

Chief Steve Wilson added:

“It is important to recognize the gap that exists between the awareness that business needs to build good relationships with First Nations, and the realization of those relationships. Building relationships with First Nations is important and difficult work, full of opportunities for both success and failure. There is no template. Each First Nation and each situation is unique.”

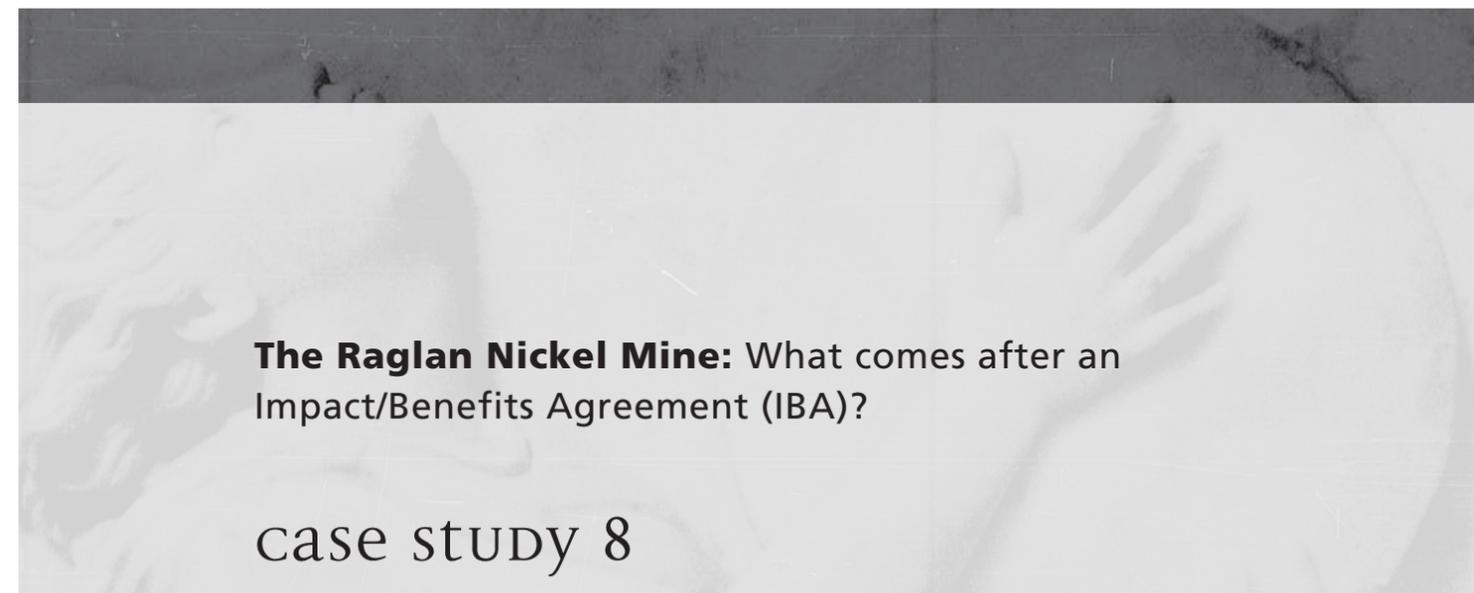
Chief Wilson concluded with a few words of advice to business:

“Take your time, learn the players and the cultural protocols, and build on a base of earned respect and trust.

Also, realize that First Nations have become pretty good at the law business over the years. We know our rights and we do our homework. The Courts tend to support us when we claim that resource development is proceeding on our traditional territory on the basis of faulty or inadequate consultation and accommodation. So, it’s good business to accommodate our interests, because it is more cost-effective to engage us in the first instance.”

Alcan’s Colleen Nyce closed the session:

“Businesses must ensure that their people in the field have respect for First Nations, and that they approach Aboriginal engagement with sincerity. Lip service will be seen and dismissed for what it is.”



The Raglan Nickel Mine: What comes after an Impact/Benefits Agreement (IBA)?

case study 8

Introduction and Overview

Raglan lies about 1,800 kilometres north of Montreal, deep in the Nunavik territory of northern Quebec. Fifty-five kilometres from east to west, the Raglan property is marked by a series of remarkably rich ore deposits along its length – holding proven and probable reserves of 15.8 million tonnes of high-grade nickel and copper ore. Although the Raglan ore-bodies were discovered in the 1930’s, commercial production didn’t begin until April, 1998, more that half a century and an investment of CAN\$800 million later.

