Housing Trust Fund. Efforts to create a prototype of a new, more appropriate and robust house design by the architect Douglas Cardinal have also been made but design problems have prevented construction to date. One ongoing issue around housing in the community is the lack of a long-term plan based on projected housing needs.

Also since 2006, considerable efforts have been made to move forward on the concept of developing an innovative, sustainable subdivision at the confluence of the Ross and Pelly Rivers. This was the original site of

the Ross River village and was home to many of the Ross River Dena until the 1960s when the people were forced to move to the current site of the community on the south bank of the Pelly.

Recommendation No. 3
That a long-term housing needs study is carried out for Ross River.

Recommendation No. 4
That the Ross River Dena Council continue to move toward development of a sustainable subdivision on the Old Village site.

3.1.3 Administration Building

The need to build a new administration building was identified as a major priority during community consultations in 2006 and assigned as a responsibility of the economic development agency. A considerable amount of preliminary planning and design work has been done on a possible new administration building in 2002 and 2003. Kobayashi + Zedda Architects of Whitehorse were hired to prepare schematic drawings on several options for a building, and some initial mechanical and electrical engineering review work was also completed.

This initial planning work may still be used as a base for further work on the project. However, the idea of additional office space for other tenants such as the Yukon Government and other agencies as well as private sector tenants (such as mining companies needing office space) needs to be explored; having additional tenants will assist in finding financing for the building and will help pay the operating and maintenance costs. Much of the previous architectural programming work done will need to be revised if other tenants become part of the plans.

Administration Building **A possible approach**

One possible approach to the construction and operation of a new administration building in Ross River is to set up a community corporation to own and operate the building.

All of the tenants — including the First Nation government departments along with any others such as mining companies — would then pay rent to that corporation. The corporation would in turn be responsible for the operations and maintenance of the building.

Recommendation No. 5
That the Ross River Dena Council move forward with the planning and construction of a new administration building using a community corporation to own, operate, and manage the building.

3.1.4 Local Government

During the consultations for *Building on Strength* in 2006, community members identified the creation of a local government structure as a number one priority. A local government would be in much better position to negotiate the improvement of community infrastructure with the territorial government than the First Nation government on its own. A form of local government could also be the vehicle for creating a community land use plan for Ross River (see Section 3.1.5 below).

Recommendations that Ross River create a local municipal-type government stretch back to at least 1984. A 1984 study commissioned by the Ross River Dena strongly recommended the formation of a form of local government specifically designed to protect the interests of the First Nation and its citizens:

“A joint-governing body for the municipality of Ross River, with fixed Indian and White Membership is required. If Ross River grows in population due to the developments and the proportion of Indians decreases below 50%, this structure will be required so as to express and protect the Indian interest in Ross River itself.”

It is interesting to note that the community of Carcross has instituted just such a joint body (though it is an advisory council, not a municipality) with equal representation from the First Nation and from the non-First Nation parts of the community. The original Carcross LAC had a number of problems and ceased to function. However, it has now been revived.

Although efforts were started in 2006 to create a Ross River Local Advisory Council, those efforts were not successful.

Recommendation No. 6
That the effort to create a Local Advisory Council to represent both First Nation and non-First Nation residents of Ross River be revived.

3.1.5 Planning

In the 2006 *Building on Strength*, it was recommended that the RRDC capital plan be updated and that it should include a long-term housing needs study for the community. The capital plan was updated in 2007; however, the update did not include the recommended study. That recommendation has been renewed above. The capital plan will again need updating in the near future. Part of that update should be an effort to make the plan long-term.

Recommendation No. 7
That the Ross River Dena Council create an updated long-term capital plan.

Creating a land use plan — laying out the vision for future development and agreed upon land uses — for the community would be a valuable means to help guide the long-term economic development of Ross River. A Local Advisory Council is a good vehicle for getting such a plan completed. A land use plan would also help tie together the multiple threads of housing needs, a cultural centre/visitor reception centre, a water and sewer system, and new buildings.

Recommendation No. 8
That a land use plan be created for Ross River.

3.2 Mining

One of the community's greatest strengths is its location in the Tintina trench, relatively close to some of the Yukon's most important mineral deposits. The question any economic strategy must address is how to use that to the community's advantage in creating a sustainable economy.

Mining exploration is extremely cyclical: rising prices create booms in exploration, and it falls off or disappears when prices go down. Although less sensitive to prices than exploration, operating mines also tend to be cyclical or have a limited life.

Recommendation No. 9
The Ross River Dena Council adopt a policy that the minerals in its traditional territory belong to the Ross River Dena people, and that the people must continue to benefit from them even after they are mined.



Participation in mining has become increasingly important to aboriginal communities, and the Mining Association of Canada claims that mining is the largest private-sector employer of aboriginal peoples in the country. While this is due to a large extent to diamond mining in the Northwest Territories, it is clear that it is increasingly becoming true in the Yukon through the effects of impact-benefits agreements and Socio-Economic Participation Agreements.

The Ross River Dena Council has recognized the opportunities surrounding mining and created a mining strategy: *The Snow that Eats the Snow*. The basic thrust of that strategy is that the community should be involved in supplying services to mining and exploration companies, but should not invest directly in mining firms.

Ketza River mine, winter 2009

Mining exploration provides opportunities in a number of other sectors including fuel, catering and expediting, road and other construction, timber supply and others. The community identified mining related joint-ventures, contracts with mining companies, and mining exploration services as priority areas that the RRDC's economic development arm is currently pursuing and will continue to pursue.

In addition, mining companies are usually anxious to sign impact-benefits agreement (IBA) or socio-economic participation agreements (SEPA) with First Nations. These can provide not only employment benefits and opportunities for contracting, but also a flow of funds that can support other economic development activities (See Section 4.2 below).

The Ross River Dena Council will likely have an increasing flow of discretionary revenues from mining projects on RRDC traditional territory for as long as mineral prices make such projects economically viable and attractive. There will be many calls on this funding as the First Nation has many needs that extra funding can help fill. However, every effort should be made to use this funding to leverage further funding from other sources in order to maximize the benefits to the community.

An economic development strategy should take advantage of opportunities created by a mining boom, but should not rely on it in for the long term. The trick is to take advantage of the opportunities to create sustainable economic development. One of the key lessons is that mining booms do not last forever, and that the money from mining companies should be used to acquire assets that can generate income rather than being used for current expenses. Otherwise, at the end of the mining boom, the community will have little to show for it. This was the experience of the former Ross River Dena Development Corporation, which had to declare bankruptcy despite efforts to salvage it.

Recommendation No. 10

Money from agreements with mining companies should not be used to cover current operating expenses, but should be invested in physical or financial assets or profitable businesses that do not depend on mining.

During the community consultations for *Building on Strength*, having the RRDC invest directly in mining companies was brought forward as a relatively low priority. This runs directly counter to the mining strategy *The Snow that Eats the Snow* and, if carried out, would expose the First Nation to large financial risks.

Recommendation No. 11

That the RRDC follow its mining strategy and not invest directly in mining companies.

A final major issue with mining is clean-up of closed mine sites. For Ross River, this means, above all, the Faro mine. So far, it has meant a number of jobs, but other First Nations have taken

a much more active management role in mine clean-up. For example, the Tr'ondëk Hwëch'in First Nation manage the clean-up of the Clinton Creek mine where other companies involved are mostly sub-contractors to the First Nation. This not only generates more jobs and opportunities for community members, but also provides administration fees that can partially be used to fund other initiatives.

Recommendation No. 12
The RRDC should negotiate taking over as the main contractor involved in the mine clean-up in Faro to maximize community and regional benefits.

3.3 Renewable Resources

Renewable resources include the traditional subsistence economy, hydro power development, forestry and sawmilling, and a number of other ideas raised by community members.

3.3.1 Traditional Subsistence Economy

The community identifies preserving and enhancing traditional knowledge and values as a number one priority. A large part of traditional knowledge relates to understanding and using the land in a sustainable way. So traditional economic activities such as hunting, fishing, trapping, and gathering — as well as traditional methods of transforming the products of the land such as tanning, food preservation, clothing and footwear manufacture — need to be fostered.

Note that these are economic activities as they do meet people's needs and improve their well-being, even when they are not bought and sold. The economy is not about money, but about people's material well-being. It must be remembered that money is just a tool that is used to make things easier in producing and getting the "real" things that make life better. The products of traditional economic activities actually have more economic value than similar store-bought products, as people are prepared to spend more time, energy and money on them.

3.3.2 Hydro

Developing hydro power in the Ross River area was raised as an economic development idea during the economic development strategy consultation process in 2006. Although not ranked as a number one priority, it attracts considerable interest given other First Nations' involvement in these types of projects in northern British Columbia. Furthermore, Ross River is on the Whitehorse-Aishihik-Faro (WAF) grid and power could easily be exported to other parts of the Yukon. With increases in population and mining, Yukon-wide demand for electricity has been increasing and Yukon Energy has been unable to meet that demand with its existing hydro capacity despite adding capacity at both the Mayo and Aishihik facilities.

Both the increase in demand for hydro power since 2006 and the current efforts by the Yukon government to craft legislation and policy that will allow (and perhaps encourage) independent power producers make the hydro possibilities more attractive as a form of economic development.

Investigations of potential Yukon hydro sites have been and continue to be carried out by Yukon Energy. The 1992 Capital Plan put together by Yukon Energy and Yukon Electric identified the

most viable hydro development options based on an analysis of load forecasts. Table 3 below lays out the three options located near Ross River in Kaska traditional territory.

Table 3 Hydro development options near Ross River

	<i>Installed capacity</i>	<i>Installed costs</i>	<i>Annual O&M costs</i>
Drury Creek	2.6 MW	\$21.2m	\$271,000
Orchay River	4.0 MW	\$23.4m	\$285,000
Lapie River	2.0 MW	\$7.0m	\$157,000

Source: <http://www.emr.gov.yk.ca/energy/hydro.html>

Note that the costs shown are very dated and that the three options are all very small in comparison with the Yukon's overall installed hydro capacity. However, small hydro plants (or mini-hydro) have several advantages over larger developments:

- They are much cheaper to build,
- They tend to have much smaller negative environmental impacts, and,
- They allow the incremental addition of hydro power to the grid.

Yukon Energy's current 20-year resource plan¹ (for 2006 to 2025) identifies the hydro site at Drury Creek as a target for more advanced studies.

A number of studies were carried out on other potential hydro sites on the Ross, Pelly, and Frances Rivers from the 1960s to the early 1980s. The list ranges from a mini-hydro facility on the Frances River to some truly massive projects in the Pelly River's Granite Canyon. (See Section 0 in the appendix for more details). Although none of these bigger potential projects were referred to specifically in Yukon Energy's 20-year plan, it seems that the Pelly River will be the most likely target if another medium to large hydro project will be built in the Yukon.

Recommendation No. 13

Once the Yukon government completes its independent power producer legislation and/or policies, the RRDC should actively explore the possibility of becoming an independent hydro power producer.

3.3.3 Forestry and Sawmilling

Small-scale forestry and sawmilling was identified as a sector that would fit well with the community's vision for economic development. There have been successful small-scale logging and sawmilling operations in the Ross River area in the past, including an operation at Blind Creek near Faro.

¹ Yukon Energy Corporation 20-Year Resource Plan: 2006 to 2025. Available at:
http://www.yukonenergy.ca/downloads/db/565_Part%201%20Resource%20Plan.pdf



The 2004 Interim Wood Supply Plan for the Kaska Yukon Traditional Territory included a provision for a timber supply of 5,000m³ over three years for the Ross River Dena. Two areas of timber supply were identified: near Coffee Lake, and the Buttle Creek area. The 2004 plan emphasized that further technical and community review are needed for these areas — and that the Ross River Dena Council would provide further direction — but the Kaska Forest Resources Stewardship Council recommended that the Buttle Creek area be removed as an interim wood supply area because its cultural, social, and ecological values are greater than its timber values.

The 2004 plan has not yet been updated and there are no current timber harvest

plans for the Ross River and Faro area. However, the new Yukon forestry regulations that came into effect on January 31, 2011 have identified an annual harvest of 5,000m³ of coniferous trees and 2,000m³ of deciduous trees for the Ross River and Faro region. No specific harvest areas are identified in the regulations.

The Ross River Dena Council Development Corporation owns a small portable sawmill that has seen only limited use over the past several years. While there appear to be opportunities to supply rough cut timber in the area (timbers to mining companies for example) the small scale of an ongoing operation makes it more suitable for an individual owner/operator that as a business arm of the corporation.

Recommendation No. 14
That the development corporation lease its sawmill to a local entrepreneur.

3.3.4 Other Community Ideas

Other ideas for renewable resource opportunities brought forward during the community consultations include a tannery, agriculture, and fisheries.

