Mining Economies, Mining Families:

Extractive Industries and Human and Business Development in the Canadian Sub-arctic

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What we are trying to achieve

- Comparative analysis of regional and local impacts from mining on human development, employment and local business development in Nunavik and Nunatsiavut
- To assess the role of mining activities at **different stages of development** for small scale local business development
- To understand the revenue flow cycles and regional leakage
- To understand labour movement, skill development and training
- To assess the importance and realization of impact benefit agreements (IBAs) and draw lessons for future negotiations
- As an input for the development and refinement of mining policies and regulations

Context of Our Study

Nunavik

- Raglan Mine and Canadian Royalties
- Nickel and copper
- First IBA signed in Canada in 1995
- Glencore

Nunatsiavut

- Voisey's Bay Mine
- Nickel was discovered in 1993
- nickel-cobalt-copper concentrate and copper concentrate.
- Agreement signed between stakeholders (2002-2005)
- Vale

Regional Comparison

Nunavik

- Kativik Regional government, Makivik, Landholding Corporations, Coops
- 18-20 % Inuit employment at Raglan
- 10 % Inuit employment at Canadian Royalties

Nunatsiavut

- Regionally elected government
- Nunatsiavut Group of Companies
- Around 42-45% Inuit employment at Voisey's Bay

Methods used

- **Focus groups** in Kuujjuaq (2015) with business reps from Nunavik and Nunatsiavut
- **Inuit business Survey** in person with businesses in Nunavik and Nunatsiavut (2016/2017)
- Analysis of employment, revenue, income data and training data from mining companies and Statistics Canada
- Knowledge co-production with community and regional partners Follow up workshops in communities to present and interpret findings (fall 2017/winter 2018)
- Policy, regulatory implication analysis

Focus Group in Kuujjuaq in 2015

Kuujjuaq

- Tivi Inc.
- Avataa Exploration & Logistics Inc.
- Nunavik Rotors Inc.
- Nunavik Construction

Happy Valley-Goose Bay

- Pressure Pipe Steel Fabrication
- Nunatsiavut Group of Companies

Makkovik

- Nunatsiavut Solutions Inc.