Nunavik has been occupied by the Inuit for more than 4,000 years. A nomadic people, the Inuit did not settle into permanent villages until the early 1950’s. Today, Nunavik’s 9,200 Inuit live in 15 villages along the coasts of Ungava Bay, Hudson’s Strait and Hudson’s Bay, all between 1,000 and 1,900 kilometres north of Montreal.

Various mining companies that pursued intermittent exploration of the Raglan property were absorbed into Falconbridge Limited (Falconbridge) by the mid-1960’s. Today, the Raglan project is 100 per cent owned by Falconbridge through the Société minière Raglan du Québec (SMRQ). Falconbridge is one of Canada’s largest mining companies, employing 7,000 people in 13 countries, and generating 2003 revenue of US\$2.1 billion.

Central to the various challenges that Falconbridge had to overcome in developing the Raglan property was its remote, sub-Arctic location. The climate is severe and cold, with an average annual temperature of about minus 10 Celsius, and permafrost extending to depths exceeding 400 metres.¹ Economic, environmental, socio-economic and logistical barriers were all formidable, combining to make development of a greenfield smelter and refinery unviable, and delaying serious consideration of building a mine until the late 1980’s and early 1990’s. By then, several significant issues had converged to make the prospects for development much more attractive, including:

¹ Robert Telewiak, Vice President Environment, Falconbridge Limited, *Keys to Building Successful Relationships with Inuit Communities at Raglan*, Presentation to Prospectors and Developers Conference, March 13, 2001

- The settlement of the historic 1975 James Bay and Northern Quebec Agreement (the James Bay Agreement)²;
- The emergence of new, commercial ice-breaking ships that doubled the traditional four month marine shipping season;
- The availability of new, modular buildings that greatly reduced construction cost and labour requirements for on-site housing and other mine support facilities;
- The construction of an airstrip for each village under the James Bay Agreement, making it feasible to fly Inuit workers in and out of the Raglan site; and,
- The discovery of additional ore bodies and the recovery of base metal prices from their 1970's collapse.³

Falconbridge's landmark 1995 agreement (the Raglan Agreement) with Makivik Corporation (Makivik)⁴ was crucial to the decision to proceed with Raglan. The Raglan Agreement was signed on behalf of SMRQ, Makivik, the Qarqalik Landholding Corporation of Salluit, the Nunaturlik Landholding Corporation of Kangiqsujuak (Wakeham Bay) the Municipality of Salluit, and the Municipality of Kangiqsujuak – constituting Canada's first Impact and Benefit Agreement (IBA) between a mining company and the Aboriginal people to be affected by a mining project.

Falconbridge was represented in this case study by Robert Telewiak, Vice President, Environment, Health and Safety (EHS). With 20 years of wide-ranging experience at Natural Resources Canada, Mr. Telewiak joined Falconbridge in 1996 as Director of Environmental Affairs, and was appointed Vice President of EHS in 1999. His responsibilities include corporate and operational policies and strategies in the areas of environment, occupational health, safety and industrial hygiene.

Robert Lanari is Project Director for Makivik, and has been with the Corporation for 25 years, holding responsibilities for many major development projects in Nunavik. Mr. Lanari was involved in negotiations with Hydro-Quebec regarding the Great Whale River Hydroelectric Project and the diversion of a major river to build the James Bay Hydroelectric Project, and he represented Makivik in Raglan negotiations with Falconbridge.

This case study's moderator was Dan Jepsen, Executive Director of the B.C. and Yukon Chamber of Mines (BCYCM) and a Registered Professional Forester with 25

years in the resource sector. Before taking up his current BCYCM responsibilities in August, 2002, Mr. Jepsen was Manager, Aboriginal Affairs and Environment for Western Forest Products Ltd., where he oversaw the company's relations with 32 First Nation bands, and led the successful delivery of ISO 14001 and Canadian Standards Association (CSA) independent certification for 41 forestry operations. In setting up the discussion, the moderator noted that this panel featured exceptional depth and balance, and that he anticipated a compelling review of some the key dynamics of the Raglan Agreement – both in its lengthy consultation and negotiation stages, and in the on-going process of its implementation. Mr. Jepsen also observed that it was interesting, and perhaps symbolic, that Makivik's Inuit leaders had chosen to send a non-Aboriginal representative to this *Aboriginal Engagement and Sustainability Conference*.