3.3.4.1 Tannery

Starting a small-scale tannery in Ross River was an idea raised during the community consultations. It was identified as one project that would be most likely to succeed if started by a local entrepreneur, perhaps with some assistance from the first nation.

A tannery would fit in well with a number of other priorities of the community, notably the encouragement of traditional skills and pursuits. Having a local means of increasing the value of

locally trapped furs by making them into a retail product would likely make trapping more economically attractive. And being able to more readily produce tanned moose hide and other leathers locally could encourage the production of more leather crafts by the many Ross River artists and craftspeople.

It is likely, however, that even a very small tannery operation would need to market its services outside of the community and perhaps outside the territory. Building such sales would require marketing the tanning service and having prices that are reasonably competitive with other small custom tanneries. A cursory internet search provides the following current prices for the custom tanning of hides and furs²:

- beaver \$25.00 to \$75.00
- bear \$100.00 to \$195.00
- lynx \$54.00
- wolverine \$78.00

Shipping and handling charges are added to those prices and it is usual for volume discounts to be offered. These price levels do not offer much encouragement for the business idea.

3.3.4.2 Agriculture

Encouraging more local sustainability and increasing the availability of more fresh food while simultaneously improving the local economy is behind the idea of having some local market gardening and greenhouses in Ross River.

This is another economic development idea that was identified in the community meetings as being best carried out by a local entrepreneur (presumably with a green thumb) with, perhaps, some assistance from the first nation.

The obvious roadblock to developing any form of agriculture in Ross River is that the climate and soils of the region are not well suited to growing crops. And greenhouses in the north always face the costs of heating them during the shoulder seasons.

Anyone wishing to begin a greenhouse operation in Ross River would find a valuable resource in Carmacks where a community greenhouse operation has been carried out since 2002. (It must be noted, however, that the Carmacks operation is subsidised by the Little Salmon Carmacks First Nation. It is not and not intended to be, a money making operation).

3.3.4.3 Fisheries

Fish and fisheries were also raised as a possible means of creating sustainable economic benefits for the community while utilizing traditional skills and using a renewable resource. Although it may be worth a closer examination, the experience of other efforts to develop businesses based on wild fish populations in the Yukon (particularly the Han Fishery in Dawson City) is not encouraging. Although salmon do migrate up the Pelly, the numbers are small and could not sustain a commercial operation. And the wild fish populations in almost all Yukon lakes are usually highly vulnerable to over-exploitation due to the slow growth rates of the fish.

There are possibilities in the farm-fish sector but this would need very careful examination due to high transportation costs.

² Mudry & Modern in Montreal. Available at: www.mudry.ca

3.4 Tourism

A tourism development strategy was developed as part of this study and is presented under separate cover as the *Ross River Dena Council Tourism Development Strategy*. However, a strategy must be implemented if it is to be of any use. The tourism strategy includes a number of key recommendations:

- Confirming the need for, and hiring a Regional Tourism Coordinator solely focused on the needs of the Campbell Region communities of Ross River and Faro backed by a minimum 3-5 year funding mandate;
- Redefining the Campbell Region tourism boundary to exclude the Klondike Highway and Carmacks;
- Emphasizing the importance of establishing partnerships for training to build capacity, creating joint ventures to learn from others business experience and forming alliances with the Town of Faro on ventures of mutual benefit (e.g. Dena Cho Trail marketing); and,
- Undertaking a detailed and systematic evaluation of the tourism development potential of group trap line study region including ranking opportunities in order of possible development priority as the RRDC develops its tourism capacity.

Recommendation No. 15
Implement the Ross River Dena Council Tourism Development Strategy.

3.5 Cultural Industries and a Cultural Centre

The artistic and cultural traditions are one of the main strengths of Ross River. The community has a number of well-known carvers, as well as other artists and craftspeople. The development of a cultural centre has been identified as a major priority to further strengthen community skills in this area.

Identification of the need for building a museum and cultural centre go back as far as 1975. The 1975 Synergy West community development plan for Ross River³ highlighted the recommendation that the community build "...a local museum and interpretation of its native and white heritage". The plan elaborated on some aspects of the museum:

"As a means of improving business opportunity in Ross River, serious consideration has been given by some local residents with the study team on the possibility of creating a museum to improve the tourist interest in the community. The museum would have two fundamental themes: the history of the development of the Canol Road and the interest points on the North Canol provided at Ross River, its gateway; and a regional and territorial mineral sample exhibit, possibly with some selected sites along major highways which would be of interest to rock hounds."

³ Synergy West Ltd. April 1975. *A Community Plan for Ross River*. Department of Local Government, Territorial Government of the Yukon and the Community of Ross River.

The 1989 community development plan⁴ also identified the construction of a museum and a craft shop for manufacturing and sales as a second tier priority to help develop tourism in Ross River.

The construction of a cultural centre that would also act as a visitor reception centre has now been identified as a number one community priority.

The centre is intended to provide exhibit and selling space for artists and craftspeople, space for teaching art and crafts, and artists' studio space. The centre will also tie in with the tourism industry by providing a major attraction for tourists in the community and act as a jumping off point for the Dena Cho trail.

Finds of gemstones, notably emeralds, could provide a link between artists and the mining industry. Efforts had been made to teach gemstone cutting, and to use them in artistic products. The available of teaching and studio space in the new cultural centre is expected to benefit the fledgling gemstone industry.

In 2007, a proposal was submitted to fund hiring the architect Douglas Cardinal to plan the cultural centre and the subdivision. The centre would include:

- Visitor reception/information centre;
- Space for cultural activities and crafts;
- Exhibit space;
- Storage and curatorial space for cultural archives;
- Artist studios; and,
- Teaching space.

Unfortunately, that proposal was rejected. The proposal pointed out that that:

- A Visitor Reception Centre as part of the cultural centre would help crate a focus on tourism-related opportunities and business development. More specifically, these include the development of the Dena Cho Trail in collaboration with the Town of Faro, and marketing Ross River's cultural, mining and Dena history.
- Ross River would enjoy a centre where cultural education and cultural capacity building activities and events could be prioritized. These activities and events could include, among many others, traditional knowledge projects, arts and crafts activities, Elder and youth programs, and events and programming that could attract and enhance visitor experience in Ross River;
- An exhibit space alongside storage and curatorial services that would showcase Ross River Dena and mining heritage, and act as a repository for cultural archives. It would provide a unique opportunity for visitors to stand on traditional grounds and experience Ross River Dena's traditional and modern world histories. Elder programs and projects, oral histories that take advantage of modern technology like video (e.g., "digital storytelling") will contribute to preserving and enhancing traditional values and knowledge while fostering a sense of community pride;



Douglas Cardinal visiting the old village site

⁴ David Nairne & Associates. December 1989. *Ross River Dena Council Comprehensive Community Development Plan: Volume 3: Physical and capital plan*.

- Artist Studios: The Cultural Centre/Visitor Reception Centre/Artists' Studio facility would provide the community with a gathering place for artists, their works and traditional knowledge that will be shared with community members along with an increasing number of visitors to the area. Importantly, the Centre will be a working home for Ross River's artists and a means for them to pass on their traditional skills and cultural knowledge to younger generations and create revenue;
- The creation of a community hub and social gathering place: Through its many and diverse activities and programs, the Cultural Centre/Visitor Reception Centre/Artists' Studio facility would be a natural gathering place for all community members, young and old; and,
- The cultural centre and its activities, as well as activities that initiate meeting the need for appropriate and relevant housing, would significantly contribute to fostering a sense of community pride.

Despite the rejection of the proposal, the cultural centre still remains a priority for the community.

Recommendation No. 16
That the RRDC restart the process to plan and build a cultural centre on the traditional village site.

3.6 Education, Community Health, and Recreation

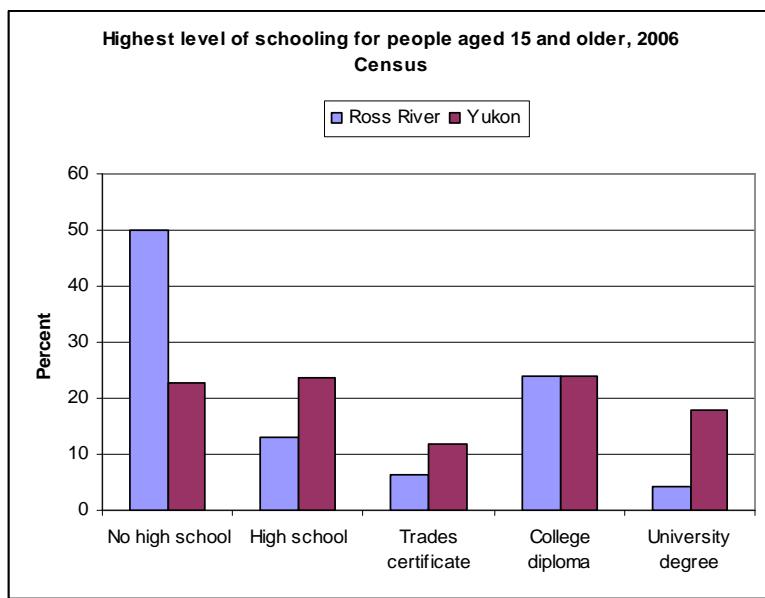
3.6.1 Education

Economists have long recognized that education is the single most important explanation for the prosperity of individuals and communities. The general low average educational level of Ross River residents is probably the largest single factor for the low incomes experienced by many in the community. The Ross River community also understands this and raising educational levels is a number one priority.

However, this is a long-term project involving many actors and all community members and it will not be accomplished overnight. The community needs skilled professionals who are members of the community: geologists, biologists, engineers, lawyers, accountants, doctors, nurses, teachers, and, dare we say, economists. While these skills can always be hired from outside, outsiders have at best a limited understanding of the community and little long-term commitment to it.

There are a number of issues to be dealt with. First is ensuring that children now in school attain the highest level of education they are capable of. Second is increasing the educational levels of the adult population.

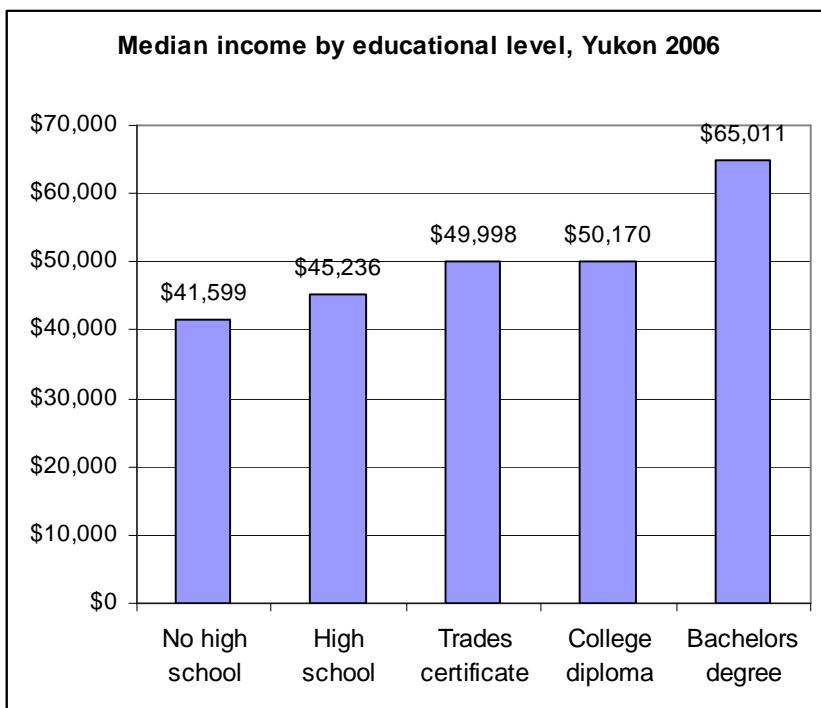
There is a community view that Ross River students are held to a lower standard than students in other parts of the Yukon. This makes it difficult for students to complete their high school education when they go to Whitehorse for their final years. They often end up being held back a year. Lower standards also mean that students from Ross River find post-secondary education more difficult and results in higher failure rates. To ensure that children from Ross River have at



least equal opportunity to succeed in their studies, it is absolutely essential that educational standards be raised to at least the Yukon average, and preferably higher.

Also, children need to understand the importance of education, they need to be encouraged to stay in school, they need the opportunities and financial assistance to remain in school, and they need jobs in the community once they have finished their schooling.

However, this should not stop young adults from obtaining experiences outside the community, whether it is work or travel. It is unrealistic to expect everyone to immediately come back once they have finished their studies. But the opportunities and incentives to bring their skills and experience back to the community once they wish to must be there, and family and friends need to encourage them to return.



While First Nations post-secondary students benefit from free tuition, this is not sufficient to remove the financial obstacles to going and remaining in college and university. Canada's post-secondary educational system is heavily weighed in favour of middle class students whose parents can afford to help them. Without their parents' help, many students end up deeply in debt and in financial difficulty after they graduate. The situation is even more difficult for kids coming from poorer communities and low-income families, whether they are First Nation or non-aboriginal. Additional assistance in the form of scholarships is needed.

