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**NEWS** 5 MARCH, 2019 - 2:30 PM EST

### New report urges slowdown at Nunavut's Mary River iron mine

"Ramping up production in the short term will result to significant loss of benefits to Inuit in particular and the territory more generally"



P.J. Akeeagok (right) president of the Qikiqtani Inuit Association, and Brian Penney, president and CEO of Baffinland Iron Mines Corp. sign an amended Inuit impact benefit agreement last October in Iqaluit. (File photo)

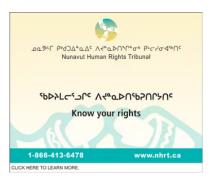


The more Baffinland Mining Corp.'s Mary River iron mine in north Baffin ramps up production, the fewer relative benefits will flow to Inuit, a new report concludes.









"The most important thing is that ramping up production in the short term will result to significant loss of benefits to Inuit in particular and the territory more generally," said Trevor Taylor, the Iqaluit-based vice-president of conservation for Oceans North, which commissioned the report.

The report, prepared by John Loxley, an economist from the University of Manitoba, found that Inuit occupy "a very small share of the jobs at this mine" and the rapid expansion of the workforce will in all likelihood further reduce the Inuit share.

The report considers the eventual impact of Mary River ramping up production to 30 million tonnes of iron ore per year. That could lead to Inuit missing out on up to \$1 billion in salaries, the report estimates.

To deal with this imbalance, the report suggests that compensation to Inuit organizations could be calculated as the difference between the financial benefits received by Inuit had employment targets been met and the financial benefits actually received.

Another option would be to force labour target compliance by regulating the expansion of output at themine. This would see the mine's ability to increase production connected to its capacity to increase Inuit employment.

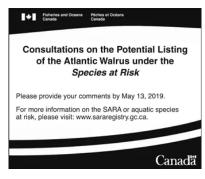
"I think it's an idea that could be sold," said Taylor in a telephone interview. "But I don't think the company would go there willingly."

Taylor added that if the development isn't providing benefits to the citizens, and not giving more taxes to the government, it raises the question why governments should support the mine.

"The value of this report is that it shows that a slower approach to increasing employment is a wise approach for the Government of Nunavut and the federal government to support," Taylor said.

But he said that shouldn't be on the backs on the Inuit organizations to enforce.

The report points out that the demand for labour at Mary River is expected to rise from 933 jobs in 2016 to 2,410 jobs in 2021. As its











phase-two expansion proceeds, capital projects (railways and ports) will raise labour demand to over 3,600 jobs in 2022 and 2024, steadying at 1,960 per year between 2015 and the end of the life of the mine in 2035, as annual output reaches 30 million tonnes per year.

Total labour demand over the whole period is estimated at almost 40,000 full-time-equivalent jobs.

But the report points out that Inuit labour supply is not expected to be even close to the projected labour demand.

Right now, Baffinland has Indigenous employment numbers well below those of comparable mines (notably, Voisey's Bay at 50 per cent and Agnico Eagle's Nunavut mines at 29 per cent of total hours worked), the report said.

And the Mary River mine has the lowest Inuit employment targets of any of the Canadian operators, the report said.

At Baffinland, Inuit employees have a turnover rate of 45 per cent and Baffinland has been unable to hire and retain enough Inuit employees to meet the 25 per cent minimum Inuit employment goal of previous years.

There is little hope of meeting a 50 per cent target, the report states. And as output expands, benefits per tonne fall.

"Inuit leadership would be well served to advocate for slower increases in output and/or to resort to additional compensation approaches to account for the lost benefits associated with long-term underemployment in a non-renewable industry connected to an Inuit-owned resource," the report states.

Rapid mine expansion at Mary River will mean Inuit are likely to forgo even more benefits with regard to training, employment, and contracting opportunities over the lifespan of the project, the report said.

"These cumulative losses could be substantial. Assuming average Inuit wages remain around \$60,000 per annum, if Inuit employment post-expansion reaches only 10 per cent (a reasonable possibility given greater overall project labour requirements and an Inuit employment rate around 12.5 per cent











at the time of Inuit impact and benefit agreement renegotiation), the lost wages associated with a 50 per cent Inuit employment target would amount to over \$1 billion," the report said.

The original Inuit impact and benefit agreement for the Mary River mine was reached in 2013, followed by an <u>amendment in</u> 2018.

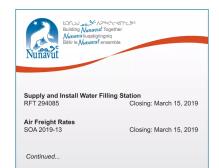
The agreement contains provisions intended to support Inuit interests in terms of financial transfers (advance and royalty payments), employment, contracting/subcontracting, and training opportunities as well as social and environmental programs.

And, as the Oceans North report notes, two of the guiding principles and objectives of the agreement are the maximization of Inuit benefits and the maximization of Inuit participation over time.



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#### (13) Comments:

#### Posted by Umiliviniq on 5 March, 2019

World Price of Iron Ore 15th February 2011 188.88 USD per Metric Tonne

World Price of Iron Ore 4th March 2019 85.42 USD per Metric Tonne The only reason Baffinland can keep the mine open is the high quality of the ore – approx. 68 % hematite and iron oxide content – one of the richest deposits in the World.