Presenters' Discussion

1. The Raglan Agreement – Preparation, Consultation, and Negotiation

Robert Lanari began by outlining the origin and purpose of Makivik:

“Makivik Corporation was formed in 1978 to carry out the mandate created for it by the 1975 James Bay Agreement: representing the interests of the Inuit people of Nunavik Territory, addressing the ecological and social needs of the region, and ensuring that the Government of Quebec lives up to the terms of the James Bay Agreement.”

He turned to the issue of consultation, noting that early discussions between Falconbridge and the Inuit were not fruitful, or even promising:

“In 1992, after about 30 years of exploration, Falconbridge took its preliminary decision to develop Raglan. The company went to see the two closest Inuit villages – Wakeham Bay⁵ (500 people) and Salluit (800 people), to inform the communities of the Raglan development decision, and to ask, ‘How can we contribute to your community?’ It quickly became clear that Falconbridge's initial approach to community support involved a narrow and limited focus on civic improvements.

The communities were not happy with this rather limited approach to consultation, and they asked Makivik to intervene on their behalf. Senator Charlie Watt, Makivik's President at the time, led the Inuit in negotiations with

² “The James Bay and Northern Quebec Agreement (JBNQA) was signed in 1975 as part of a commitment by the Canadian Government to deal with land issues dating back to the 1800's. The Agreement was one of Canada's first modern land claim settlements and includes as its major components a land regime; environment and social protection; local government provisions; education; hunting, fishing and trapping provisions; economic development; health and social services; and the role of the federal government.”
See: <http://www.atns.net.au/biogs/A001581b.htm>

³ Robert Telewiak, Vice President Environment, Falconbridge Limited, *Keys to Building Successful Relationships with Inuit Communities at Raglan*, Ibid, 4-5

⁴ “Makivik Corporation was created in 1978 pursuant to the signing of the James Bay and Northern Québec Agreement (JBNQA). Makivik is the recognized Inuit Party to the Agreement. It is a non-profit organization owned by the Inuit of Nunavik. Its central mandate is the protection of the integrity of the JBNQA, and focuses on the political, social, and economic development of the Nunavik region.” See: <http://www.makivik.org/>

⁵ Now known as “Kangiqsujuak”

Falconbridge. An Agreement-in-Principle (AIP) was reached in 1993, setting out four discussion points to form the basis for negotiating a comprehensive agreement. Those points were:

- Environment;
- Employment;
- Training; and,
- Compensation.”

Mr. Lanari went on to note that two years of intensive negotiations around the AIP framework followed, leading to the signing of the Raglan Agreement on February 28, 1995.

Robert Telewiak opened his remarks by pointing out that Falconbridge started exploring the Raglan property in 1957, more than four decades before the Raglan Mine opened in 1998. He noted:

“Falconbridge’s perspective on issues involving environmental stewardship and Aboriginal consultation has changed greatly over the years. By the early 1990’s Falconbridge was looking seriously at Raglan, and knew that the capital investment required to develop the mine would exceed \$600 million. Community support was an essential pre-condition for the development decision.

During the early phases of detailed exploration, Falconbridge hired a local advisor to provide a liaison between the company and the neighbouring communities of Salluit and Kangiqsujuaq (formerly known as Wakeham Bay). Formal consultations with the communities were part of an official approval process set out in the James Bay Agreement, mandating review of development projects by the Kativik Environmental Quality Commission. The process brought together personnel from all levels and departments of the company, villagers, their mayors and councils, the Kativik regional government and Environmental Quality Commission, Makivik Corporation, the federal Coast Guard, and Quebec provincial ministries responsible for mining and environment. Through these contacts, it became clear that the main concerns of the local people centred on:

- The environment;
- Employment; and,

- The influx of southern people to their lands.

While many expressed an interest in expanding into a wage economy, they did not wish to abandon their traditional pursuits of hunting and fishing which are central to their culture. They were also concerned that economic diversification not come at the expense of the environment.”