But assistance should not be limited to school leavers. Many younger adults, after a few years in the workforce or on Social Assistance, would like to improve their education level. This is especially critical in Ross River, which has a very large proportion of people between the ages of 20 and 34 who only have a high school diploma or less. Young adults often have family and financial obligations. Again, these people need scholarship assistance, perhaps more than school leavers.

Socio-economic Participation Agreements and Impact-benefit agreements with natural resource companies often have clauses for funding scholarships. However, these are often limited to mining-related studies. But the long-term sustainability of the local economy requires diversification, and educating community members only in natural resource studies does not address this.

Explaining the importance of education

One Ross River teenager, when asked why they placed so little importance to school, answered that they didn't need to go to school to get on Social Assistance.

The adult then asked them: "Do you want a nice truck? A good snowmobile? A four-wheeler? A nice house?" The teenager answered yes to all the questions. The adult then pointed out how much each of those costs and compared the costs to how much money they would get from SA.

"Do you think that SA gives you enough money to buy **any** of these, never mind all of them?" the adult asked. The answer was immediately obvious to the teenager.

Recommendation No. 17 ***Scholarship funding from SEPAs should not be limited to mining-related studies.***

Achieving the stated goal of raising education levels in Ross River to at least the Yukon average will require a long-term approach on many levels. An education strategy laying out what needs to be done will help in achieving the goal.

The objectives of an education strategy could include:

- Higher standards in elementary and secondary education in Ross River;
- Increase the educational level so that everyone has at least a high school diploma;
- Children and other community members understanding the importance of education for the community;
- Eliminating financial barriers to community members pursuing post-secondary education; and,
- Ensuring that work opportunities are there for people who graduate

Recommendation No. 18

The community needs to develop an education strategy that lays out the means of achieving the goal of raising education levels in Ross River to the Yukon average or higher

3.6.2 Health

Drug and alcohol abuse is recognized by the community as its most prominent weakness, and its elimination is a number one priority. Substance abuse does not only affect individuals and families, but also puts a damper on economic development. In addition to the effects on social, spiritual and individual well-being, there are serious economic costs to substance abuse. The first is the material loss to the community of the contribution abusers could be making. The other costs include the cost of treatment, the cost of crime associated with substance abuse, and so on.

There are no simple solutions. The problem needs to be attacked from a number of directions. From an economic perspective, one direction is to ensure there are good jobs. Although additional income makes it easier to purchase alcohol and drugs, the reality is that people with good jobs are much less likely to engage in substance abuse. But there is a vicious circle where substance abusers are less likely to get good jobs in the first place and less likely to hold on to good employment when they do get it. Another approach is to build and fund appropriate treatment facilities. The community has identified that the construction of a treatment centre is a number one priority as part of the objective to eliminate substance abuse.

The Yukon government, through commitments recently made by the Deputy Ministers of both the Social Services and Justice Departments, has promised to provide the funding necessary to build a land-based treatment centre to help combat substance abuse in the community.

Recommendation No. 19

Ensure that the land-based treatment centre for which Yukon government funding has been promised gets built as soon as possible.

3.6.3 Recreation Centre

With the destruction of the Recreation Centre on March 10, 2011, the construction of a new recreation centre is now also a major priority for the community. The centre acted primarily as a safe and popular drop-in and hang-out place for youth and, with the revival of the natural ice surface this past winter, hockey had made a big come back for both youth and adults.

The destruction of the old centre can be used as a springboard to improve and build on the positive momentum already underway with the revival of the ice and the interest in hockey.

Recommendation No. 20
That a new recreation centre is built in Ross River as quickly as possible.

A new recreation centre will mean that the community will have artificial ice for the first time, and a new centre will also provide an opportunity to make hiring a full-time recreation director a priority. Having an energetic, full-time recreation director makes a big positive difference to the overall health of the community.

Recommendation No. 21
That a full-time recreation director be hired.

4 Tools for Economic Development

4.1 Economic Development Corporation

Since *Building on Strength* was written in 2006, the RRDC has moved ahead and created an economic development corporation, a critical step that was needed to insulate the first nation from some of the risks inherent in its business operations. There has also been considerable progress toward keeping both existing and new community corporations as separate legal entities in order to minimize the risk that a failure of one venture will cause the failure of others.

The development corporation, despite some minor hiccups, is on a firm footing. It has a strong board of directors drawn from the major families in Ross River and has benefited from a very active and engaged economic development officer. The corporation is making money from a number of successful businesses, especially joint ventures related to the mining sector.

Aboriginal Development Corporations: Tension between goals

For many First Nations there is an inherent tension between conflicting goals in economic development efforts. With money coming into the corporations from joint ventures and other agreements, there are three broad means of proceeding:

1. If the only goal is to protect the capital and to make more money then the funds will inevitably need to be invested outside of the community, in both financial instruments and in promising business ventures. Ross River is just too small a community and economy to offer enough opportunities for investments that will *maximize* the return on investment.
2. If community economic development, and especially creating local jobs is the only goal, then expecting the corporation to be highly profitable — or even to make a profit at all — is highly unrealistic. As the Dena General Store and Tu Lidlini Petroleum Corporation have shown, it is possible to set up local businesses that create some local jobs and are marginally profitable, but the community is too small to support many businesses. And has been seen very often, creating money-losing businesses that exist only to provide local jobs is a very fast route to bankruptcy for an economic development corporation.
3. Finally, if the only goal is to use any money that becomes available for the community's pressing social needs such as more housing or health services then the corporation will be treated as a source of cash, cash that will quickly dry up once the payments from royalties or other mining sources stop.

Of course, the three broad approaches are rarely applied in their pure form. Instead, some combination is tried, usually with mixed success. The key point is that, unless at least some profit is made and capital is preserved, any jobs created or health services offered will quickly disappear when the mining money stops flowing.

Looking forward, the RRDC needs to develop a detailed strategic plan for the corporation.

Recommendation No. 22
Develop a detailed strategic plan for the development corporation.

The strategic plan should include consideration of:

The relationship between the corporation and the RRDC government;

- Governance structure:
 - Composition of board of directors;
- Management structure;
- The aims of the corporation:
 - Protecting capital and making a profit;
 - Community economic development and job creation;
 - Source of cash for social needs
- The role of the corporation, including consideration of:
 - Owning businesses;
 - Operating businesses;
 - Assisting local entrepreneurs;
 - Job training
- Financing the operations of the corporation.

4.1.1 Financing the Corporation

In financing the development corporation, the distinction between operational funding and investments should always be kept clear. The goal of the corporation is to help the community develop, not to grow itself and its need for money to operate.

A very stark lesson from the past is that mining money should not been used to finance operations but rather to acquire assets so there is something left after the boom is over. Of course there is a need for a secure source of funding for the corporation's operations. Possible sources of operational funding include:

- Administration fees from contracts;
- Profits from businesses (which will likely be small);
- Interest from loans or leases; and,
- Government programs for aboriginal economic development.

Recommendation No. 23
Do not use mining money — one-off payments, royalties, or economic development funds — to pay for the day-to-day operations of the economic development corporation.

Economic Development Corporation
Lessons from the past

A number of lessons need to be drawn from the former, now-bankrupt Ross River Dena Development Corporation. The corporation did well during the last mining exploration boom in the 1990s. Jobs and businesses were created while mining company money flowed, but the company collapsed when that flow stopped.

- You can't have 3 people running 17 businesses
- Mining money doesn't last forever. There is a need to be careful and not squander it on operational costs. The corporation needs to make sure it still has the capital once mining money stops flowing.
- Care must be taken with subsidizing one business with earnings from another and flowing money from one enterprise to another. Money-losing ventures can quickly drain away hard-earned funds.
- Buy assets, don't lease them.
- Don't run businesses directly. Separate them out as separate entities, use entrepreneurs rather than paid managers whenever possible.
- The store was almost lost with the bankruptcy. Critical businesses must be kept legally separate.

4.2 MOUs SEPAs and Royalties

A very important strength that the Ross River Dena Council and its economic development office have been developing is a genuine business relationship with mining companies working in the RRDC's traditional territory. Focussing on offering the companies competitive services for things they need fosters personal contacts and encourages better relations. These relationships have already resulted in more opportunities and benefits for the Ross River Dena.

Building relationships and developing businesses that can continue and expand to other areas rather than on simply maximizing short-term cash payments and temporary jobs leads to MOUs and SEPAs that create far greater long-term benefits. The key is the development of businesses and other sources of economic benefits that are both diverse and sustainable.

At the time of writing, there are no SEPAs finalized with mining companies although an MOU and draft SEPA were developed with the owners of the Ketza mine. SEPAs are a crucial economic development tool and they should be given high priority.

Recommendation No. 24

Ensure that there is an MOU and SEPA with every mining company in RRDC traditional territory.

The Yukon government's royalty regime is profit based; mining companies pay the royalty based on the profits that remain after writing off a large number of development and operating expenses. The weakness of this system and the effectiveness of the accountants employed by the miners are demonstrated by the fact that the government does not collect enough to even keep the mine recorders offices open. Further, under the current fiscal transfer agreement with the federal government, any resource royalty revenue the Yukon government collects in excess of \$3,000,000 results in a reduction of the federal transfer to the Territory by an equal amount. If the Yukon government agreed to share these royalties with the 14 First Nations, precious little would be received by the Ross River Dena.

Recommendation No. 25

In order to ensure that the RRDC does collect some of the value of the minerals on its traditional territory, every SEPA negotiated by the RRDC should include a royalty based on Net Smelter Return.

Net smelter returns reflect the actual value of the mineral that has been mined. The net refers to the cost of smelting the ore, not the cost of mining it. So a net smelter royalty will ensure that some of the value of the mineral flows to the RRDC as long as the mine operates and does not depend on the paper profits of the mining company.

4.3 Rainy Day Fund

Mining is a highly cyclical industry, going from boom to bust at irregular intervals as mineral prices rise and fall. And, because it exploits a non-renewable resource it is also inherently non-sustainable. When an ore body is mined out it is finished as a means of creating employment, incomes, and other economic benefits.

One way of turning the exploitation of a non-renewable resource into more sustainable long-term economic benefits is to preserve at least a portion of what the resource is worth (either in the form of royalties or money that the mining company pays to the first nation through a SEPA). The consultation process revealed that there is some discussion within the Ross River Dena Council on whether and how much mining money should be set aside in an investment fund to earn a financial return for the future when the mining cycle turns to bust again.

Recommendation No. 26

A portion of the mining money that will flow to the Ross River Dena in the form of royalties or other payments should be set aside in an investment fund.

4.4 Joint Ventures

Joint ventures can be a highly useful economic development tool for First Nations, bringing skills and knowledge needed to succeed in many businesses. They are also attractive to many non-native entrepreneurs who gain access to both business opportunities and access to the capital that

is available to first nation businesses. The Ross River economic development corporation currently has a number of active joint ventures with different firms including fuel distributor AFD and Arctic Construction Ltd., a major contractor at the Wolverine mine.

None the less, the RRDC should approach joint ventures with a degree of caution. In particular joint venture partners must be reputable and honest. It is also highly desirable that management skills and knowledge of the business transferred to the First Nation, usually through a management trainee being employed by the joint venture. It is, however also very important not to overload an individual — whether an economic development officer or a management trainee — with too many management responsibilities if they already have enough on their plates.

If the transfer of management skills and business knowledge is not practical for any reason (a simple lack of a suitable trainee candidate for example) then the joint venture should be treated simply as a source of revenue with the non-aboriginal partner being fully responsible for day-to-day management. Of course, the economic development corporation will still need to be diligent in its oversight of the joint venture to protect the First Nation's interest.

4.5 Business Creation

One of the development tools available to the RRDC's economic development corporation is to create businesses in Ross River that are not joint ventures.

There are three broad options for business creation:

1. Create and operate the business through the development corporation;
2. Have the corporation create the business and then turn it over to an individual entrepreneur or another community corporation to operate; and,
3. Have the development corporation help a local entrepreneur who will create and operate the business.

As is noted above, it is important that the First Nation and its economic development corporation reduce the legal and financial risks inherent in owning and operating a number of businesses by creating legal separations between the different enterprises. Newly created businesses can be structured as separated corporations whose shares are owned by the Ross River Dena Council — not the development corporation. As the owner, the RRDC would receive any profit from the business and then turn it back to the development corporation.

One major hurdle in setting up and running businesses locally in a small community is that there is a limited pool of people with both the interest and the ability to start and run their own businesses. (It is estimated that only around 10% to 15% of the Canadian population has that combination of interest and ability).

Business Planning

Businesses need business plans. Often they are only in the head of the entrepreneur, but it helps to put them in writing to communicate it to others, especially to those who finance the business.