Nain

- Aivek Holdings Inc;
- Sikumiut Environmental Management Ltd
- DST Sports

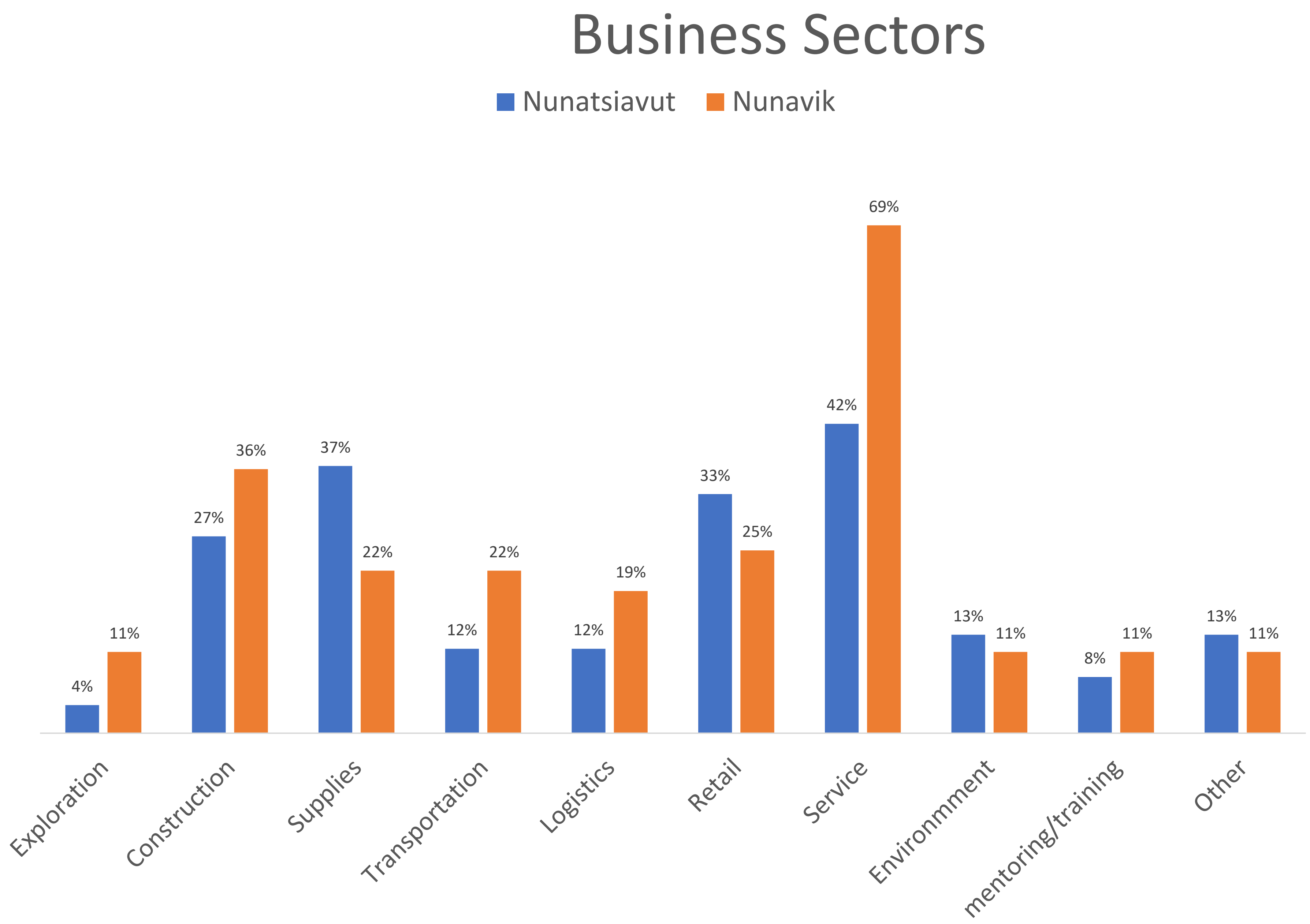
General Findings from Focus Groups

Major themes have emerged from focus groups

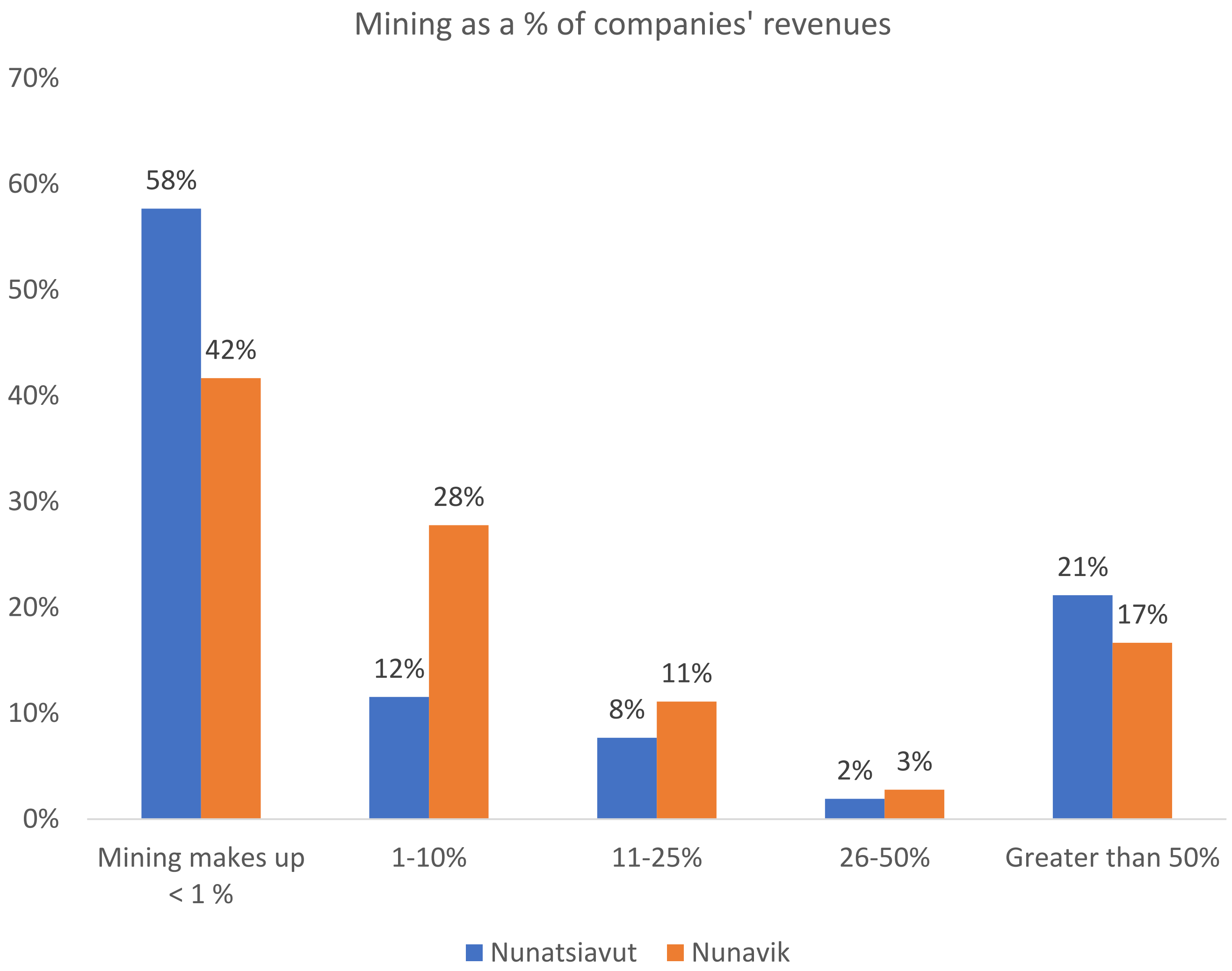
1. Benefits from mining and impacts on businesses vary quite a bit by stage of mining development
2. The IBA and the definition of Inuit ownership affects business development, partnerships and specialization
3. There are unforeseen impacts on migration and the distribution of benefits between local communities and regional hubs
4. Increasingly difficult to bid on mining contracts
5. Difficult to find a trustworthy partner company

