

Ensuring Long-Term Benefits for Aboriginal Communities

A reality of building major projects today is being able to work with neighbouring Aboriginal communities to ensure they have a meaningful opportunity to participate and to benefit.

We have used the community input we have received from consultation efforts that began in 2002 to develop a package of economic benefits for the Aboriginal communities along the route. We've looked really hard at finding ways of engaging First Nations and Métis communities irrespective of their current level of experience with pipelines and the industry.

Ensuring a positive long-term impact on the economy and way of life of northern residents, particularly Aboriginal communities, is paramount to us.

Our commitments address the need to protect the local environment, create local and regional economic opportunities and foster long-term sustainability. Long-term sustainability can be summarized by three key objectives:

1. Assuring the long-term environmental protection of the regions neighbouring the Project
2. Providing lasting benefits to strengthen and diversify regional economies
3. Enhancing the quality of life of residents in these regions, particularly those in Aboriginal communities

Aboriginal Equity Ownership

The most significant way in which Aboriginal people can benefit from the Project is by owning a stake in it and sharing in the net income it produces. Eligible Aboriginal communities will have an opportunity to enter into a long-term equity partnership with Northern Gateway that will last the life of the pipeline.

- Access to 10% of the equity ownership in the \$5.5 billion project
- Provision of full financing to Aboriginal equity owners i.e. to ensure that a lack of financing will not become a barrier to long-term partnership.
- The equity offering will be made to all eligible communities within three geographic regions: Alberta; B.C. Interior; and Coastal B.C.

The long-term financial benefits for participating Aboriginal shareholders will be significant. Aggregate equity ownership is expected to generate approximately \$280 million in net income to neighbouring Aboriginal communities, over the first 30 years. Aboriginal shareholders will see this income within the first year of operations. Through equity ownership, Aboriginal communities will be able to generate a significant new revenue stream that could help support the priorities of their members.

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Procurement

Procurement opportunities will be comprised of:

- Direct awards to Northern Gateway
- Direct awards to prime contractors
- Joint ventures participation
- Services that can be managed via Aboriginal “set asides”¹

We have identified the following key participation opportunities for Aboriginal businesses:

Clear, log, salvage	Concrete weights	Reclamation	Air Charter
Access roads	Skids and mats	Fuel Supply	
Camps and catering	Stockpiling	Consumables	
Security	Trucking	Surveying	

Another part of our plan will be to identify and inventory potential Aboriginal suppliers of these services within targeted communities and to ensure Aboriginal suppliers are qualified for direct opportunities.

Aboriginal business involvement in construction activities will be dependent upon community capacity and desire to participate. We are currently entering into commercial memorandums of understanding to ensure interested communities are able to fully participate.

Northern Gateway anticipates that combined employment, procurement and joint venture opportunities will reach approximately \$400 million in value over the three years during construction.

Marine Services Portfolio

Northern Gateway is currently evaluating the prospect of supporting one or more Joint Ventures between Coastal Aboriginal communities and established Marine Services Providers.

Arising from current efforts, both employment and progressive business ownership is expected in relation to marine services activity such as:

- Escort tugs
- Berthing tugs
- Mooring boats
- Advance spotter boats
- Regional first response
- Environmental monitoring

The value of the employment and future business ownership opportunities on the coast is estimated to be approximately \$200 million.

Note¹: Competition among qualified Aboriginal businesses at regionally competitive rates.

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Employment

Northern Gateway is committed to hiring local people to construct the Project along the pipeline route to the greatest degree practical. Overall, Northern Gateway expects to create 62,700 person-years of construction employment throughout Canada over the 3-year construction period of which 24% will occur in Alberta and 57% will occur in BC.

Aboriginal people will comprise approximately 15% of construction labour. Northern Gateway will work to identify direct and indirect employment opportunities suitable for members of neighbouring Aboriginal communities.

Project operations will directly employ 104 regional residents and 20% of these jobs are expected to go to Aboriginal candidates.

Training

In order to fulfill our commitments to optimizing Aboriginal participation in the Project, Northern Gateway will focus on training that will enable realization of procurement and employment objectives and lead to sustainable employment long after the pipelines project is completed.

The Northern Gateway Skills and Employment Initiatives team will collaborate with training providers, government sponsors and applicable trade unions to ensure Aboriginal participants get quality training in time to meet project recruitment requirements. Northern Gateway will also ensure prime contractors implement similar initiatives as part of our contract with them.

Northern Gateway is committed to giving British Columbians and Albertans skills training opportunities related to the project. For local and Aboriginal communities, our approach includes:

- Working with the community as an ally to support their vision of education, employment and business opportunities
- Building partnerships to strengthen skills and education training
- Understanding the community's needs and how they may contribute to and benefit from the project
- Building training plans with communities based on opportunities before, during and after construction
- Supporting programs that promote transferable and essential skills
- Supporting the development of as many community resource people as possible
- Providing communities clear labour market information that relates to the project
- Educating communities about pipeline projects

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Northern Gateway Community Trust

A Community Trust will be established for Aboriginal and non-Aboriginal communities with a commitment of 1% pre-tax domestic profit to support the trust, measured on a five year rolling average basis.

It is anticipated that the trust will generate over \$100 million dollars over the 30-year economic life of the Project to help fund community initiatives in Aboriginal and non-Aboriginal communities.

Aboriginal communities along the right-of-way will also have access to existing Enbridge stewardship and habitat protection initiatives such as *Neutral Footprint Program*, *Natural Legacy*, *School Plus*, and *Safe Community* (as applicable).

All of these benefits and opportunities are determined on the basis of the project scope and unclassified capital cost estimate as described in the May 27, 2010 regulatory application filing with the National Energy Board (\$5.5B). When the project advances to the full execution phase, a rigorous and comprehensive classified capital cost estimate will be completed. This classified estimate will result in a revision of the opportunity values prior to commencement of the procurement and construction of Northern Gateway.