There are 3 steps to creating a business plan:

- Feasibility Study: determines whether the business is viable, or what it takes to make it viable;
- Market Study: determines how much demand there is for the product or service, what the competition is, and how much the market is likely to grow or shrink;
- Business Plan itself: shows how the business will operate and includes a pro-forma financial analysis.

A further difficulty in small communities is that family ties and perceptions of conflict of interest and favouritism are inevitable if the development corporation assists an entrepreneur or wishes to turn over a business to someone to run.

Recommendation No. 27

Use a small group of people with relevant experience from outside the community to make decisions on funding entrepreneurs or on turning over businesses

One way of assisting local entrepreneurs set up a business is through lease-to-purchase agreements. If the major hurdle for a particular business idea is lack of ability to finance the purchase of a piece of equipment, for example, the development corporation may be able to buy it and then enter into a lease-to-purchase contract with the entrepreneur. There are also programs available to help with business planning for those on Employment Insurance or Social Assistance who are interested in starting their own businesses.

One of the basic rules of business is that some businesses are going to fail. The community needs to understand that occasional business failures are normal.

4.5.1 Business Success

Business success is measured by a very simple yardstick; does the business make a profit?

Making a profit depends on:

- Having a market (buyers) that want to buy what you are selling;
- Supplying the good or service at a price that buyers will accept;
- Convincing enough buyers to choose you over any competition that is selling the same thing; and,
- Keeping your costs down low enough so that the money coming in is more than the money going out.

Without profit, the enterprise goes bankrupt and closes unless it is subsidized.

4.6 Government Programs

While this economic strategy has a strong focus on how the community of Ross River as a whole, and the Ross River Dena in particular, can build a more diverse and sustainable economy through the development of profitable businesses and the wise use of mining money, government programs and sources of funding remain a crucial component in the community's economic development.

Where there are government funds and programs available that can be used to achieve the community's goals and vision then these funds and programs should be used to the fullest.

Job creation or make-work?

"If there are still jobs after the funding ends then it's job creation. If the jobs disappear when the funding ends, that's a make-work project."

Brian Hemsley

While job creation is far preferable to make-work projects, temporary jobs are better than no jobs at all where there is high unemployment. Government programs that tend to make work instead of jobs are still valuable.

4.7 Building Development Process

There is a process common to the development of all types of buildings. Getting a new building in place and operating has four stages:

1. Planning;
2. Design;
3. Construction; and,
4. Operation

4.7.1 Planning

The planning stage has three components:

1. Architectural program. The program, usually done by an architect, specifies what kind of spaces and how much of each is required. This is normally done through consultation with the client/community. The program usually leads to an overall building size, a “Class ‘D’” estimate of the cost of constructing the building, and to instructions to be used by the designers.
2. Business plan. The business plan figures out the costs of constructing the building and how the building will be financed. As well, the business plan estimates the operating costs of the building, how it will be operated, and where revenues will come from. A management-type consultant usually does this work in collaboration with the architect.
3. Land selection. Deciding where the building will be built. This may require geotechnical work to examine sub-soils, but that can also be done at the design stage.

4.7.2 Design

This consists of developing the plans and specifications for the building. An architect and a number of consulting engineers normally do the design, except in the simplest buildings. Two stages: a conceptual design which sketches out how the building will look, and a final design where all the detailed nitty-gritty work on the structure and different systems is ironed out by the architect in collaboration with engineers. As part of the design, the architect draws up tender documents, which include plans and specifications.

4.7.3 Construction

Construction starts with issuing the tenders and selecting the contractors. The actual construction is obvious, going to foundations to final finishes and landscaping. The end of the process is occupation (moving-in) and commissioning. Often, the architect will supervise this process, acting as the owner’s representative.

4.7.4 Operation

This is operating and maintaining the building, which needs to be planned well in advance. Operation includes dealing with the finances – revenues and expenditures – as well as the details of operating the building such as maintaining the different systems (heating, electrical, structure, finishes such as painting, repairs, etc.) and ensuring that the needed services are performed (e.g. janitorial, garbage collection).

5 Summary of recommendations

The recommendations presented above are listed here by strategic sectors. What we understand are the top priorities of the community, based on our community meetings and discussions with community members are as follows.

Recommendation No. 4 That the Ross River Dena Council continue to move toward development of a sustainable subdivision on the Old Village site.

Recommendation No. 16 That the RRDC restart the process to plan and build a cultural centre on the traditional village site.

Recommendation No. 5 That the Ross River Dena Council move forward with the planning and construction of a new administration building using a community corporation to own, operate, and manage the building.

Recommendation No. 15 Implement the Ross River Dena Council Tourism Development Strategy.

Recommendation No. 20 That a new recreation centre is built in Ross River as quickly as possible.

In addition to the , we believe that the two following recommendations are key to the future economic development of Ross River.

Recommendation No. 25 In order to ensure that the RRDC does collect some of the value of the minerals on its traditional territory, every SEPA negotiated by the RRDC should include a royalty based on Net Smelter Return.

Recommendation No. 22 Develop a detailed strategic plan for the development corporation.

5.1 Community Infrastructure

Recommendation No. 1 That the Yukon government provide a complete and detailed plan, including an implementation schedule, for the construction of a community-wide piped water and sewage system.

Recommendation No. 2 That the implementation schedule is followed and a community-wide piped water and sewer system be built for Ross River.

Recommendation No. 3 That a long-term housing needs study is carried out for Ross River.

Recommendation No. 4 That the Ross River Dena Council continue to move toward development of a sustainable subdivision on the Old Village site.

Recommendation No. 5 That the Ross River Dena Council move forward with the planning and construction of a new administration building using a community corporation to own, operate, and manage the building.

- Recommendation No. 6 That the effort to create a Local Advisory Council to represent both First Nation and non-First Nation residents of Ross River be revived.
- Recommendation No. 7 That the Ross River Dena Council create an updated long-term capital plan.
- Recommendation No. 8 That a land use plan be created for Ross River.

5.2 Mining

- Recommendation No. 9 The Ross River Dena Council adopt a policy that the minerals in its traditional territory belong to the Ross River Dena people, and that the people must continue to benefit from them even after they are mined.
- Recommendation No. 10 Money from agreements with mining companies should not be used to cover current operating expenses, but should be invested in physical or financial assets or profitable businesses that do not depend on mining.
- Recommendation No. 11 That the RRDC follow its mining strategy and not invest directly in mining companies.
- Recommendation No. 12 The RRDC should negotiate taking over as the main contractor involved in the mine clean-up in Faro to maximize community and regional benefits.
- Recommendation No. 24 Ensure that there is an MOU and SEPA with every mining company in RRDC traditional territory.

Recommendation No. 25 In order to ensure that the RRDC does collect some of the value of the minerals on its traditional territory, every SEPA negotiated by the RRDC should include a royalty based on Net Smelter Return.

- Recommendation No. 26 A portion of the mining money that will flow to the Ross River Dena in the form of royalties or other payments should be set aside in an investment fund.

5.3 Renewable resources

- Recommendation No. 13 Once the Yukon government completes its independent power producer legislation and/or policies, the RRDC should actively explore the possibility of becoming an independent hydro power producer.
- Recommendation No. 14 That the development corporation lease its sawmill to a local entrepreneur.

5.4 Tourism

Recommendation No. 15 Implement the Ross River Dena Council Tourism Development Strategy.

5.5 Cultural Centre

Recommendation No. 16 That the RRDC restart the process to plan and build a cultural centre on the traditional village site.

5.6 Education, Community Health, and Recreation

Recommendation No. 17 Scholarship funding from SEPAs should not be limited to mining-related studies.

Recommendation No. 18 The community needs to develop an education strategy that lays out the means of achieving the goal of raising education levels in Ross River to the Yukon average or higher

Recommendation No. 19 Ensure that the land-based treatment centre for which Yukon government funding has been promised gets built as soon as possible.

Recommendation No. 20 That a new recreation centre is built in Ross River as quickly as possible.

Recommendation No. 21 That a full-time recreation director be hired.

5.7 Economic Development Corporation

Recommendation No. 22 Develop a detailed strategic plan for the development corporation.

Recommendation No. 23 Do not use mining money — one-off payments, royalties, or economic development funds — to pay for the day-to-day operations of the economic development corporation.

Recommendation No. 27 Use a small group of people with relevant experience from outside the community to make decisions on funding entrepreneurs or on turning over businesses



Appendix A – Economic Concepts

Economics

Two different definitions of economics have been proposed:

- Economics is the study of how scarce resources are allocated to satisfy alternative competing human wants
- "Economics is a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of wellbeing." Alfred Marshall

Note that neither of them talks about money: **economics is first and foremost about real things.** It is about people's material well-being.

Types of economies

Economists distinguish between three different types of economy:

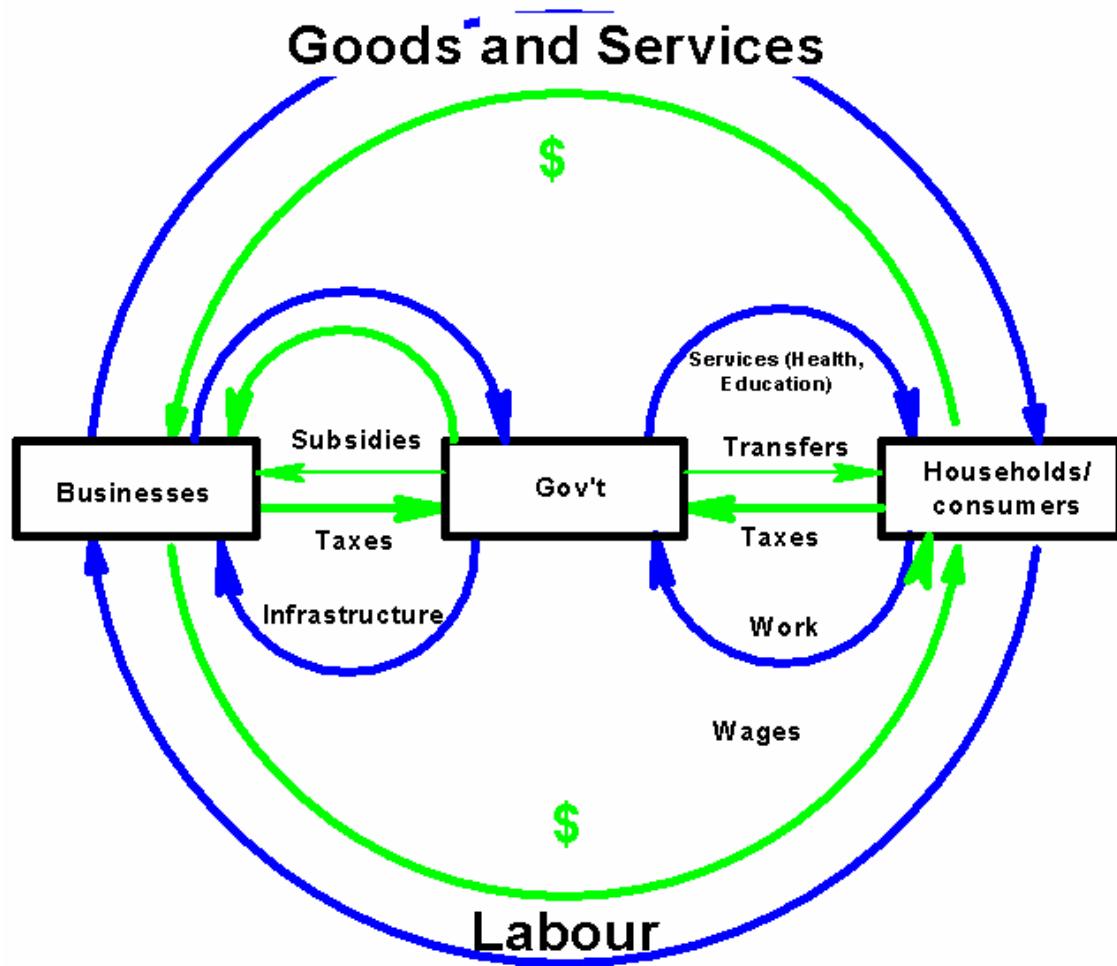
1. Traditional Economy
 - Decisions on allocation of resources made by tradition or social rules
2. Command Economy
 - Decisions made by government
3. Market or Capitalist Economy
 - Decisions made by markets

There is no real pure form; we live in a **mixed economy**.

Circular flow diagram of a market economy

Any market economy can be depicted as a circle. In one direction "Real" things (goods and services and labour) flow between businesses and people, while money flows in the other direction. Businesses sell real goods and services to people and people give them money in return. At the bottom of the circle, people provide their labour to businesses and businesses give them money (wages and profits to businesspeople).

