LABRADOR FIRST: ENSURING GULL ISLAND DELIVERS LASTING IMPACT FOR UPPER LAKE MELVILLE

A position paper developed by the Town of Happy Valley-Goose Bay, the Labrador North Chamber of Commerce, and the Goose Bay Airport Corporation.

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INTRODUCTION

The Churchill River developments announced by the Governments of Newfoundland and Labrador, Quebec, and Canada on August 17 represent the largest clean energy investment in North American history. The nearly $70 billion initiative includes the expansion of Churchill Falls, development of the Gull Island hydroelectric project, new transmission infrastructure, and a proposed wind energy project in Labrador. These developments will nearly triple existing generating capacity and position Labrador at the centre of Canada's clean energy future.

The opportunities are significant for Labrador and the province. The developments will create thousands of jobs, generate substantial government revenues, and provide the energy needed to support future industrial, commercial, and residential growth. Combined with other major developments, including mining projects and the potential expansion of 5 Wing Goose Bay, the demands on housing, transportation, healthcare, and municipal infrastructure could be unlike anything our region has experienced.

These developments have the potential to reshape Labrador far into the future, but these benefits will not happen automatically.

The region urgently requires planning, investment, and a commitment to address today's infrastructure and service deficits before they become tomorrow's barriers to growth. We must ensure that our communities have the capacity to respond to housing pressures, workforce development opportunities, public safety requirements, mental health and addictions challenges, and the broader social impacts that often accompany rapid economic growth.

Labrador Innu (the Innu Nation) are rights holders to the Churchill River. Innu participation, leadership, and economic involvement are essential to the planning, construction, and long-term project operation and success.

The Town of Happy Valley-Goose Bay, the Labrador North Chamber of Commerce, and the Goose Bay Airport Corporation support the development of respectful and productive partnerships between Newfoundland and Labrador (NL) Hydro, Hydro Quebec, the Innu Nation, and the Governments of Newfoundland and Labrador and Quebec. Proponents must engage openly and consistently with the Innu Nation, municipalities, businesses, and community organizations.

Local capacity matters. If these developments are to succeed, our region must be provided the resources to grow the regional workforce, support local businesses, and respond to the needs of families, while ensuring the benefits are felt long after construction is complete.

Labrador cannot afford to repeat the mistakes of Muskrat Falls. The Churchill River developments must leave a legacy. This means stronger communities, modern infrastructure, expanded economic opportunities, and sustained growth.

LESSONS FROM THE MUSKRAT FALLS PROJECT

The lessons of Muskrat Falls must not be forgotten. Many of the impacts raised throughout the region and documented throughout the inquiry must be addressed. Leadership with Nalcor (now NL Hydro) rejected any notion the project would have much of an impact on the region.

The Town of Happy Valley-Goose Bay received $750,000 over three years to build capacity in planning, development, and public safety. This fell far short of what was required to prepare the community for a project of that scale.

The Town and the region were left with many of the impacts predicted by residents, businesses, and community leaders. Many of those impacts are being felt today:

- Increased strain on the health-care system;
- Higher housing costs and housing shortages, and increased homelessness;
- Rising mental health and addictions challenges;
- Increased crime and public safety concerns;
- Increased demands on municipal infrastructure and services;
- Labour and capacity shortages for local businesses; and
- Lack of supplier development opportunities for Labrador businesses.

As part of its pitch to promote the project, Nalcor stated:

> *One of the most durable and lasting benefits would be the availability of a large block of renewable power located less than 100 km away.... [this] cannot be understated as a facilitator or enabler of future economic opportunities*.

Promises like these raised expectations that the project would serve as a catalyst for long-term economic growth and development in Labrador, however:

- The block of power Nalcor promised did not materialize.
- The recommended capacity agreement for Happy Valley-Goose Bay was not implemented.
- Local health services were not resourced to cope with the additional demand for service, nor the impact of a drug and substance abuse epidemic.
- Nalcor did not establish the Labrador Business Opportunities Committee to "maximize[ing] the benefits that can accrue from business opportunities related to the supply of goods and services to the project."
- The promise that the development would facilitate and enable future economic development was unfulfilled.

It is widely believed Muskrat Falls did not leave the anticipated positive legacy, such as increased business development and community growth, transferable

workforce skills, or new and modern infrastructure to increase the region's capacity to support its population and other economic developments.

The experience of Muskrat Falls demonstrates the importance of clear commitments and planning for growth prior to project sanctioning or the signing of definitive agreements. It highlights the need for governments, project proponents, municipalities, Indigenous governments, businesses, and community-serving organizations to work together to identify potential challenges and invest in solutions early to ensure the region's sustainability.

OUR VISION

The Governments of Newfoundland and Labrador and Quebec, NL Hydro, and Hydro Quebec must work collaboratively with the Innu Nation, municipal and Indigenous governments, businesses, and community-serving organizations to ensure the Churchill Falls development creates lasting benefits for the region. With lived experience, stakeholders in the region are demanding clear commitments and transparency.

An investment of nearly $70 billion and a substantial increase in generating capacity will have significant consequences, particularly on those closest to the developments. We have established a vision and policy framework to guide regional planning and investment:

- Financial support is allocated to the region for the duration of the project (not simply for three years).
- The region is provided with adequate resources to address anticipated additional strain on housing, health care, and other essential public services.
- Sustained support and resources for community-serving organizations such as the Labrador Friendship Centre, which serves the largest population of Indigenous people in the region with more than 14,000 members.
- As the closest community to these developments, the Town of Happy Valley-Goose Bay, is supported so it can build capacity in areas such as planning, engineering, economic development, community services, and public safety.
- A dedicated block of power is allocated to the region, so developments on the Churchill River become a catalyst for long-term economic transformation in Labrador.
- Local businesses are positioned to maximize participation in the procurement of goods and services associated with project planning, construction, operations, and maintenance.
- The Government of Newfoundland and Labrador fulfils the commitments it has made to the Innu Nation, including commitments arising from the New Dawn Agreement.
- Future generations will look back on these developments and clearly identify lasting regional benefits.