Sections in Business Survey

- **Type of Business**
- **Local employent**
- **Partnerships**
- **Involvement with Mining Industry**
- **Experiences with mining contracts and bidding process**
- **Competition and wages**
- **Impact Benefit Agreements and Inuit Business Development**
- **Training and support for training programmes**

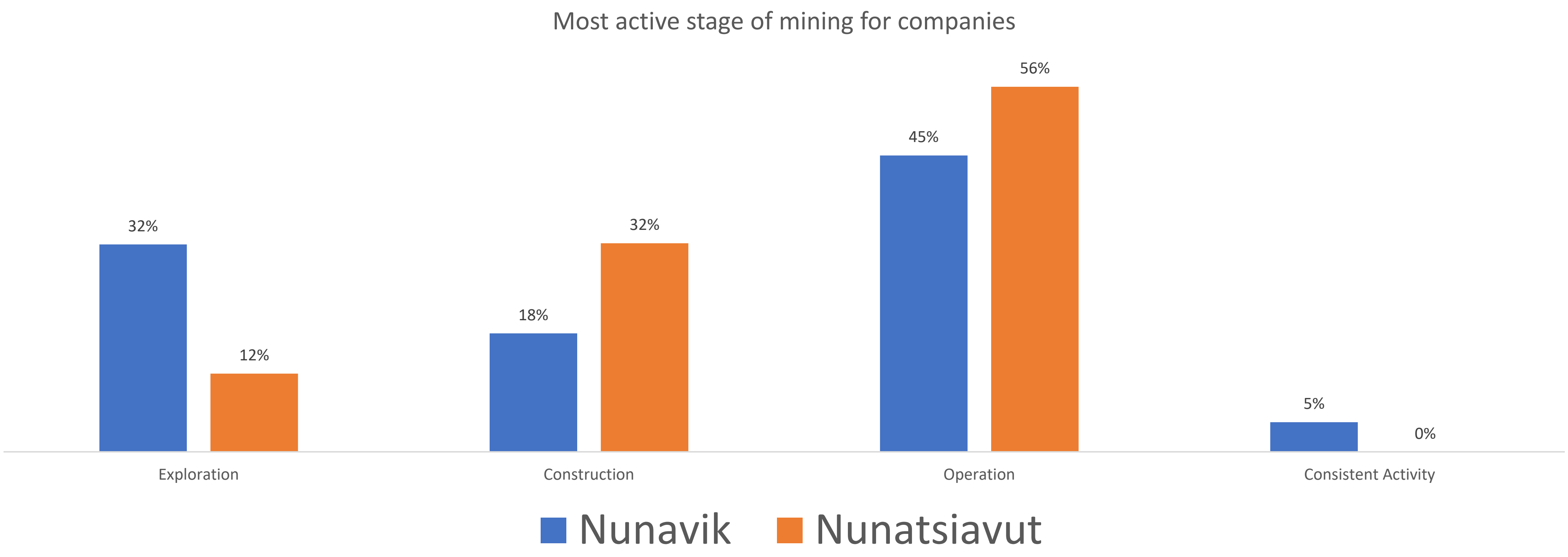

Business Sectors
Nunatsiavut
Nunavik
4%
11%
27%
36%
37%
22%
12%
22%
12%
19%
33%
25%
42%
69%
13%
11%
8%
11%
13%
11%
Exploration
Construction
Supplies
Transportation
Logistics
Retail
Service
Environmment
mentoring/training
Other