Government is in the middle, with two smaller circles. The government takes in taxes and provides some services to both individual and businesses. The government also provides transfer payments (e.g. Social Assistance, Employment Insurance, pensions) to individuals and subsidies to businesses.



Leakages and Injections

Leakages and injections are important concepts. The economy grows when injections are increased and leakages reduced.

- Leakages:
 - Taxes
 - Imports
 - Savings
- Injections
 - Government spending (on goods and services)
 - Exports
 - Investment in capital goods (infrastructure, buildings, machinery and equipment, inventories)
- Two broad approaches to economic development
 1. Reduce leakages (import substitution)
 - Possibilities of doing this is limited by size of market
 2. Increase injections (exports)

- goods & especially services

Role of government sector

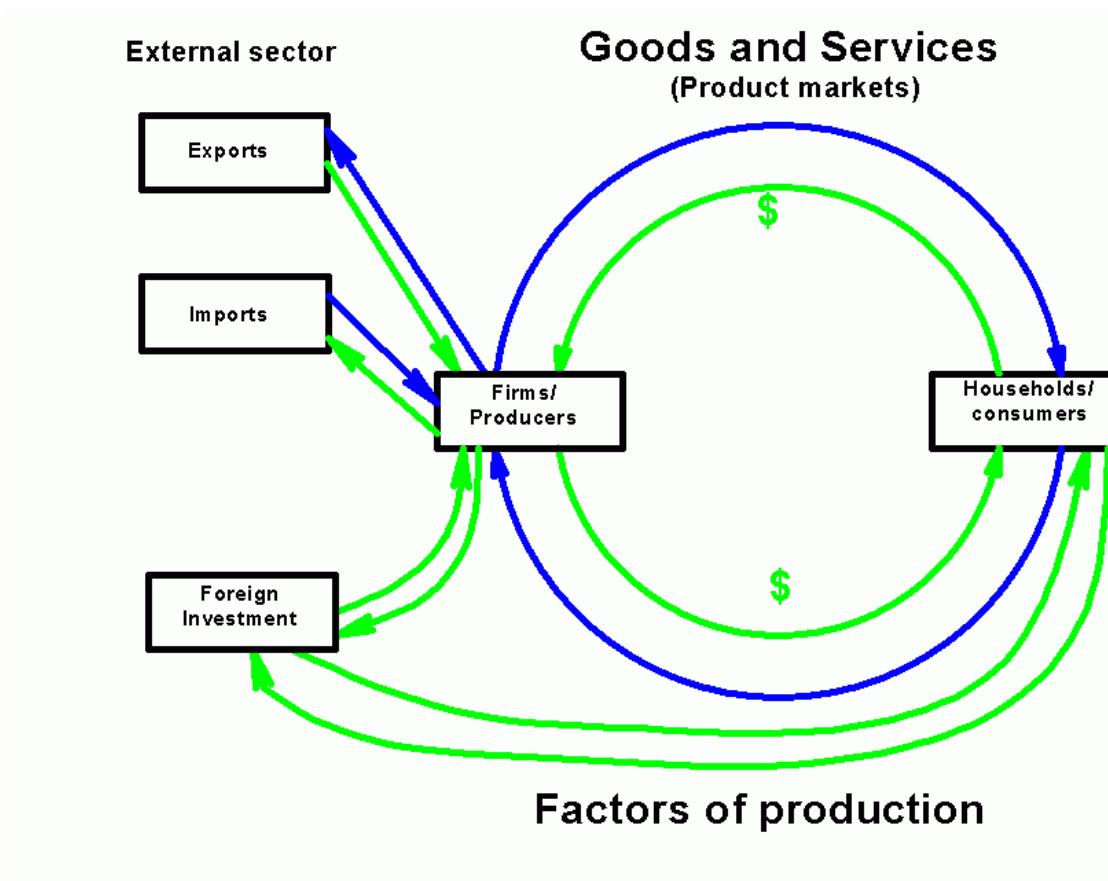
Government plays an important role in a market economy. It collects taxes and in return it provides services to people and businesses, transfers money either to other government levels, to individuals or to businesses. Governments make laws and regulations respecting the economy and will often run businesses directly.

- Leakages:
 - collects taxes
- Injections
 - buys goods and services
 - builds infrastructure (roads, airports, etc.)
 - provides services directly (education, health care, parks, etc.)
- Transfer payments
 - SA, pensions, EI
 - subsidies
 - Inter-governmental transfers
- Makes rules (laws) and enforces them
- Owns and operates businesses (Crown corporations)

Circular flow -External sector

The external sector is outside the circle. Exports are where money comes into the community from selling goods and services to outside people or businesses. Tourism and mining are both exports. Imports are the other way around: money leaves the community and goods and services come in from outside. Government is omitted from this diagram to avoid making it too complicated.

- Imports (Leakages)
 - goods and services come in
 - money goes out
- Exports (Injections)
 - goods and services go out
 - money comes in from outside
- Exports & imports include services (e.g. tourism), not just goods



Financial sector

The financial sector includes banks, credit unions, insurance companies, stock brokers, mutual funds, trust funds, etc., in summary anyone who deals mainly in money as opposed to real things. It plays an important role by taking in savings (borrowing from consumers and businesses) and then redistributing them out either as loans or equity. The financial sector makes money by paying out less in interest than what it takes in.

- Purely money flows
 - Not the **Real** economy
- Takes in savings & redistributes them
 - Business loans
 - Equity investment (shares in companies)
 - Consumer loans
 - Mortgages
 - Personal loans
- Receives and pays interest

GDP

- GDP = Gross Domestic Product
 - measures total **market** economic activity in a given area for a specific year.
- Most widely used measure of the size of an economy.
- Excludes traditional economy where no money is exchanged
- GDP sums up the total dollar value of all "final" goods and services produced within an economy.

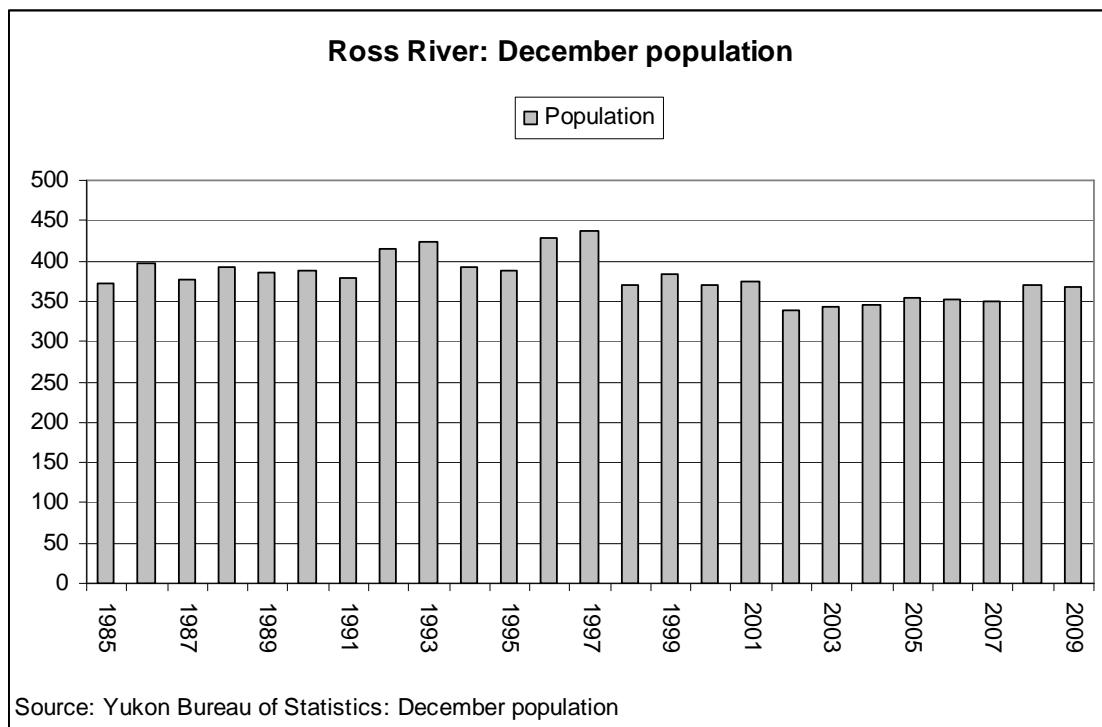
Unemployment

- Unemployment is defined as **those actively looking for work** or on temporary layoff
- If you're not looking for a job, you're **not** counted as unemployed
- Unemployment rates can be misleading, especially in economically depressed areas
- The unemployment rate is the number of people looking for work divided by the number of people either working or ready to work.
- Employment rate is more useful for small communities
 - Percentage of people older than 15 who are working.

Appendix B – Economic Profile of Ross River

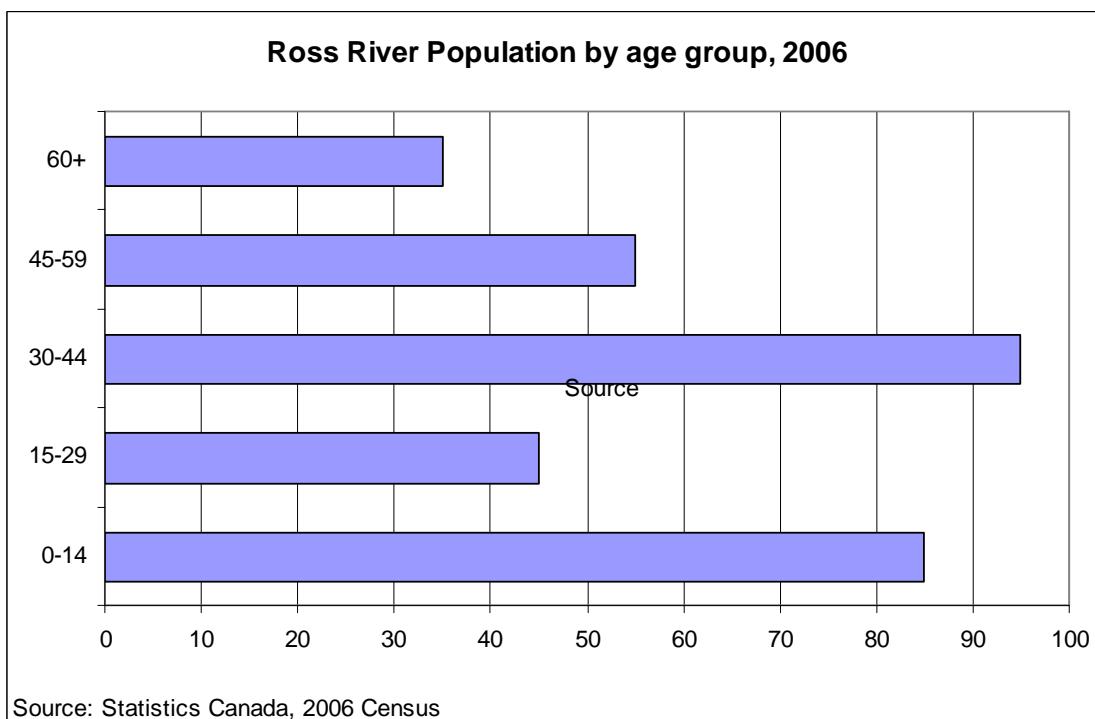
Community Demographics

The 2006 Census estimated the population of Ross River at 310 people. More recent data from the Yukon Bureau of Statistics shows a population of 367 in December 2009 and 361 in June 2010.



Age and Sex Distribution

The figure below shows the distribution of Ross River's population by age group as determined in the 2006 Census. There are very few people in their late teens and 20s — the community is predominantly made up of middle-aged and older adults and school-age children.



Ethnicity

Over 85% of the residents of Ross River identified themselves as aboriginal in the 2006 Census. Only 3% identified themselves as being immigrants to Canada. The Census found that approximately 23% of the Yukon's respondents identified themselves as aboriginal and approximately 3% said they were born outside of Canada.