It would possibly be' mothballed' if the ore was not as rich! A balance between increaser employment and costs escalating! Delicate balance with China and Europe economies slowing. Umilivinia

Reply to this message

#### Posted by Consistency on 5 March, 2019

This is something i have been wondering about. Also it would be interesting to see a comparison between the number of jobs currently at all the mines in Nunavut and the number of people that are of age to work in the mines, that dont have other employment. I would bet we are close to the point that if every adult that is not currently employed by the govt (GN/hamlet) or other Nunavut Business there would not be enough people to fill half the jobs at all the mines. and if this is the case why would Nunavut approve any more mines at this time or increasing production. Mining is important to Nunavut but no point rushing things, Are ancestors have been here a long time and our descendants will be here even longer

Reply to this message

#### Posted by In Reality on 5 March, 2019

If you've ever worked in the North Baffin region then you can surely imagine the challenges a company like this must face recruiting and retaining staff. People will read racism into the numbers because that's a more suitable and more easily digestible narrative. Let's just say reality is not so simple and not so palatable. Skill levels are low, and staff who are consistently motivated over the long term are a bit of a rarity.

Reply to this message

#### Posted by Inuk Worker on 5 March, 2019

I work at a mine , dam good paying job , better them , the other jobs , i had in my village. I m on rotaion. I v bought a truck snowmoblie and other toys, going hunting and fishing on my time off. The trick is , you have to be willing to work , NO EXCUSES

Reply to this message

#### Posted by Reality on 5 March, 2019

Inuit, you can have as many jobs at the mine as you want! The thing is, you need to get the training, and then you need to do the job consistently and reliably. There is more to Canada than just inuit. It's not like inuit are all supporting themselves, the rest of Canada sends endless support. There may need to be a mine or two in Nunavut so that the territory generates at least a little bit of economic activity. And I am sure the owners of the mine would be thrilled if the people who lived close to the mine would actually train for the jobs and then stick with them. It would make things way more economical to run, a total win-win situation for all. Nobody wants to hold inuit back, and every possible bit of assistance is given. If inuit won't train for and do the jobs though, there is no way the outside world can fix that. It's not like they haven't tried and continue to try.

Reply to this message

#### Posted by rags to riches on 5 March, 2019

I knew they were gonna say that. No benefits for Inuit unless they get what they want in return. Just like blackmailing.

Reply to this message

#### $^{f lue{}}$ Posted by Brilliant! on 5 March, 2019

Wait, wait...so you're saying it's blackmail unless Inuit get stuff without providing something in exchange?

Does that work in stores? "You demand money for what I want? Blackmail!"

Reply to this message

#### Posted by Jim on 5 March, 2019

Glad to see them being told to go slow. Through this whole development and implementation process the mine has opted for profit over human or environmental benefit. This rich deposit is money in the ground for Nunavut and a slow withdrawal will maximize Inuit benefit and minimize environmental harm. Yeah Government regulation! (did I just say that?)

Reply to this message

#### Posted by Bob The Builder on 6 March, 2019

I love how everyone has all the problems of this complex and massive issue figured out in one paragraph or less. Goo job people. Ya'all should go to the front lines with these remarkable ideas and all is solved.

Reply to this message

#### Posted by Dave on 6 March, 2019

It's important to note that Baffinland is in essence a bulk-material handling operation requiring far more employees than a gold mine. The comparison to Agnico-Eagle is a bit of apples to oranges. Also, the comparison to operators in Newfoundland, who have been exposed to mining for generations, is also difficult. Baffinland employs hundreds of inuit and will be hiring as many as can be found. I would argue that they are likely the largest employer on the Island and in the North.

Reply to this message

#### Posted by Putuguk on 6 March, 2019

This mine needs to produce more volume in order to be profitable. If production is limited, then the mine would be in financial difficulty. Then it might not be 900 workers, or 2400 workers, but zero workers. Which I am sure would suit an environmental lobby group to no end with this less than stellar foray into economic analysis.

20 years has passed since we have had Nunavut. The civil service has added hundreds of jobs but has only been able to grow their Inuit workforce less than 10% in that time.

This is without the added challenges of gaining permission to operate, having to be profitable, or starting their operation from bare tundra and ice.

If the same logic should apply, would we now need to close a few schools and health centers and take this whole self government thing a little slower?

Lets get real here. Are their Inuit workers at the Mine? Yes. Would there be more if they expanded? Sure. That is real progress.

Reply to this message

#### Posted by Jeremy Finton on 6 March, 2019

This place is a disaster. My uncle was killed in a workplace incident in December of 2018. The company has taken "their time" with everything related to it. I've been a heavy equipment operator for the past 10 years. Witnessed some scary stuff, but the stuff they were letting slide that my uncle had told me about, serious shit.

Reply to this message

#### Posted by fortyniner on 6 March, 2019

My condolences, Jeremy.

SNC is not the only one who gets special legislation and regulations.

The mining industry in Canada recently got a little change, too.

Mine safety inspectors no longer have to have mining experience. That could be why things are as you've observed.

So far as I know, the only ones trying to do anything about it are some of the retired coal miners in Cape Breton. Good luck to them, and all of us.

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**Assistant Director of Finance** 

**ENGLISH INUKTITUT** 

## EMPLOYMENT OPPORTUNITY - Public Service Alliance of Canada

Regional Representative – Iqaluit

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Tobacco

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### TOBACCO REDUCTION - Government of Nunavut

Tobacco

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OPPORTUNITY WITH THE NUNATSIAQ NEWS -Nunatsiaq News

Reporter

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Representative For Children and Youth

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