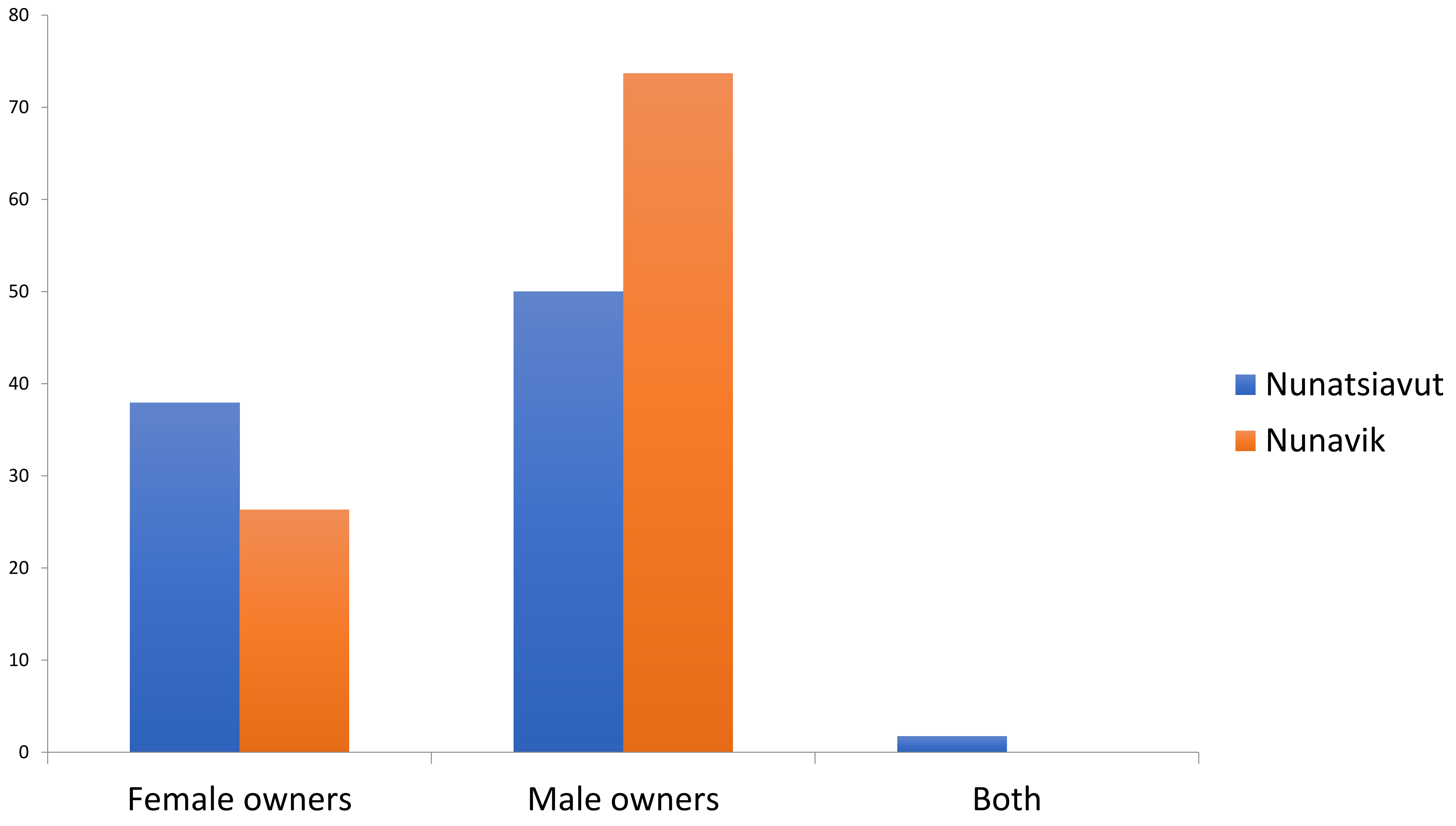
Revenues related to mining and exploration activity