Aboriginal and immigrant population, Ross River, 2006

	No. of people	Percent of population
Aboriginal	265	85.5%
Immigrants	10	3.2%
Total population	310	100%

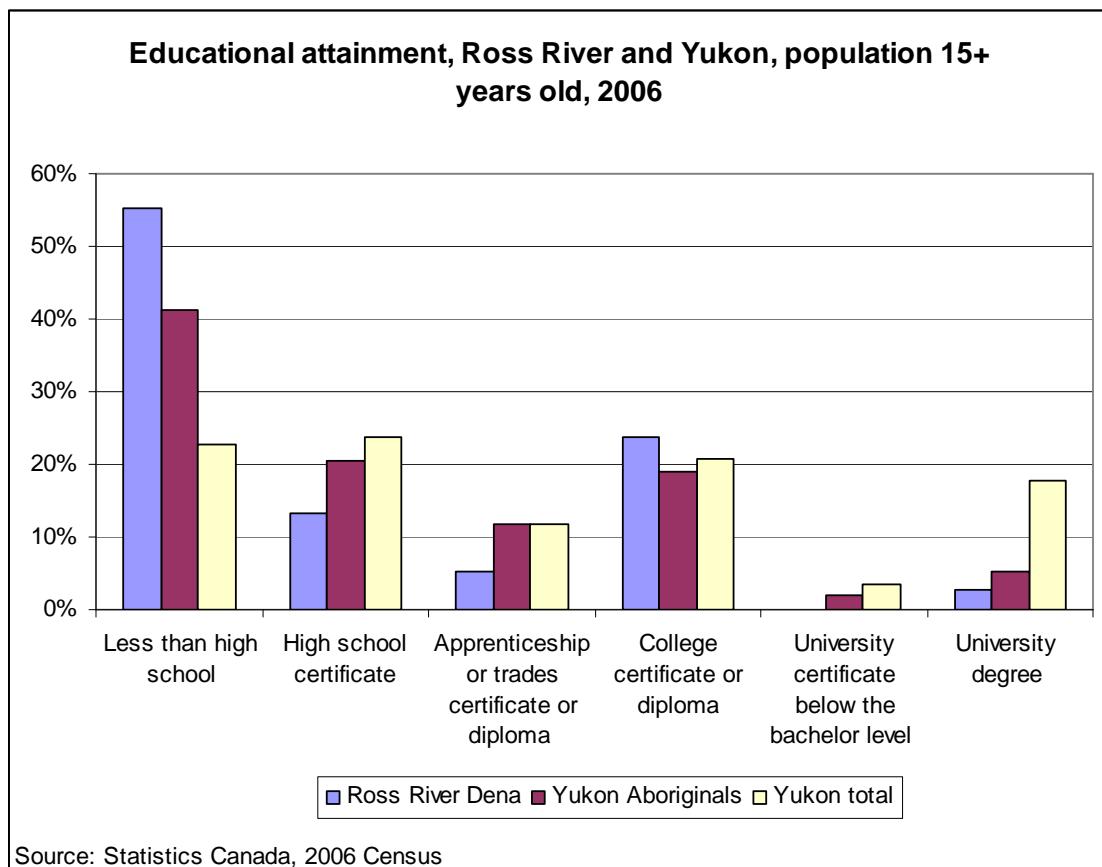
Source: Statistics Canada, 2006 Census

Education

The highest level of schooling attained by Ross River Dena citizens living in Ross River aged between 20 and 64 years is compared to the Yukon average in the figure below. Generally, adults in Ross River tend to be less schooled than the average for the Yukon as a whole and less than the Yukon average for aboriginal peoples. Well over half (55%) of Ross River Dena adults in Ross River have not completed high school, compared to the Yukon average of 23% of adults. And

there are proportionally far fewer people with university degrees in Ross River than the Yukon average.

However, about 24% of Ross River adults have a college diploma or certificate, close to the approximately 21% of Yukon adults as a whole.



Economic Conditions

Economic Base

Based on individuals' incomes reported in the 2006 Census, the total size of the Ross River market economy was about \$5.6 million in 2005. This compares with \$5.36 million in declared income as reported by the Canada Revenue Agency. By 2008, total declared income by Ross River residents was \$7.7 million.

Major industries

Despite the increase in mining employment, government continues to be the main economic base of Ross River. The different levels of government (federal, territorial and First Nation) employ 40% of the labour force.

As the table below shows, mining is now the second largest employer in Ross River with 30 people employed in the industry in 2006. Mining employment was negligible in 2001. The previous Censuses showed, respectively, 10 people employed in mining in 1981, 15 in 1991 and 10 in 1996.

Employment categorized by industry in Ross River is compared to the Yukon as a whole in the table below. Note that the small numbers in Ross River coupled with Statistics Canada's system of random rounding in order to protect confidentiality makes it possible to draw only the broadest conclusions from the data presented.

Ross River is even more heavily dependent on employment in public administration — with over 30% of employees working in the field — than the Yukon as a whole (approximately 24%). If educational and health care and social service workers are added, government employs over half of employed workers. Also, employment in construction and especially mining appear stronger in Ross River than the Yukon average.

Employment by Industry, Ross River and the Yukon, 2006				
	Ross River		Yukon	
	Number	Percent	Number	Percent
All industries	175	100.0%	18,885	100.0%
Agriculture, forestry, fishing and hunting	10	5.7%	195	1.0%
Mining and oil and gas extraction	30	17.1%	680	3.6%
Utilities	0	0.0%	85	0.5%
Construction	15	8.6%	1,310	6.9%
Manufacturing	0	0.0%	405	2.1%
Wholesale trade	0	0.0%	330	1.7%
Retail trade	0	0.0%	1,925	10.2%
Transportation and warehousing	0	0.0%	855	4.5%
Information and cultural industries	0	0.0%	570	3.0%
Finance and insurance	10	5.7%	310	1.6%
Real estate and rental and leasing	0	0.0%	240	1.3%
Professional, scientific and technical services	0	0.0%	815	4.3%
Management of companies and enterprises	0	0.0%	0	0.0%
Administrative and support services	10	5.7%	630	3.3%
Educational services	20	11.4%	1,285	6.8%
Healthcare and social assistance	15	8.6%	1,725	9.1%
Arts, entertainment and recreation	0	0.0%	505	2.7%
Accommodation and food services	10	5.7%	1,685	8.9%
Other services (except public administration)	0	0.0%	800	4.2%
Public administration	55	31.4%	4,535	24.0%

Source: Statistics Canada, 2006 Census

Employment

Employment, unemployment and labour force

The table below shows labour force statistics for Ross River and the employment, unemployment, and labour force participation rates for the Yukon for comparison.

Labour force statistics, Ross River and the Yukon, 2006		
	Ross River	Yukon
Working age population (15 years and over)	225	
In the labour force	165	
Employed	130	
Employment rate	57.8%	70.7%
Unemployed	35	
Unemployment rate	21.2%	9.5%
Not in the labour force	65	
Participation rate	73.30%	78.1%

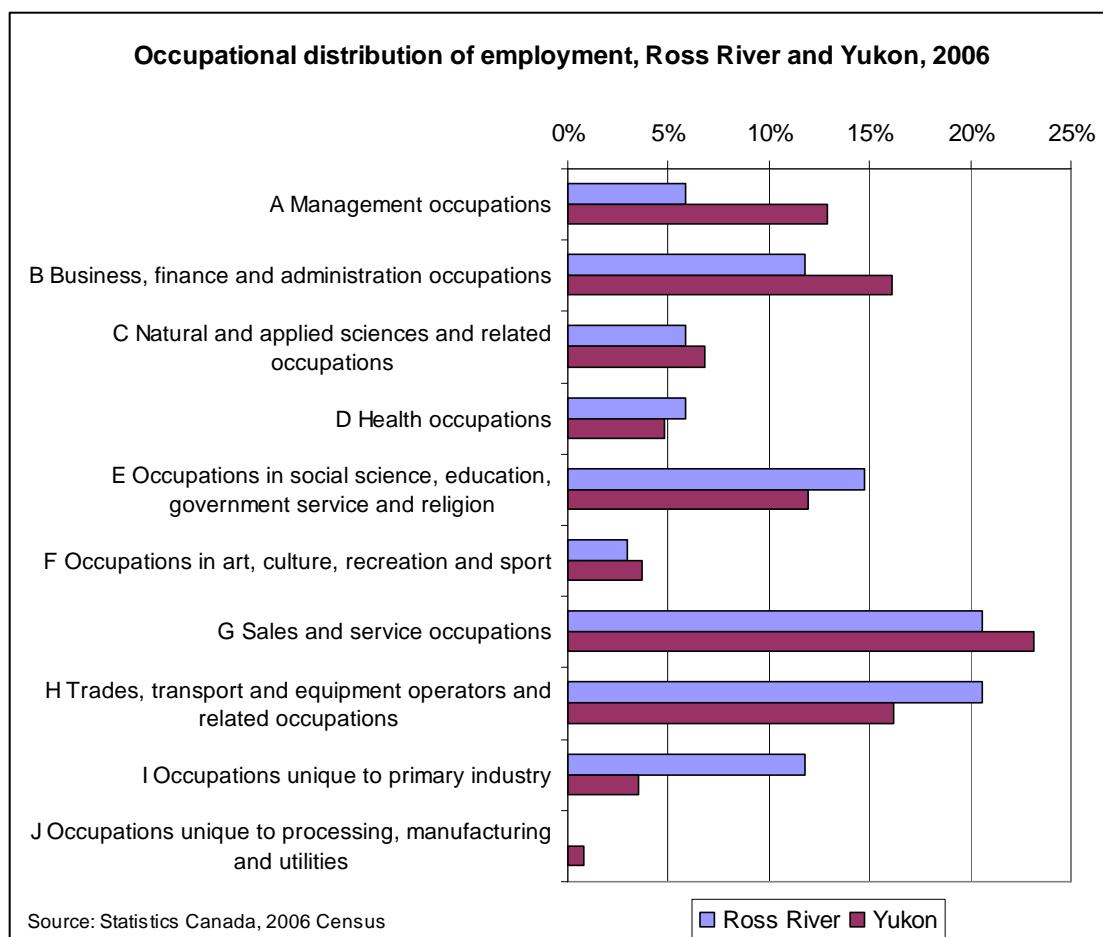
Source: Statistics Canada, 2006 Census

From the above table it is obvious that Ross River suffers from low levels of employment and correspondingly high levels of unemployment. Ross River has a labour force participation rate that is comparable to the Yukon's however, indicating that it is still a lack of jobs rather than a lack of willingness to work that plagues the community. However, conditions have greatly improved since 2001 when the unemployment rate was 37% and the employment rate was only 47%.

Employment by occupation

The figure below shows what types of occupations are most prevalent in Ross River compared to the Yukon. The most common jobs are in the trades and in transportation occupational cluster, which includes most construction workers, equipment operators and truck drivers. Sales and service occupations include those working in the retail sector, daycare workers, restaurant and hotel workers and others.

It is also noteworthy that Ross River has a higher proportion of employment in Occupations unique to primary industry (i.e. mining occupations), reflecting the importance of the mining industry to the current employment situation.



Incomes

Average and median incomes were fairly low in Ross River. Average employment earnings in 2000 were close to \$29,000 compared to almost \$38,000 for the Yukon. The same discrepancy is reflected in median incomes and in household and family incomes.

Average and median incomes, Ross River, 2005		
	<i>Ross River</i>	<i>Yukon</i>
Average earnings (all persons with earnings)	\$28,785	\$37,908
Average earnings (worked full year, full time)	\$43,029	\$53,111
Median total income of persons 15 years +	\$18,496	\$31,352
Median family income	\$53,632	\$78,583
Median household income	\$40,064	\$60,105

Source: Statistics Canada, 2006 Census

Personal income distribution

The table below compares the distribution of individual incomes in Ross River with the Yukon as a whole over a range of annual incomes.

