

REGIONAL ECONOMIC DEVELOPMENT PLAN

FOR THE

TR'ONDEK HWECH'IN TRADITIONAL TERRITORY

STATE OF THE GAME

A BACKGROUNDER

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Introduction

Tr'ondëk Hwëch'in became the seventh Yukon First Nation to achieve self-government when the Tr'ondëk Hwëch'in Final and Self-Government Agreements came into effect on September 15, 1998. The two Agreements form a truly comprehensive basis for self-government as they address constitutional, land and fiscal aspects in an integrated treaty. The Tr'ondëk Hwëch'in Final Agreement is constitutionally protected under section 35 of the Constitution Act, 1867.

Chapter 22 of the Tr'ondëk Hwëch'in Final Agreement requires that a Regional Economic Development Plan be prepared for Tr'ondëk Hwëch'in Traditional Territory. The project plan laid out a series of phased steps to meet the relevant provisions of Chapter 22 (and the associated Tr'ondëk Hwëch'in Final Agreement Implementation Plan).

Parts 1-3 of the Regional Economic Development Plan process to date, as reported in *Economic Scan and Assessment of Potential for Development (Vector Research et al, 2008)* and *Community Based Research – Keeping it Real (Ewert et al, 2009)* concluded that in order to expand and diversify the Dawson Region's economy, the Plan will need to:

1) Address and overcome the perceived barriers to economic development

- Access to capital and small business support;
- Government regulation and managed growth;
- Housing and accommodation (specifically, the availability of adequate and mortgage-able housing);
- Infrastructure, land, local taxes and service delivery (e.g., airport upgrade, Yukon River bridge, year-round recreational facilities);
- Labour market supply;
- Limited awareness of investment opportunities (buying and selling);
- Seasonality, geographic remoteness and cost of doing business;
- Social issues;
- Structural imbalance in an economy dominated by government; and,
- Leadership and cooperation (not enough amongst all levels of government).

2) Build on the existing and unique strengths of the Dawson Region and focus on niche opportunities that complement those unique strengths

- Expanding the tourist base through rebranding new product offerings
- Establishing a knowledge economy

3) Remain open to development activities that are affected more by global forces than by local influence (typically non-renewable resources).

- Managing mining and oil & gas exploration/development

This paper is a backgrounder that summarizes the learning from Phases 1-3 and key findings from a document review of subsequent research and plans undertaken in the region that impact upon the directions of Phase 1-3. It is intended to inform and remind Advisory Committee members and the public of the 'State of the Game' as Phases 4 & 5 commence. It is not intended to substitute for a comprehensive reading of the preliminary research or the other literature and readers are encouraged to consult that work.

A reference listing for background reading, primary and secondary reports, has been provided separately and the consultant team is keen to learn of other relevant documents.

1. Address and overcome the perceived barriers to economic development

1.1 Perceived Barrier Listing

In no particular order:

- Government regulation and managed growth;
- Housing and accommodation (specifically, the availability of adequate and mortgage-able housing);
- Infrastructure, land, local taxes and service delivery (e.g., airport upgrade, Yukon River bridge, year-round recreational facilities);
- Labour market supply;
- Limited awareness of investment opportunities (buying and selling);
- Seasonality, geographic remoteness and cost of doing business;
- Social issues;
- Structural imbalance in an economy dominated by government; and,
- Leadership and cooperation (not enough amongst all levels of government).

1.2 Subsequent Document Review – Key Findings

1) The Klondike Development Organization Strategic Plan includes specific measures to overcome a number of the barriers to economic development identified in the REDP Part 1-3 to date:

- Access to capital and small business support
- Housing and accommodation (specifically, the availability of adequate and mortgage-able housing)
- Labour market supply
- Limited awareness of investment opportunities (buying and selling)
- Leadership and cooperation (not enough amongst all levels of government)

2) The City of Dawson Official Community Plan (OCP) contains only generalities and the clauses remain valid in their limited utility with the exception of reference to the emphasis on tourism marketing of the Gold Rush centennials. The OCP is being updated simultaneously. The following supports the conclusions of REDP Phase 1-3:

- The municipality should continue to focus upon mining and tourism as the major economic base for the Dawson City area.
- The municipality shall assist in promoting tourist related businesses and facilities in conjunction with the Chamber of Commerce, Klondike Visitors Association, Yukon Territorial Government, Tr'ondëk Hwëch'in, and Parks Canada.
- The municipality will also focus the community's tourism marketing initiatives upon the nearest population centres in Alaska.

3) A specific Community Housing Strategy has already been completed and some implementation work is underway.