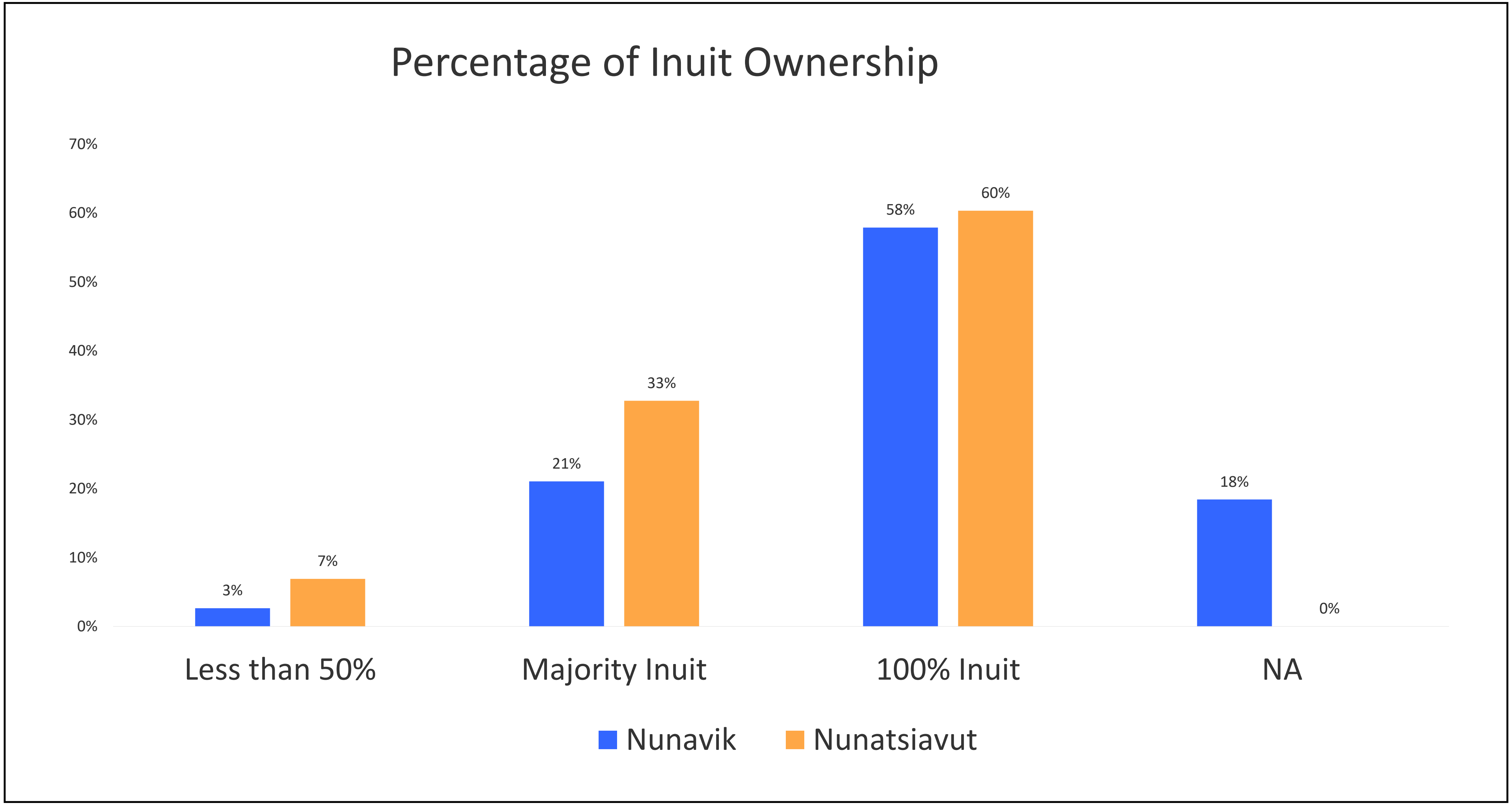


- For a vast majority of businesses in both Nunavik and Nunatsiavut, mining related activities are not a significant source of revenue
- Mining comprises 10% or less of business revenues for 70% of the businesses surveyed throughout Nunavik and Nunatsiavut