OUR OBJECTIVES

To ensure these developments create lasting benefits for adjacent communities, the province, NL Hydro, and other project proponents must collaborate with Indigenous governments, businesses, and regional stakeholders to achieve the following objectives:

1. Strengthen Municipal Capacity and Essential Services

Building on the lessons of Muskrat Falls, existing gaps must be identified and addressed to deal with increased demands associated with construction, population growth, and future economic development.

Happy Valley-Goose Bay must be provided with additional supports to mitigate risks to municipal infrastructure, housing, social services, public safety, economic stability, and quality of life.

This aligns with resolutions approved by Municipalities Newfoundland and Labrador which call for:

- Dedicated regional infrastructure funding to support municipalities and regions affected by large-scale development projects; and
- A formal process to assess regional infrastructure and service impacts before major projects are approved or construction begins.

The Government of Newfoundland and Labrador must commit to addressing housing needs, community infrastructure deficits, workforce and supplier development needs, social services, and public safety concerns associated with significant growth and development.

Specifically, the following recommendations of the Joint Review Panel should be implemented:

- *Recommendation 13.6: Capacity Agreement with Happy Valley-Goose Bay;*
- *Recommendation 13.7: Funding for Infrastructure Mitigation; and*
- *Recommendation 13.8: Low-Income Housing Strategy.*

2. Maximize Local Employment, Business Participation, and Procurement

NL Hydro should implement *Recommendation 12.9* of the Joint Panel Review to enhance supplier development for Labrador businesses.

A clear strategy must be established to maximize participation by Labrador businesses in the procurement of goods and services associated with project planning, construction, operations, and maintenance. This includes continued support for supplier development initiatives, as well as procurement practices that maximize opportunities for local suppliers wherever practical.

Project proponents and the Government of Newfoundland and Labrador must work closely with the business community to identify and respond to persistent foundational issues to ensure economic growth, such as ensuring timely commercial building

permits and inspections, ensuring adequate fire and emergency infrastructure to support housing developments, and additional capacity to support apprenticeship and training,

Procurement processes must be transparent, accessible, and structured to maximize local participation wherever practical and economically feasible. Proponents must respectfully acknowledge the local context of operating in a remote and northern location, and special attention must be paid to removing barriers for workforce training and skills development.

Continued collaboration with the local business community is required to ensure workforce and capacity impacts are minimized and that the skills, experience, workforce capacity, and business expertise developed through these projects are transferable and create lasting economic benefits for Labrador and the province.

It is not enough to utilize the current workforce and skills in the region – the Government of Newfoundland and Labrador and project proponents must invest in training and skills development to grow the labour pool in strategic sectors.

3. Secure a Long-Term Energy Advantage for Labrador

A suitable block of power must be made available on a competitive basis to support future industrial, commercial, and community development in Labrador.

Rate protection should be maintained for customers connected to the Labrador Interconnected Grid to help ensure the region remains an attractive location for investment. Electricity rate protection must be legislated to ensure both residential and commercial rates remain affordable, predictable and protected from sudden increases. We must move from temporary government decisions and mitigation measures to permanent legislative protection.

4. Establish Happy Valley-Goose Bay as the Regional Transportation Hub

Designate Happy Valley-Goose Bay as the primary procurement, workforce mobilization, transportation, logistics, contracting and service delivery hub supporting project construction and operations. Additional energy availability will allow the region to support future development in Labrador by positioning Central Labrador as a primary regional gateway and service centre for Gull Island.

Establishing a regional logistics and distribution centre will ensure capacity for commercial and industrial development to support centralizing project logistics in the region.

5. Leverage Strategic Transportation Infrastructure

Utilize and further develop strategic regional assets, including the Terrington Basin deepwater port, to support project construction and strengthen Labrador's long-term

role as a transportation and logistics gateway. Once upgraded, the facility has the potential to become an important transportation and logistics asset for Labrador and Northern Canada.

CONCUSION

The Churchill River developments represent one of the most significant economic opportunities in Labrador's history with potential to create meaningful employment, support business growth, strengthen municipal and transportation infrastructure, and provide the energy needed to underpin future industrial, commercial, and community development.

The experience of Muskrat Falls demonstrated that major project development does not automatically translate into lasting regional benefits. Success and sustainability require planning, collaboration, and investment in the people and communities most impacted.

The province and NL Hydro must prioritize benefits for Upper Lake Melville and other parts of Labrador. This can take the form of a Labrador First policy, legislation, or some other mechanism to underscore the province's commitment to ensure that the power projects provide the region with meaningful and lasting benefits. A comprehensive and collaborative approach will help ensure that this project is truly transformative. Building community capacity itself is an economic investment for the province.

Projects of this magnitude can be transformational for the province. Access to more power could unlock Labrador's economic potential across several industries and strengthen Labrador's regional competitiveness with expanded opportunities.

Above all, stakeholders in Labrador value mutual respect and trust, and we expect genuine and transparent engagement and joint decision-making to ensure regional sustainability. With high expectations, stakeholders require project proponents to act as long-term corporate citizens.

Together we are ready to engage in these important discussions.

This paper was co-developed by:

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