2. Expanding the Tourist Base Through Rebranding New Product Offerings

Dawson could complement its current high-volume, low-spending tourist base with high-end bigger spenders. This can be accomplished by taking advantage of a World Heritage Site status (seen by some as a high probability) and rebranding Dawson as a pristine wilderness adventure destination with a unique dual historical/cultural backdrop – both Gold Rush and Tr'ondëk Hwëch'in.

The rebranding will need to be accompanied by not only a new marketing strategy but also the development of the trail and support infrastructure needed to meet this market and to target market-appropriate products. Becoming linked with existing hiking/wilderness adventure tour networks would help make Dawson a highly prized destination particularly when coupled with the World Heritage Site designation and Tombstone Park.

Dawson's remoteness and the region's low population density are positive factors for this focus. Drawbacks include the functional limitations of the airport (which affects travel connections) and the need to invest locally in the infrastructure required to exploit this opportunity.

2.1 Impact Overview

Broadly speaking there was strong support for the development of a trail system providing it was kept both natural and accessible to all users and had adequate maintenance. While this was linked to support for wilderness eco-tourism there was concern that these are not necessarily big spenders and the term 'high-end' provoked negative connotations. However, the response to the World Heritage Site designation provoked both positive and negative reactions. On one hand it was seen as a tremendous marketing draw and on the other concerns about the potential for increased restrictions on people's lives and business options in Dawson. There was also some confusion as to what the World Heritage Site was and what it would actually mean.

It is important to emphasize that most wanted to preserve the existing Gold Rush history as a tourism draw. It was also suggested to integrate First Nation culture and history into any expansion or development of hiking/wilderness adventure offerings.

While there was general agreement that something has to be done to refresh tourism in Dawson City and target new markets rebranding via slogans was not supported. The emphasis was on keeping it real by building on what we have and by using and expanding what else already exists here.

How it is done is almost as important as what is done. There was a strong preference for small business development of new tourism options and services consistent with the look and feel of Dawson. In fact, the impact on the social life and appearance of Dawson, as-well-as the environment, are major factors to be considered in any development.

There was recognition that high volume leaves a larger environmental footprint than low volume tourism. Many would like to reduce environmental impact by lowering the volume but increasing the spending per person through longer stays and increased offerings.

2.2 Concerns Overview

The most common concerns were how developments will impact people's life in Dawson City in terms of quality of life and specifically maintaining the culture, look and feel of Dawson City along with current access to the wilderness. Linked to this were concerns about the impact on culturally sensitive areas and existing trapping and mining claims of an expanded trail system.

The infrastructure capacity to handle the demand and the real economic benefits that will accrue were also of concern. Some questioned the feasibility of this type of development and how it will be funded. There were a number of dimensions to environmental concerns. One aspect is that the tourists need to understand bush etiquette both in terms of respecting the land and wildlife but also in terms of leaving no trace. Another aspect was that as more people use the wilderness it will lose its exclusivity, wildlife patterns may be affected, and the bush will be more susceptible to fire and other human caused damage. Paving Front Street and other changes would negatively impact the World Heritage designation status.

2.3 Criteria Overview

Any related development connected with the designation of World Heritage Site status or development of a trail system must be consistent with Dawson's natural, historical and cultural setting. Dawson's strengths and innate qualities should be built upon. Gold Rush history, First Nation culture and untouched natural beauty should be highlighted, not overlooked, nor overshadowed by other potential attractions. Current trails and structures of significance to the region should be refurbished and improved upon.

Development should not impose unfair regulations upon the residents of the region of Dawson. The trail system must not alter, but enhance public access to trails, and allow for access of various modes of transportation.

Training and education of locals should be available. Local contractors and residents should have first refusal concerning contracts and employment, assuming they possess the adequate skills and resources. The residents are opposed to corporate control and wish to see small business turn the profits.

The feasibility of any development must be studied. A trail system must generate enough income to warrant the time, energy and cost of its planning, construction and maintenance. The magnitude and tourist appeal of the trail system, combined with appropriate marketing, should maximize profit, and minimize environmental impact. The economy of seasonal versus year round trails, and the availability of manpower required for its operation are other factors in need of study.

Successful planning of a trail system is dependent upon close consultation and consent of miners, trappers, First Nations people and other community members. The impact on historical sites and sensitive ecosystems must be weighed.

A conscious effort toward building 'green' facilities, proper waste management and trail user education and awareness must be made. The preservation of the environment and the feel of untouched wilderness are paramount. Trail systems must be in place to provide guiding, safety, adequate mapping or direction and the prevention of excessive trail use.