Business activity by stage

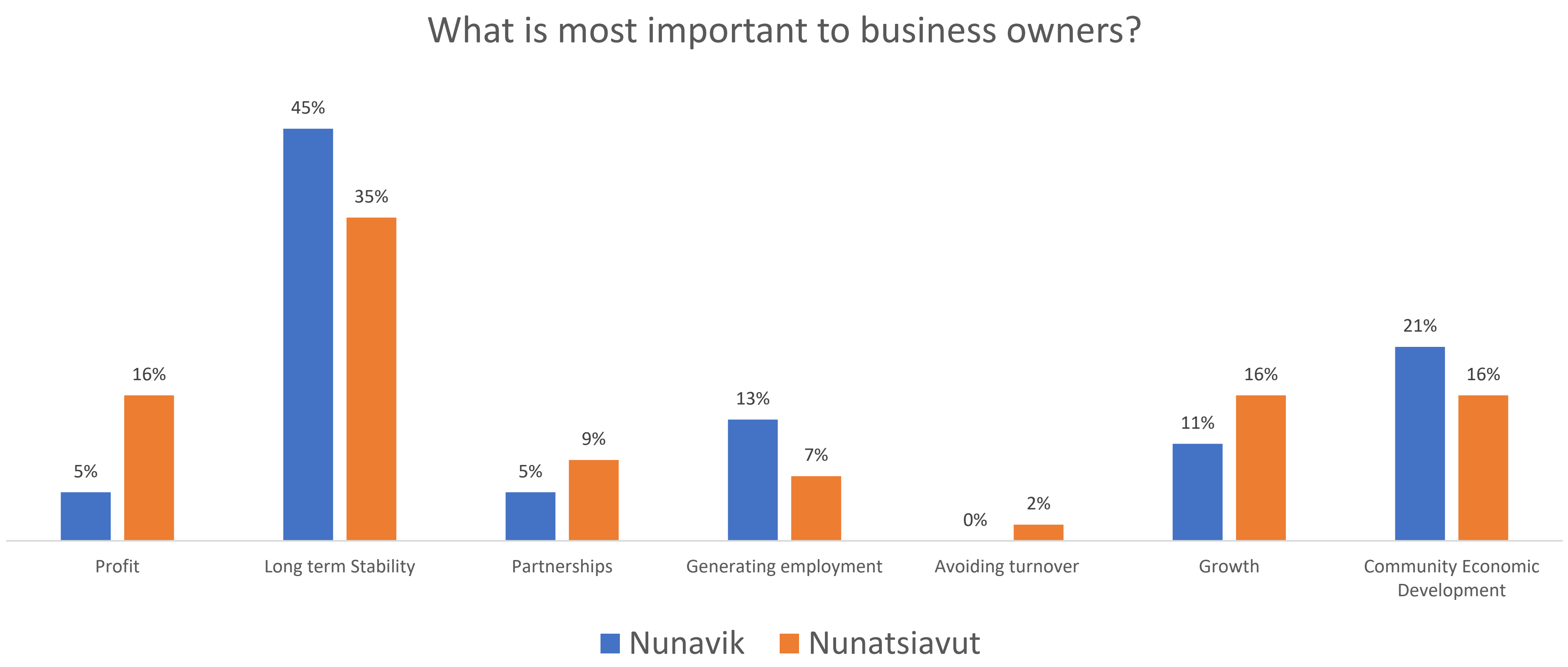



80
70
60
50
40
30
20
10
0
Female owners
Male owners
Both
Nunatsiavut
Nunavik

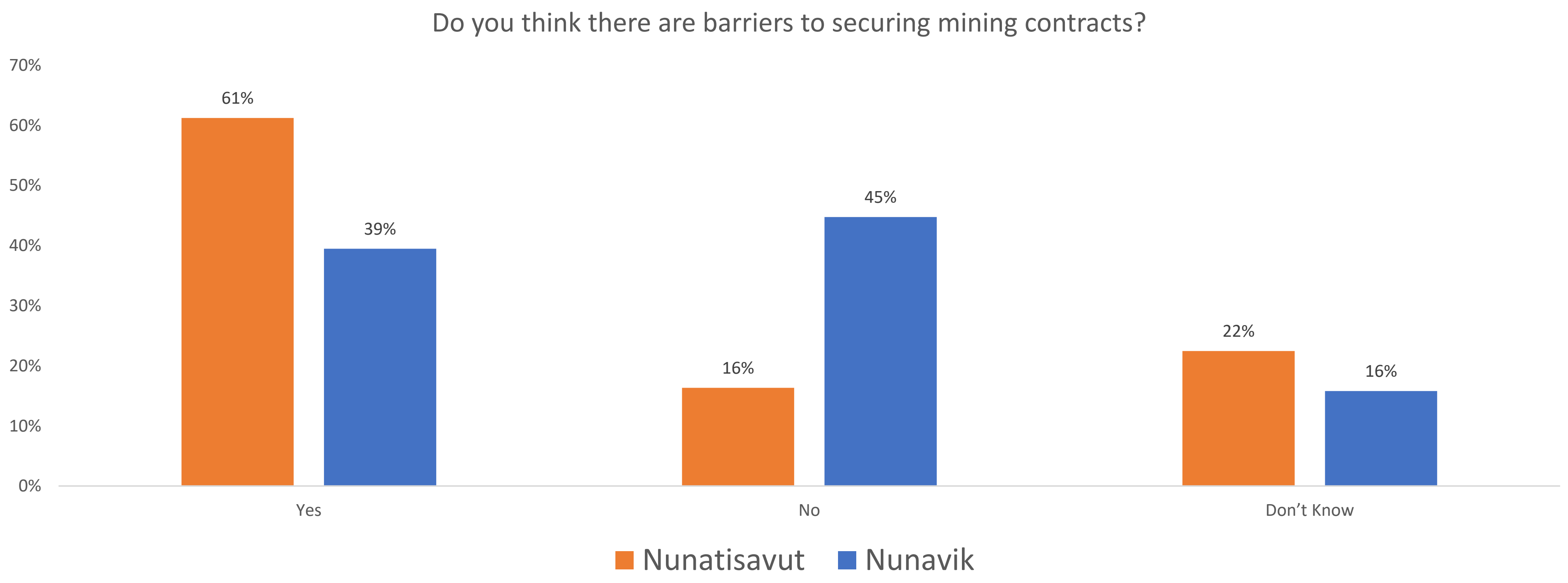


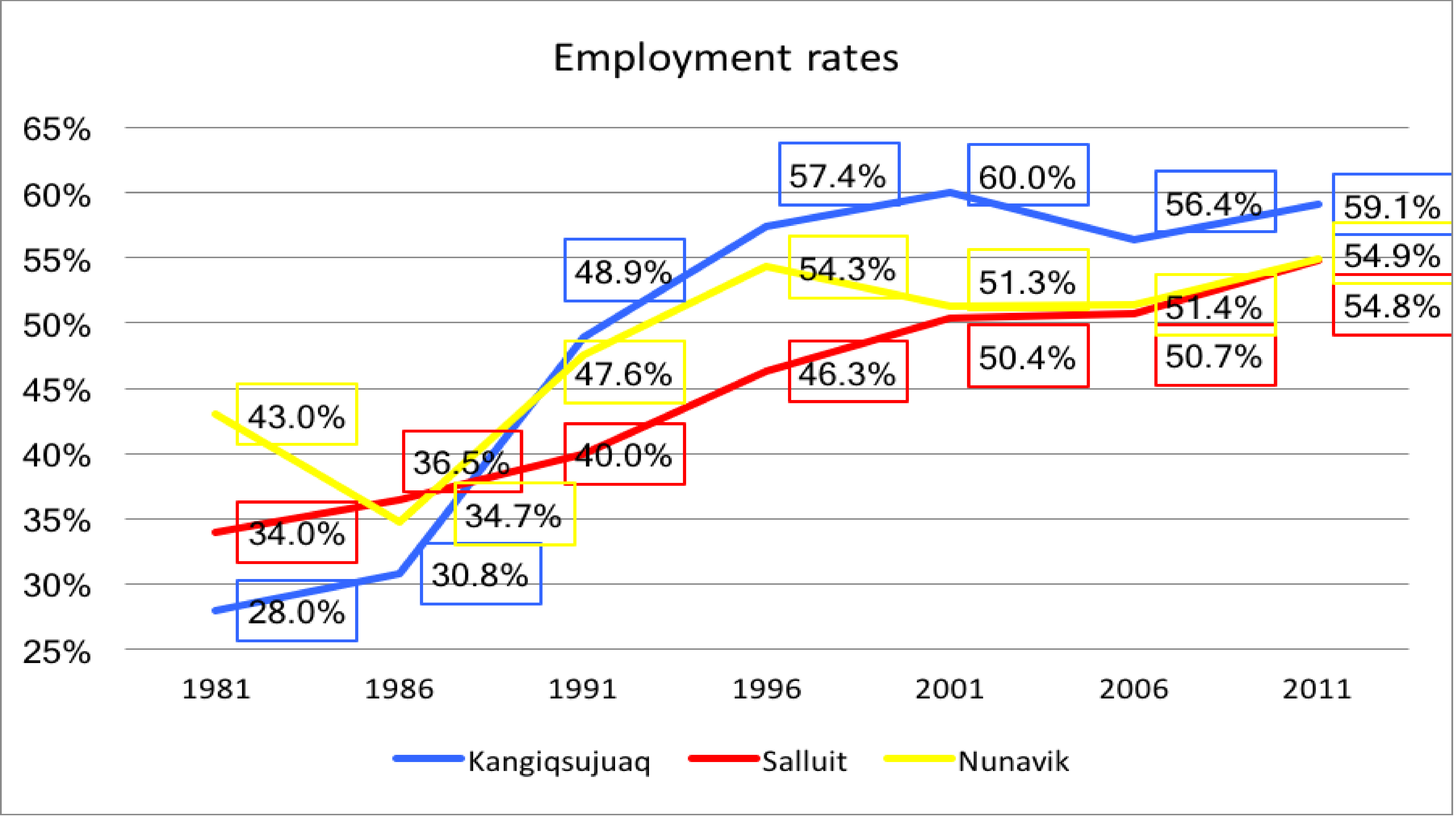
Percentage of Inuit Ownership
70%
60%
50%
40%
30%
20%
10%
0%
3%
7%
21%
33%
58%
60%
18%
0%
Less than 50%
Majority Inuit
100% Inuit
NA
Nunavik
Nunatsiavut