Mr. Telewiak outlined some of the Inuit benefit highlights of the Raglan Agreement:

- “Priority of employment for qualified Inuit for the two closest communities to the project, the region as a whole, and other Inuit from Nunavik;
 - The mine has created roughly 1,200 direct and indirect jobs, of which 350 are full-time on site positions. Twenty per cent of these on site positions are to be filled by Inuit employees;
- Priority in awarding contracts to competitive Inuit enterprises for work required during the ‘operating phase’ of the mine by direct negotiations with qualified Inuit enterprises;
 - For example, Falconbridge signed a \$50 million joint venture agreement with an Inuit enterprise for open pit mining. We also entered into a \$12 million contract with a local trucking company that hauls concentrate to Deception Bay, as well as fuel and supplies to the site. The experience gained by the contractors will also help to get other contracts in the North;
- Monetary compensation and profit-sharing payments to be made to the signatories of the agreement for the benefit of Salluit, Kangiqsujuaq and Nunavik region inhabitants;
 - The Raglan Agreement requires Falconbridge to provide compensation payments to Makivik and to a trust fund for the local Inuit in the form of guaranteed payments, which could total more than \$70 million over 18 years;
- The establishment of the Raglan Committee, a permanent committee responsible for overseeing implementation of the agreement and reviewing any outstanding environmental issues;
 - The Raglan Committee has six members: one from each of the neighbouring communities and Makivik, and three from Falconbridge. The committee

meets at least once every quarter for the first five years, and at least twice annually thereafter;

- Additional mitigation, monitoring of the environment beyond regulatory requirements, and the results of all monitoring to be reported to the Raglan Committee on a regular basis;
 - For example, we deliberately shorten the shipping season to avoid icebreaking activities during certain months. This minimizes the impact on marine migratory patterns and Inuit hunting seasons.
- Should mitigation measures not be acceptable to the Agreement’s parties, an arbitration process would be pursued with a mutually acceptable arbitrator.

2. Raglan Agreement Implementation Issues

a. Environmental Protection

Robert Lanari stressed that the same issues that made environmental protection the over-riding negotiation issue also dominate Makivik and Inuit priorities for implementation of the Raglan Agreement:

“The environment is always the crucial concern for the Inuit. Their lives revolve around the land, sea and air; not just for their own subsistence, but as the heart of their traditional culture. The Inuit see themselves as stewards of their harsh and delicate environment and of the living things that rely on it as habitat – like the hundred thousand Arctic char that depend on the water downstream from Raglan.”

Robert Telewiak confirmed that Falconbridge understands the importance of the environment to the Inuit. He noted that the Raglan project is one of the few mining operations in Canada to achieve ISO 14001 certification⁶, and added:

“Raglan’s top environmental priority is the monitoring and maintenance of water quality. We have a 100 per cent mill effluent recycling program. Also, tailings are filtered to remove most of the waste water and then the residue is deposited in a fill area, to be covered with inert rock and frozen by the permafrost.”

Mr. Lanari responded by noting that Makivik has concerns about the stockpiling of tailings. He then advised:

“Makivik and Falconbridge are sponsoring research to examine whether rising air and ground temperatures may increase the risk of acid leaching from the tailings, and to search for ways to render the tailings material inert to reduce the impact of leaching in any event.”

b. Inuit Employment

“Falconbridge’s long-term vision calls for significant Inuit participation in Raglan’s operation and management,” said Robert Telewiak, noting also that the Raglan Agreement calls for Inuit staffing of 20 per cent of the mine’s on-site jobs. He added:

“Improving both the quantity and quality of Raglan jobs performed by Inuit continues to be one of our biggest challenges. Currently we’re at about 15 per cent, and too many of those jobs are at entry level. A number of issues are at play, including:

- Location and distance – the mine site is 150 kilometres from the closest village, with no connecting road;
 - Separation from family and community is very difficult for Inuit workers, especially during key hunting and fishing seasons;
 - § Falconbridge has implemented flexible scheduling for Inuit workers, but more solutions need to be found;
- Education – testing indicates that Nunavik education standards are up to two years behind southern standards in grade level proficiency;
 - Inuit students and young workers lack the skill base for the technical job training they will need at Raglan’s very modern operation;
- Cultural Differences
 - Falconbridge is a modern, global company. There are significant cultural differences to bridge in bringing inexperienced Inuit workers into the Raglan operation. This cultural bridging takes time and tremendous effort, but we will achieve success with our Inuit partners. In our Dominican Republic operation, almost all of our employees are Dominican, including management. In New Caledonia, we have a joint venture owned 51 per cent by the local Indigenous community, and 49 per cent by Falconbridge.

⁶ The ISO 14001 standard involves rigorous independent assessment of a company’s environmental management system, focusing on what the organization does to minimize the harm its operations cause to the environment, and what it does to achieve continual improvement of its environmental performance. See: <http://www.iso.org/iso/en/iso9000-14000/index.html>

We know it can be done, and we are committed to working together with Makivik and the Inuit people to find the solutions for Raglan.”