2.4 Subsequent Document Review – Key Findings

1) Destination Assessment and Gap Analysis (DAGA) made recommendations including:

- To increase the attractiveness of what Dawson sells by bridging 'Underdeveloped Distinctiveness' Gaps
- Extend the window of economic activities by bridging 'Extreme Seasonality Factor' Gaps

2) DAGA identified opportunities including:

- Limited offer for on-theme activities related to scenery/wilderness:
 - Identified opportunity for a knowledgeable receptive operator to operate aggregated soft-day trips in and around Dawson City (treks, boat rides, fishing, etc.) that would incrementally develop the sector over the next 5 years starting with identified low capital/high yield projects.
- Limited offer for on-theme activities related to ancestral heritage
 - A private partnership to operate tours on the nearby Tr'ochëk heritage site that could achieve, as a solid corner stone, the creation of a clear ancestral heritage distinctiveness for Dawson City.

3) Dawson Heritage Management Plan makes numerous recommendations on improvements to tourist interpretation of existing Klondike Gold Rush focus

4) A Community Based Steering Group has been actively pursuing steps towards certainty upon the Klondike World Heritage Site designation opportunity and has achieved:

- Determination of broad but cautious community support for further investigation of the possibility of World Heritage Site designation for 'The Klondike'. There are a number of caveats to this and several 'deal-breakers'.
- Local agreement that the scope of any designation should be limited to appropriate parts of the Tr'ondëk Hwëch'in Traditional Territory
- Consideration of formalizing support by both local levels of government before proceeding with next steps.

However, the precise status of this process and the support remains unclear. Clarification of this is an essential first step with the Oversight Committee.

5) Visitation to and activities within, Tombstone Territorial Park and the Dempster Highway, are by far the fastest growing and possibly the only growing local tourism market over the last 10-20 years:

- Interpretive Centre numbers increased 700% from 1500 in 1987 to over 10,000 in 2007
- Total commercial client numbers rose over 600% from 166 in 2004 to 1,194 in 2007
- Visitor facilities are limited to the interpretive centre, a basic campground, highway interpretation, a few hiking trails and some rustic backcountry campsites
- Holland America has run tours to the area from Dawson City since 2005
- At least 20 other companies include the area as a part of itineraries
- Appropriate tourism, commercial and economic development activities that meet the Management Principles of the Management Plan are allowed

6) Tombstone Territorial Park and its environs including the Dempster Highway undoubtedly represent the best opportunity for growth in economic impact of the tourism industry in the region

3. Establishing a Knowledge Economy

Dawson could build on its arts and culture successes (e.g., KIAC and SOVA), expanding its existing offerings. It could also branch into other specialty fields and developing world-class institutions in Climate Change Research, First Nations Heritage and Cultural Studies, Paleontology Research, Northern Social Policy and Governance research institute as examples.

It will be necessary to invest in expertise to bring research and academic institutions to Dawson. There is a natural linkage between expanding the current offerings and partnering with tourism product providers to develop packages to focus on specialty course offerings or that incorporate a mix of unique experiences of local arts and culture, wilderness experiences, and educational opportunities.

3.1 Impact Overview

Generally people were supportive of this type of development in particular research based on local interests but also to take advantage of current research activities that are not coordinated for maximum economic and information return to Dawson.

There was a lot of interest in building on what is here and what fits in with the Dawson City culture including the arts but also people mentioned mining related training and education as building on what is already here. On one hand there was an appeal in that the youth would have options for further education and on the other, the concern was that people who were stationed here would not fit into the Dawson City culture and could have a disquieting impact.

3.2 Concerns Overview

There were concerns about how Dawson City as a whole will benefit and whether this type of development is sustainable. Consistent with other areas are concerns about the impact on mining and availability of housing.

If initiatives are highly specialized there is concern that people working there will all have to come from outside and may form their own social group and not be part of the community. What employment may be created will need technical training in order to participate and whether that will be available. This technical orientation also raises the question as to how accessible the information being generated will be to Dawson City as a whole.

3.3 Criteria Overview

Any development must be accessible to Dawsonites, and add value to the community. The focus of an educational or research institution should have relevance to the region. Scientific, cultural or habitat studies pertinent to the area will garner enthusiasm amongst residents and set a foundation for community involvement and contribution. An appropriate focus of study will likely draw people to Dawson City that have similar interests to those that reside here. It may also promote higher education and eventual employment of residents.

Current institutions in Dawson City have the potential for expansion in terms of offerings and enrolment. The young but promising arts program in Dawson City is seen as a natural area of expansion. The initiation, continuance and enhancement of training programs in the mining, tourism or economically related areas of the region are viewed as an ongoing priority.

Affordable housing, rental units and enhanced accessibility to the region are criterion for an establishment of a knowledge economy. Long-term demand and dedicated funding are essential and must be assessed to ensure economic viability. Government funding is essential but residents are apprehensive over reliance on public funding, or an increase in taxes in order to fund institutions and related infrastructure.

In terms of wilderness adventure education, residents would prefer privately run businesses to have control. The marketing of such ventures must balance the availability of adventure education attractions and the volume of students and tourists that travel to make use of them.