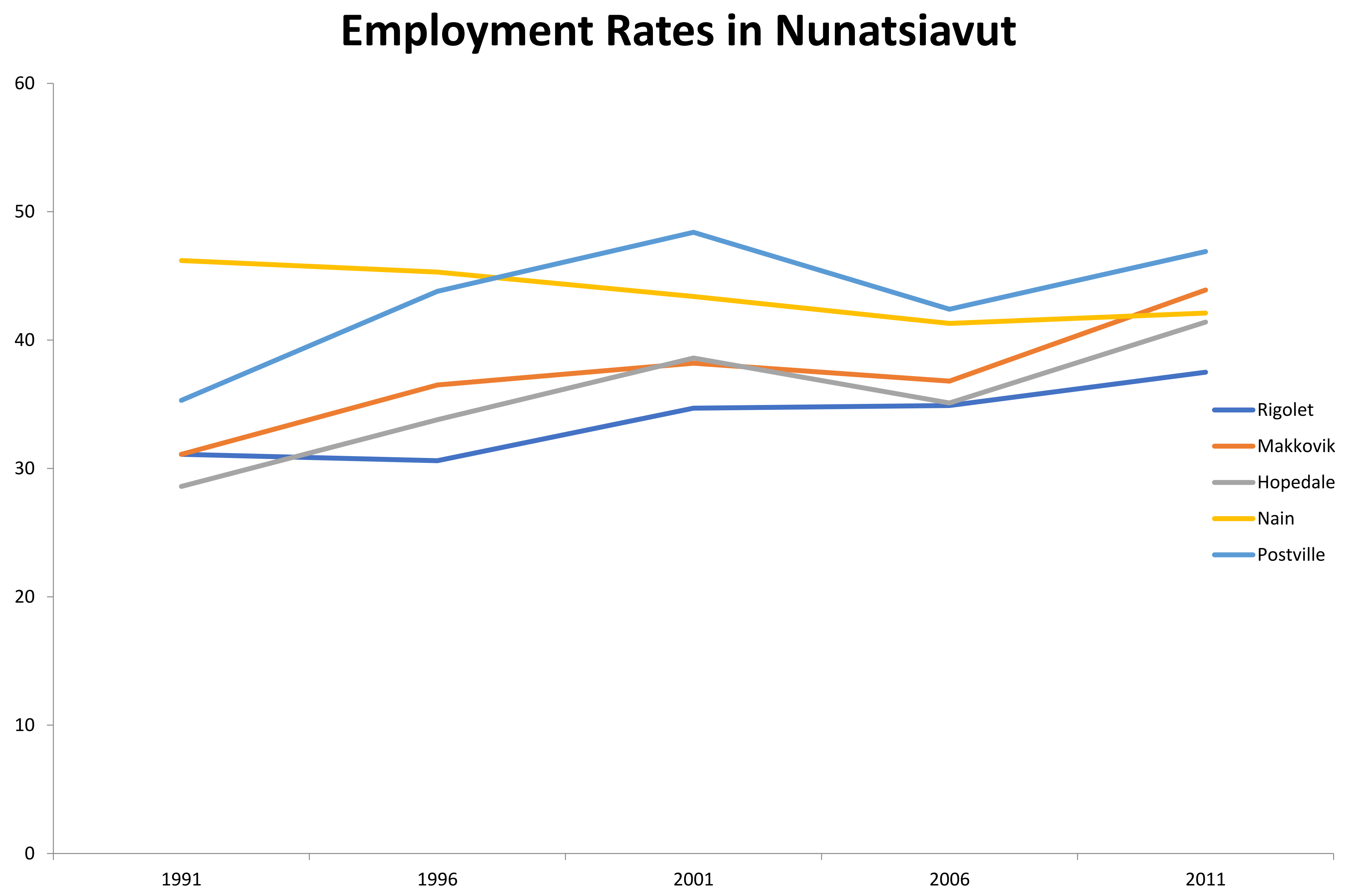
Overall business objectives and preferences