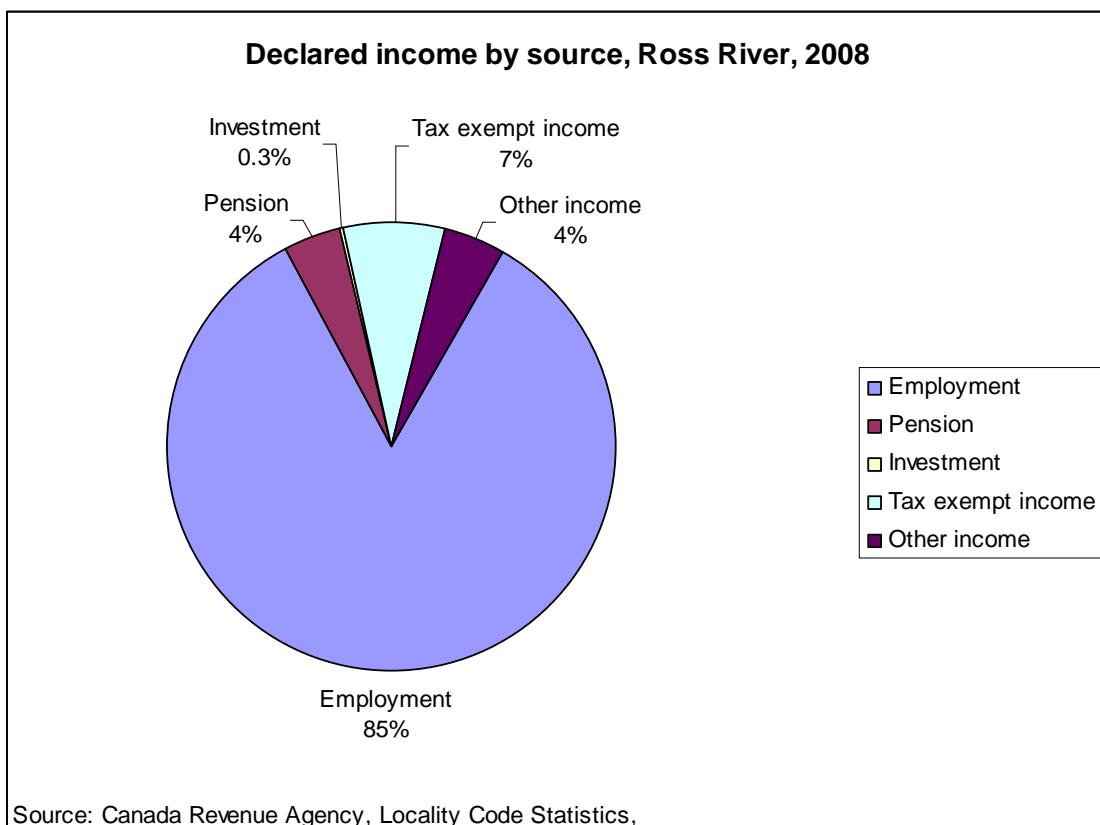
Income distribution by income range, Ross River and Yukon, 2008 tax year		
<i>Income range</i>	<i>Ross River % of returns</i>	<i>Yukon % of returns</i>
Under \$1,000	0.0%	2.4%
\$1,000 to \$5,000	8.3%	4.8%
\$5,000 to \$10,000	8.3%	6.5%
\$10,000 to \$15,000	8.3%	7.1%
\$15,000 to \$20,000	12.5%	8.3%
\$20,000 to \$25,000	12.5%	6.9%
\$25,000 to \$30,000	8.3%	6.1%
\$30,000 to \$40,000	12.5%	11.1%
\$40,000 to \$50,000	8.3%	9.8%
\$50,000 and up	20.8%	37.0%
Total	100.0%	100.0%

Source: Canada Revenue Agency, *Income Statistics*, 2008 Tax year

From the above table it is clear that incomes in Ross River are generally far lower than in the Yukon overall. Only about 21% of tax filers in the community reported an income of \$50,000 or more compared to more than 37% in the Yukon. On the other end of the range, 50% of all tax filers in Ross River reported an income of less than \$25,000, compared with only 34% of Yukoners.

Taxable income

The pie chart below shows the relative importance of different sources of income to individuals in Ross River. Ross River is very close to the rest of the Yukon in the relative importance of most of the income categories. Employment income is by far the largest source of income for Ross River residents, accounting for 85% of income. Tax-exempt income (mostly Social Assistance and Workers' compensation payments) are second in importance but dwarfed by employment income. Income categorized as "Other" by the Canada Customs and Revenue Agency is relatively more important in Ross River than the Yukon as a whole. (Other income includes Employment Insurance (EI), disability income or benefits, training allowances, and child support payments).



Appendix C – Previous studies

First Nation Administration Building

In the previous studies reviewed, the construction of a First Nation Administration building is only mentioned briefly in the 2000 community development plan⁵ where it receives the support of only 25% of the respondents to a survey asking residents what their priorities for new community facilities were.

However, there has been a considerable amount of preliminary planning and design work done on a possible new admin building in 2002 and 2003. Kobayashi + Zedda Architects of Whitehorse were hired to prepare schematic drawings on several options for a building, and some initial mechanical and electrical engineering review work was also completed. Although some of the priorities of the First Nation may have changed — for example, if the planned administration building should be combined with a cultural centre and/or visitor reception centre — this initial planning work may still be used as a base for further work on the project.

Museum and Cultural Centre

Previous studies reviewed during the preparation of the Ross River economic development strategy contained references to the need for, or benefit of, building a museum and cultural centre stretching back as far as 1975.

The 1975 Synergy West community development plan for Ross River⁶ highlighted the recommendation that the community build “...a local museum and interpretation of its native and white heritage”. The plan elaborated on some aspects of the museum:

“As a means of improving business opportunity in Ross River, serious consideration has been given by some local residents with the study team on the possibility of creating a museum to improve the tourist interest in the community. The museum would have two fundamental themes: the history of the development of the Canol Road and the interest points on the North Canol provided at Ross River, its gateway; and a regional and territorial mineral sample exhibit, possibly with some selected sites along major highways which would be of interest to rock hounds.”

The 1989 community development plan⁷ identified the construction of a museum and a craft shop for manufacturing and sales as second tier priorities to help develop tourism in Ross River.

Local Government

Recommendations that Ross River create a local municipal-type government stretch back to at least 1984. A 1984 study commissioned by the Ross River Dena⁸ strongly recommended the formation of a form of local government specifically designed to protect the interests of the First Nation and its citizens:

⁵ David Nairne and Associates. July 2000. *Ross River Dena Council: Physical Development Plan, Housing Policy, NORHA Housing Proposal*.

⁶ Synergy West Ltd. April 1975. *A Community Plan for Ross River*. Department of Local Government, Territorial Government of the Yukon and the Community of Ross River.

⁷ David Nairne & Associates. December 1989. *Ross River Dena Council Comprehensive Community Development Plan: Volume 3: Physical and capital plan*.

⁸ Dimitrov, Peter and Martin Weinstein. 1984. *So That The Future Will Be Ours*. Ross River Indian Band.

“A joint-governing body for the municipality of Ross River, with fixed Indian and White Membership is required. If Ross River grows in population due to the developments and the proportion of Indians decreases below 50%, this structure will be required so as to express and protect the Indian interest in Ross River itself.”

It is interesting to note that the community of Carcross has instituted just such a joint body (though it is an advisory council, not a municipality) with equal representation from the First Nation and from the non-First Nation parts of the community.

Water and Sewer System

The installation of a community-wide piped water and sewer system has been made a number one priority in the Ross River economic development strategy. During the consultation process, it was pointed out that this issue has been raised and studied several times over the past 30 years. A quick review of previous studies shows that recommendations that Ross River have a piped water and sewer system began in the early 1970s and have continued since.

The 1970s to the 1990s

A 1975 report contained the following:

“Sanitary sewage is currently discharged and disposed through septic tanks, cesspools, and earth privies. Because of the short life of the present community and its low population, this has not been a problem to date. However, because of the confinement of the aquifer due to permafrost below and the community’s proximity to the river, plus a high water table periodically in the residential zone, there is the potential for considerable problems with the sanitary system, particularly in the latter areas... In the event of the installation of a sewage collection system the Stanley report on the Quality of Life in the Yukon recommends sewage disposal by aerobic lagoon, discharging through a treated effluent line to the Pelly River at a total estimated cost of \$110,000.00 (using 1973 construction cost indices).”⁹

A 1983 report¹⁰ had the following to say about water and sewer in Ross River:

“In 1974 an engineering study recommended the installation of a piped water distribution system and development of a new infiltration well. A pre-design study conducted in 1978 recommended construction of a new shallow infiltration well, a pumphouse and water storage facilities, and shallow-buried, insulated, heat-traced distribution system. The total capital cost (in 1978 dollars) of these improvements was estimated to be in the range of \$2.2 to \$3.3 million, depending on the extent of coverage of the distribution system; these costs are based on a design population of 600 (Underwood McLellan Ltd. 1979). No action has yet been taken on implementing these recommendations.”

“The presence of a high water table has created a problem because organic contaminants have been found in some shallow wells... A 1978 engineering study recommended the installation of an aerobic sewage treatment lagoon and a piped sewage collection system. The capital cost of these facilities was estimated to be in the order of \$1.8 million to \$2.9

⁹ Synergy West Ltd. April 1975. A Community Plan for Ross River. Department of Local Government, Territorial Government of the Yukon and the Community of Ross River. Pp. 10-11

¹⁰ Reid Crowther & Partners Ltd. March 31, 1983. Socio-Economic Impact Study: Ross River Area Part II. DIAND and Department of Economic Development and Intergovernmental Affairs, Yukon. Pp. 3-3 to 3-4

million in 1978 dollar terms (Underwood McLellan Limited, 1979). Difficult soil conditions, combined with the presence of permafrost, account for the high capital costs of both the water and sewage treatment system improvements. As in the case of the water system described above, work on sewage disposal facilities awaits government funding.”

In 1986 the Yukon government installed a 110 m deep community well next to the fire hall. The water from the well is delivered by truck to holding tanks in homes and community buildings.

A community development plan prepared for the Ross River Dena Council in 1989¹¹ identified sewage disposal as the top priority for the community and labelled it as an urgent and serious need. This was followed up by a pre-design report for a community sewage disposal system in 1990.¹² The reasons given for the need to design and build a sewage system were:

- ground conditions with shallow permafrost, high groundwater and highly variable soil textures make septic fields difficult,
- federal Environmental Health Branch no longer issuing septic permits,
- housing density in the First Nation side of the community is very high and cannot support further septic systems,
- existing septage infiltration pit was constructed as a short term measure and a larger facility is needed in the near future.

The 1990 Nairne report came up with the sewage collection options and estimated costs summarized in Table 4 below.

Table 4 Sewage collection options and costs, Ross River 1990

	<i>Conventional buried piped system</i>	<i>Shallow buried piped system</i>	<i>Cluster system (groups of houses share holding tank)</i>	<i>Individual holding tanks and trucked</i>
Initial capital cost	\$4.05m	\$3.82m	\$2.65m	\$293,000
Annual O&M	\$82,000	\$85,200	\$111,300	\$76,500
Individual capital costs (connections or tanks)	\$2,500	\$2,500	\$2,500-4,700	\$4,700
Individual O&M (heat trace)	\$300	\$300	\$300	\$170
Present worth	\$5.83m	\$5.63m	\$5.30m	\$3.46m

¹¹ David Nairne & Associates. December 1989. *Ross River Dena Council Comprehensive Community Development Plan: Volume 3: Physical and capital plan*

¹² David Nairne & Associates Ltd. March 1990. *Ross River Sewage Collection, Treatment and Disposal Pre-design*

The sewage treatment and disposal options considered are summed up in Table 5 below.

Table 5 Sewage treatment options and costs, Ross River 1990

	<i>Lagoon treatment and storage with seasonal wetland disposal</i>	<i>Lagoon treatment and storage with seasonal river discharge</i>	<i>Mechanical treatment plant with river discharge</i>
Initial capital cost	\$1.52m	\$1.67m	\$1.2m
Annual O&M	\$9,500	\$9,500	\$38,000
Present worth	\$1.6m	\$1.75m	\$1.52m

The 1990 Nairne report recommended individual holding tanks with trucked eduction, lagoon treatment and storage, and wetlands disposal. The tank and truck collection option was recommended in order to reduce construction costs.

In 1992 YTG applied for a new water use license for Ross River because the government was proposing a new community sewage collection and treatment system (the lagoon and seasonal wetland discharge option recommended in 1990). YTG committed to implementing the system and had the community's and RRDC approval. The government hoped to have the lagoons in operation by the fall of 1994.¹³ The lagoons have not yet been built. It appears that, when the federal Environmental Health Branch began issuing septic system permits again, the construction of any part of a sewage system for Ross River was no longer a territorial priority.

From 2000 to the present

In 2000 David Nairne and Associates prepared a physical development plan for the Ross River Dena Council.¹⁴ In the plan were the following comments regarding the community's water supply:

“Water for the residents of Ross River is supplied by a community well located adjacent to the fire hall. The well is 110m deep. Regular water quality testing of the well water has not indicated health related concerns. However, due to the nature of the soils, which are underlain by permafrost at varying depths, groundwater perched on top of the soils is found at relatively shallow depths. With the use of in-ground sewage disposal, there is a concern that the shallow groundwater is subject to contamination and the well may be at risk of contamination, especially due to its central location in the community.”

“Water is stored in holding tanks in houses. Often, the use of holding tanks has resulted in poor water quality and subsequent health effects, because holding tanks are not cleaned regularly... Water holding tanks should be cleaned on a regular basis.”

The 2000 development plan offered the following on sewage disposal in Ross River:

“At the present time, the Ross River Dena Council is satisfied with the use of individual in-ground sewage disposal, and have been working with their Environmental Health Officer to upgrade individual ground disposal systems to acceptable standards... The

¹³ Water License Application

¹⁴ David Nairne and Associates. July 2000. Ross River Dena Council: Physical Development Plan, Housing Policy, NORHA Housing Proposal.

Dena Council would like to participate in long-term infrastructure planning with YTG, and envisions that a community wide piped sewage collection system and lagoon treatment to meet the long-term needs of the community.”

YTG prepared a Yukon-wide survey of community water and sewage systems in 2002.¹⁵ That report rates the community well as being in good condition with an automatic chlorination system, complete water testing carried out annually, bacteriological testing carried out monthly and daily chlorine residual testing. Under comments and observations on the water system, the report states:

“There is one well serving the community of Ross River. This has been raised as a concern from a safety perspective. The truck delivery is approaching its maximum capacity in terms of deliveries that can be made in a day. Future growth in the community may require additional resources either for a second delivery vehicle or establishing a limited piped distribution system or increasing the size of tanks in new installations or when replacing old tanks. A limited piped system could serve the high water users in close proximity to the water supply building/fire hall thus increasing the time the truck is available to deliver water to the rest of the community. The major users are the hotel, school and health center.”