3.4 Subsequent Document Review – Key Findings

- 1) A Klondike Palaeontology Centre has already been assessed and there is merit but the primary role would be Research and Resource Management. Tourism Product and Economic Development would be only a secondary effect.
- 2) A Dawson City Climate Change and Science Centre was assessed and critical feasibility barriers were identified. Community-based research initiatives were recommended as an alternative stepping-stone to a future centre, building on capacity, as it is grown. This need for strong community involvement and interest as a key foundation for success is in keeping with the guidance of REDP Phase 3 – Keeping It Real.
- 3) It must be noted that these studies were entirely independent and could not take into account the benefits and economies of scale that could arise from a community-wide knowledge economy strategy as proposed by REDP Phase 1-3.

4. Managing Mining and Oil & Gas Exploration/Development

In the event that non-renewable resource development occurs, the Regional Economic Development Plan should have the flexibility to incorporate and manage rather than attempt to control. Too many national and global factors are at play for complete control to be achieved. Instead, it will be more effective to try and maximize the benefits to Dawson through all aspects of the process from exploration to reclamation of the sites as they arise.

Whether economic development occurs through locals developing prospecting skills, investing in exploration equipment for contract work, or focusing on supply and services to exploration and mining companies, all of these opportunities will need to be recognized and exploited by the people and businesses in Dawson. Tr'ondëk Hwëch'in is well positioned to identify and manage these opportunities as they arise.

4.1 Impact Overview

A distinction needs to be made between family operated placer mining operations and other mining activity. Placer mining is seen as integral to the economy, history and tourism appeal of Dawson. Generally speaking, there is broad support in the community and what few concerns there were with placer mining were around environmental impact of operations.

Mining is viewed as having both a 'boom' and a 'bust' cycle and the associated social and economic impacts that go with each. It is seen as a source of well paying stable jobs and as a means to acquire skills and training with a positive spin-off impact for services and economic viability.

It is also seen as an activity that fits into the culture of Dawson City and gives a feeling of excitement. At the same time the impact of many new or large mines at one time could overwhelm Dawson City and change it from what it is into a boomtown with all the associated social problems.

The environmental impact of mining, both in terms of visual as-well-as ecological impact, is seen as the single biggest area of impact. Some are concerned that it will negatively impact tourism and the visual appeal of Dawson City. In addition, the damage to the land will be large and long lasting and with access roads being built, the wilderness will be at risk.

4.2 Concerns Overview

The major concern is about not making the same mistakes that other communities have made in the environmental area. Specifically, there is a concern that reclamation be required and not at the expense of the community. Concern about air, water and ground pollution, impact on wildlife and the wilderness with the need to adhere to legislation with effective monitoring and oversight was identified. There is also concern about legislating mining so heavily it cannot survive – specifically placer mining.

There is a concern around the extent to which Dawson City could become primarily dependent on the mining industry to survive. This would result in changing the character of Dawson City and a loss of self-determination and identity. At the same time there is concern that people will focus only on the negative aspects and not recognize the benefits.

There is a concern that large mining ventures will largely be self-contained, both in terms of

supplies and staff, resulting in little employment and economic benefits to Dawson City while the increased traffic and impact on roads has to be dealt with. There is concern about where developments will be located, particularly in terms of culturally sensitive areas.

There is real ambivalence. On one hand placer mining is seen as integral to tourism while other types of mining are seen as potentially harmful. Large mines are seen as providing the most potential opportunities for employment and training while smaller family type operations are seen as consistent with the character and feel of Dawson. There is broad support for mining but also many concerns.

There is real concern about the boom-bust cycle and the impact on housing prices and local goods and services. While the oil and gas component did not attract many concerns the temporary impact of activity is related and as this area builds networks of roads for exploration there is concern that the wilderness and wildlife will be negatively impacted.

4.3 Criteria Overview

Strict adherence to environmental regulations is vital. There must be guarantee that monies be reserved for reclamation, with preference given to performing reclamation and mining concurrently. Excessive use of processing chemicals should be avoided.

The location of any mine should not be within offensive visual or auditory range of resident dwellings. The inclination of residents is toward a manageable amount of small to medium scale operations with long mining lives. It is felt that this will alleviate many of the social concerns and impacts, specifically the potential for the overwhelming of Dawson's social dynamic. Adverse impact on the tourism appeal or other potential economic avenues is not acceptable.

Residents and businesses must be notified well in advance in order to benefit from the development in areas such as supply and service. It will be advantageous to lobby for upgrades or creation of infrastructure and facilities that are economically manageable and useful to residents during pre and post mining activity. The institution of training and employment initiatives by the employer is vital to ensuring that residents gain expertise and well paying positions.