Barriers to securing mining contracts

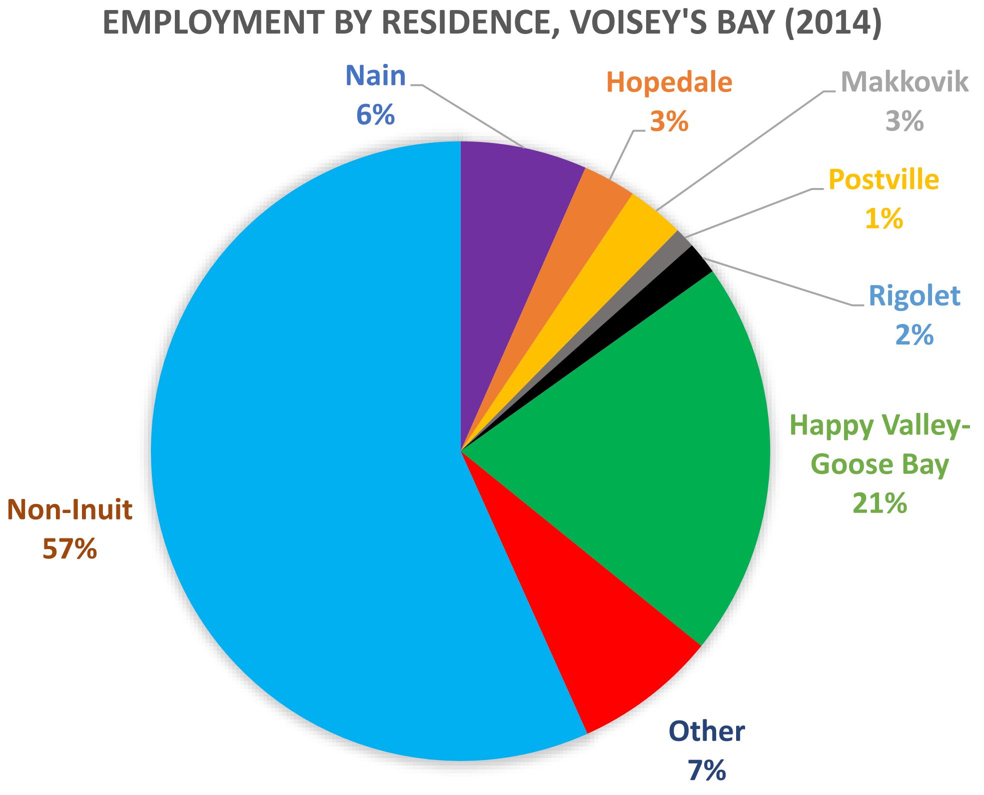



Employment rates
65%
60%
55%
50%
45%
40%
35%
30%
25%
1981
1986
1991
1996
2001
2006
2011
43.0%
34.0%
28.0%
36.5%
34.7%
30.8%
48.9%
47.6%
40.0%
57.4%
54.3%
46.3%
60.0%
51.3%
50.4%
56.4%
51.4%
50.7%
59.1%
54.9%
54.8%
Kangiqsujuaq
Salluit
Nunavik


Employment Rates in Nunatsiavut
60
50
40
30
20
10
0
1991
1996
2001
2006
2011
Rigolet
Makkovik
Hopedale
Nain
Postville

Local vs. Regional Training and Employment

- A significant proportion of employees reside outside of Nunatsiavut in Happy-Valley Goose Bay
- Participants highlighted the access to housing and training facilities that are available in Happy-Valley Goose Bay
- Local mining project might actually result in out-migration



Conclusion

- The economic impacts of mining on businesses still a contested question
- not clear what an **accepted and operational definition of an Inuit owned business** is with implications for
  - Inuit owners' control of businesses
  - the degree of specialization
  - partnering up with Southern owned businesses.
- Local businesses still find it difficult to get contracts without partnering up
- The labour participation rates in both regions has increased since the opening of the Raglan and Voisey's Bay mine respectively but not necessarily translated to high employment figures in the local communities.
- Training and migration a major issue

Future work in connection with MINERAL

- Extension of business survey to Nunavut, Yukon, possibly Greenland and other MINERAL areas
- How does economic development from extractive industries affect subsistence harvesting and the traditional sharing economy?
  - Investment into subsistence harvesting capital
  - Frequency of hunting and fishing?
  - Compatibility with mining jobs?
  - Sharing practices changes

MINERAL Interests

- Comparative work with indigenous communities in Australia in similar remote and harsh environments
  - How do different governance models affect the impacts of mining on labour markets, migration, public and private investments and the development of governance institutions
- Further more detailed theoretical and empirical analysis of labour market, training and migration dynamics as a result of mining activities and the mining industry
  - Incidence of employment
  - Explaining turnover rates
  - Why do people migrate? Training, housing, living conditions?

MINERAL Interests

- Sustainable Development vision and strategy: investment of rents for future sustainable path of communities