In 2002 YTG had no plans to modify or expand Ross River’s water supply system.

The 2002 infrastructure report contains the following description of the Ross River sewage disposal system:

“An exfiltration cell is used as a disposal site for the trucked sewage eduction service that is provided by First Nation and private contractors. There is no water license in place for the existing sewage pit. Renewal of the existing water license, for the proposed sewage treatment facility that was never built, is underway.”

And, under a heading entitled “Plans for Modification and Expansion,” the report states:

“Construction of a new sewage pit on the site of the proposed sewage lagoon has been recommended as a requirement of the water license renewal. A new sewage lagoon will be required when a piped collection system is installed.”

Note that, although YTG’s Community Services uses the expression *when* a piped collection system is installed, such a system has not yet been built.

An engineering report from 2004¹⁶ on the Ross River Dena’s water and wastewater systems rated the community’s water supply as substandard.

The December 2009 Yukon Infrastructure Plan states that for water:

“A limited piped system could serve the high water users in close proximity to the water supply building/fire hall thus increasing the time the truck is available to deliver water to

¹⁵ Yukon Community Services. 2002. *Infrastructure Status Report — 2002*.

¹⁶ UMA Engineering. April 2004. *Ross River First Nation 2004 Asset Condition Reporting System Water and Wastewater Assets*.

the rest of the community. The Yukon Government has plans to establish a piped system to service the hotel, school and health center during Summer 2009.”¹⁷

That system has not yet been built. However, there is money budgeted to construct a new water treatment plant for the community well in the summer of 2011.

On sewage treatment in Ross River the 2009 Yukon Infrastructure Plan states that:

“There is no water license in place for the existing sewage pit. An amendment to the existing water license for the proposed sewage treatment facility that was never built is underway. Construction of a new sewage pit on the site of the proposed sewage lagoon has been recommended as a requirement of the water license renewal.”¹⁸

Housing in Ross River

In the consultations on the Ross River economic strategy, building sufficient housing was rated as a number one priority for economic development. Given that insufficient housing and generally poor housing quality is a perennial issue in Ross River — and in most First Nation communities in general — this is not surprising.

The reasons for the perennial problems associated with both building sufficient housing and in maintaining it in decent condition in First Nation communities are many and multi-faceted.

Among these problems are:

1. The federal government provides funding to the First Nation for house construction, but the amount allocated per house is ludicrously low. By accepting the funding, however, the First Nation is required to build a house. This leads to enormous pressure to cut costs in construction which results in houses being as small as possible (making overcrowding more likely), with designs and materials chosen for the lowest possible upfront cost, and places a premium on speed of construction rather than good workmanship. The inevitable result is housing that costs much more to operate and maintain than it should and in houses that need replacing far sooner than the norm.
2. The occupants of First Nation housing in Ross River do not own their houses, the First Nation does. Like any rental situation, occupants who are not owners tend to take far less care of their houses as they are not personally responsible for repairs and maintenance. This problem is exacerbated in First Nation communities where there are few or no housing options and the First Nation landlord cannot evict destructive tenants.

Overall, the condition of Ross River’s housing stock is poor as is illustrated by two different assessments.

In 1999 the Yukon Housing Corporation did a detailed survey of the condition of housing in all Yukon communities. In Ross River a total of 65 randomly selected households were interviewed in October of 1999. Findings include:

- Just over 30% of Ross River households pay more than \$3.00 per square foot to heat their homes.
- Energy related repair needs in Ross River are 40% of households versus 14% for the Yukon as a whole.

¹⁷ Yukon Community Services. December 2009. *Yukon Infrastructure Plan*. p. 35

¹⁸ Yukon Community Services. December 2009. *Yukon Infrastructure Plan*. p. 60

- 72% of all dwellings in Ross River require major repairs compared to 33% of all Yukon dwellings.
- 45% of Ross River dwellings have health and safety deficiencies ranging from lack of working smoke alarms to inadequate sewage disposal.
- Crowding is a significant issue in Ross River with 12 % of homes not having enough bedrooms (compares to 6% Yukon wide).

The Ross River Dena Physical Development Plan of July 2000 contained the following findings on the condition of the First Nation's housing:

- There are currently 106 occupied houses in Ross River, 11 of which have been condemned and should be replaced.
- Overall, the 2000 Housing Condition Assessment suggests that only 54% of the Dena Council's housing stock is in "good or fair" physical condition.
- Over 5 years 11 houses need replacing, 41 need major renovations, and 33 need minor renovations.

The 2000 Physical Development Plan also included the following recommendations:

- The Ross River Dena Council construct 6 houses per year to meet the estimated housing needs.
- The Ross River Dena Council must develop 48 new lots to meet the balance of their ten year housing demand.
- The Ross River Dena Council should consider construction of two new residential development areas as identified on the Land Use Plan (i.e., the block of undeveloped land with approximately 30 lots in the town site (north-west corner of town) owned by YTG, and a 28 hectare parcel on the escarpment south of town).

Hydro Power Development

Developing hydro power in the Ross River area was raised as an economic development idea during the economic development strategy consultation process.

The Yukon currently has about 76MW of installed hydro power capacity. The Whitehorse Rapids facility is 40MW, Aishihik is 30MW, Mayo is 5MW, and the Fish Lake facility is 1.3MW. The Whitehorse rapids hydro plant is capable of producing only about 24MW during the winter.

The most recent investigations of potential Yukon hydro sites were carried out from 1988 to 1992 by Yukon Energy. The 1992 Capital Plan put together by Yukon Energy and Yukon Electric identified the most viable hydro development options based on an analysis of load forecasts. Table 3 below lays out the three options located near Ross River in Kaska traditional territory.

Table 6: Most viable hydro development options near Ross River

	<i>Installed capacity</i>	<i>Installed costs</i>	<i>Annual O&M costs</i>
Drury Creek	2.6 MW	\$21.2m	\$271,000
Orchay River	4.0 MW	\$23.4m	\$285,000
Lapie River	2.0 MW	\$7.0m	\$157,000

Source: <http://www.emr.gov.yk.ca/energy/hydro.html>

Note that the three options are all very small in comparison with the Yukon's overall installed hydro capacity of 76 MW. These small hydro plants (or mini-hydro) have several advantages over larger developments:

- They are much cheaper to build;
- They tend to have much smaller negative environmental impacts; and,
- They allow the incremental addition of hydro power to the grid.

A number of studies were carried out on other potential hydro sites on the Ross, Pelly, and Frances Rivers from the 1960s to the early 1980s. These are identified in Table 7 below. The list ranges from a mini-hydro facility on the Frances River to some truly massive projects in the Pelly River's Granite Canyon. Note that most of these possible projects have not had detailed or rigorous study and none made Yukon Energy's 1992 most viable list.

Table 7: Other hydro development possibilities near Ross River

River	Installed capacity	Notes
Ross Canyon (Ross River)	30 MW	8km upstream from community of Ross River
Prevost Canyon (Ross River)	12.4 MW	Seen as possible supply for mines in the Mac Pass area.
Hoole Canyon (Pelly River)	40 MW	About 30km upstream from community (includes control dam at Fortin Lake).
Slate Rapids (Pelly River)	41 MW	
Lower Granite Canyon (Pelly)	40 MW and 120 MW	Very large project.
Upper Granite Canyon (Pelly)	80 MW and 245 MW	An enormous project.
Upper Canyon (Frances River)	53 MW	Would raise Frances Lake by 45 feet
False Canyon (Frances River)	58 MW	Considered relatively cheap to build but would raise Frances Lake by about 45 feet.
Middle Canyon (Frances River)	5 MW	A mini-hydro possibility

Source: Monenco Consultants Pacific Ltd. October 20, 1983. *The Inventory of Yukon Hydroelectric Sites: A review of investigations carried out between 1960 and 1983.*

Previous Economic Development and Labour Market Studies

In conducting a search for previous studies related to Ross River's economic development and infrastructure issues, we found some studies — and parts of studies — that specifically focussed on the community's economic development and labour market.

Economic Development

In 1988 an economic development strategy¹⁹ was prepared for the Ross River Dena Development Corporation. General recommendations of the strategy included:

- Need to develop general life and work skills among citizens;
- Need to make a clear policy decision about whether to advocate for citizens' wage employment in mining and creating process to facilitate; and,

¹⁹ Westcoast Information and Research Co-operative. August 1988. *Economic Development Strategy Options for the Ross River Dena Development Corporation.*

- Keep 1 staff position in the RRDCC.

Recommendations on specific ventures included:

- Improve financial management capacity at the store;
- Establish a rate and operating policy for the trailer rental and market it;
- Pursue a deposit service with CIBC;
- Encourage individuals most experienced in housing construction to take courses etc. to develop at least one qualified general contractor in Ross River;
- Examine market for a line cutting company; and,
- A clear decision on whether to pursue the purchase of Inconnu Lodge must be made and if yes, a full feasibility analysis must be carried out.

The 1989 Community Development Plan²⁰ contained the following recommended developments aimed at promoting tourism in Ross River:

- Construct park and park amenities in River flat area along the Pelly River;
- Construct craft shop for manufacturing and sales;
- Construct museum;
- Provide servicing for commercial development to accommodate:
 - small engine repair shop
 - coffee shop
 - gas station
 - carpentry shop
- Upgrade area along lower portion of Village near Pelly River for a campsite; and,
- Develop a nature trail system in new park.

The physical development plan prepared in 2000²¹ contained a “wish list” of new businesses that residents would like to see in Ross River and a list of preferences for new community facilities. These lists are shown in Table 8 below.

Table 8: Community “wish list” in 2000

<i>New business wish list</i>		<i>Community facility wish list</i>	
Business	%	Facility	%
laundromat	23%	public service building	35%
grocery store	53%	health centre	8%
taxi	58%	treatment centre	68%
mechanics	78%	daycare	68%
bank	48%	treaty office/admin building	25%
home-based	53%	recreational area	78%
hardware store	53%		
clothing store	90%		
arts & crafts	100%		
restaurant/café	78%		
campground	38%		
tourism	73%		

²⁰ David Nairne & Associates. December 1989. *Ross River Dena Council Comprehensive Community Development Plan: Volume 3: Physical and capital plan*.

²¹ David Nairne and Associates. July 2000. *Ross River Dena Council: Physical Development Plan, Housing Policy, NORHA Housing Proposal*.

hotel	70%
lodge	43%
bus service	8%
sawmill	45%

Labour Market

In 1984 the Ross River Dena commissioned a review of the proposed development proposals in the RRDC traditional territory. That study²² contains the following concerning the RRDC labour force:

“The Band’s labour force is not very mobile, with most members preferring to live and work out of Ross River. In terms of industrial wage work the majority of the Band’s labour force are not interested in being an industrial employee on a full-time or career basis. There is not much long-term interest in working in an industrial type setting where hours of work, working conditions, and rate of production are set by the employer. People want to be independent and self-employed.

“A Ross River Indian union local might be one way to negotiate project specific labour contracts that would reflect Indian cultural preferences for wage-work, time off with/and without pay, seniority, seasonal and/or rotational employment, benefits, etc.”

In 1987 the First Nation commissioned a survey²³ of the community workforce in response to the planned opening of the Ketza mine. The survey had 86 questionnaires completed by RRDC citizens between the ages of 18 and 55 to determine skills and interests to help guide decisions on what contracts to go after, and to build a training strategy. Highlights of the survey included:

- High level of unemployment, higher in women than men;
- A typical pattern of seasonal employment, 3 month jobs are the average;
- Only 4 women’s positions and 10 men’s positions were not associated with the RRDC and 7 of the 10 men’s were part of a special project of the Ross River Community Association;
- High levels of preference for different occupations and jobs (more full time) in both men and women;
- A large drop out rate after Grade 9 for both men and women with the rate of completion is only marginally higher than older age groups, particularly with men;
- Only 1 person out of 86 had taken some university;
- 18 women were currently enrolled in training of some kind, 2 in regular high school 12 in high school upgrading, and 4 in other courses;
- 9 women have taken upgrading in the past;
- Only 3 men currently enrolled in high school or school upgrading;
- 12 men have taken school upgrading in the past but none past Grade 10;
- 7 men have been signed up for apprenticeships but only one has completed; and,
- 19 men and 11 women reported some vocational training, mostly basic carpentry and camp cooking.

²² Dimitrov, Peter and Martin Weinstein. 1984. *So That The Future Will Be Ours*. Ross River Indian Band.

²³ West Coast Information & Research Cooperative. April 1987. *Ross River Workforce Survey*. Ross River Indian Band.