Robert Lanari acknowledged that the Raglan employment challenges are significant, but was adamant as he continued:

“After seven years of removing the resource from the land, we have to do better than this. Inuit still only hold only nine per cent of the on-site permanent jobs – 15 per cent if we include temporaries and trainees.

It’s not enough to look for ways to help the Inuit to adjust to working in this state-of-the-art mining operation. The reality is that Raglan is almost 2,000 kilometres north of Montreal, in the heart of Nunavik Territory, where Inuit people have lived and worked for thousands of years. Falconbridge and the Raglan Mine must work harder to adapt, too. Much more than ‘flex-scheduling’ can be done, and must be done, to integrate Raglan into the habitat and lives of its Inuit neighbours.”

Dan Jepsen then recalled one of his most vivid “Lessons Learned” in cultural adaptation:

“I went into a remote First Nation community for a first meeting on behalf of Western Forest Products. The boss thought it would be more efficient for me for to fly in for the meeting in the company’s new helicopter.

So, I arrived to quite a welcoming committee. They were certainly impressed by my grand entrance. We visited, and then got down to business. I explained that we were looking forward to working with them in their territory, and I asked, ‘So, is there anything you need in your community that we could help you with?’

The Chief nodded, turned and pointed, ‘We could use that helicopter, and two pilots.’”

c. Business Opportunities

Robert Lanari noted that because mining’s time frame is inherently short-term, Makivik’s development focus must be long-term:

“We concentrate on Inuit procurement opportunity and capacity development. Real progress is being made. We have two joint venture companies operating under Raglan service contracts, and we are using our Raglan Agreement compensation funding as seed capital for new development.⁷

⁷ “The Inuit of Nunavik have received various payments as compensation arising from a number of agreements with government and corporations for activities having an impact on the traditional territory of Nunavik. The compensation received to date exceeds \$100 million (investment portfolio now worth over \$140 million – no individual payments ever made). The Makivik Corporation has always treated these monies as a “heritage fund” and its financial policies have been aimed at ensuring that funds are available for future generations of Inuit. An Investment Review Committee establishes criteria for

investment and monitors the performance of the fund. The revenue generated by the investment capital has been dedicated to promoting the welfare and economic advancement of the Inuit. Grants have been made to Inuit non-profit (furniture assembly, Illuapiit structure, housing) and cultural organizations and recreational facilities have been built in each of the 14 Nunavik communities. In addition, investment revenue has also been used to create several subsidiary, for-profit companies.” See: http://www.firstpeoples.org/land_rights/canada/mining_agreements/mininglrc.htm

Open Floor Discussion

A member of the audience asked Robert Telewiak, “When Falconbridge operates internationally, do you meet with the colonizing powers, or with the local Indigenous peoples?”

Mr. Telewiak responded:

“Falconbridge is deeply committed to being recognized and sought out as a ‘Developer of Choice’. We were approached by the Kanak people of New Caledonia⁸ about developing a mining property in their territory. They came to see Raglan and to meet the Makivik people. After over 350 meetings, Falconbridge entered a joint venture agreement to develop a mine in New Caledonia: with 51 per cent local ownership.”

Jo Render, an independent consultant, asked, “What is the protocol for Inuit communities’ communication with Falconbridge?”

Robert Telewiak replied first, noting that the Raglan Agreement calls for quarterly meetings of the Raglan Committee, and for on-going Committee communication on a range of issues, notably environmental matters.

Robert Lanari continued:

“The Raglan Committee has six members – Falconbridge’s Directors of Operations, Human Resources and Environment, a representative of Makivik (currently, that’s me), and a representative of each of the two closest Inuit communities, Wakeham Bay (now known as Kangiqsujuaq.) and Salluit. The Committee meets at least three or four times a year, and conducts frequent tele-conferences on all manner of issues and concerns. The real weakness of the Raglan Committee is its lack of a dedicated budget. Without independent funding, the Committee lacks independent capacity.”

Michael McPhee, President of the Mining Association of B.C., asked, “Is there an amendment or adjustment mechanism for the Raglan Agreement, and has the Agreement been changed over its 10 years of operation?”

Robert Lanari replied:

“There is an amendment mechanism, and the Agreement has been amended once since 1995 – to permit Falconbridge to exploit a number of new sites on the Raglan property.”

⁸ A French colony in Melanesia (islands of the South Pacific).

Janice Keyes noted that Raglan Agreement negotiations went on for two to three years, and wondered what ‘power dynamic’ highlights of that process might be shared in this discussion.

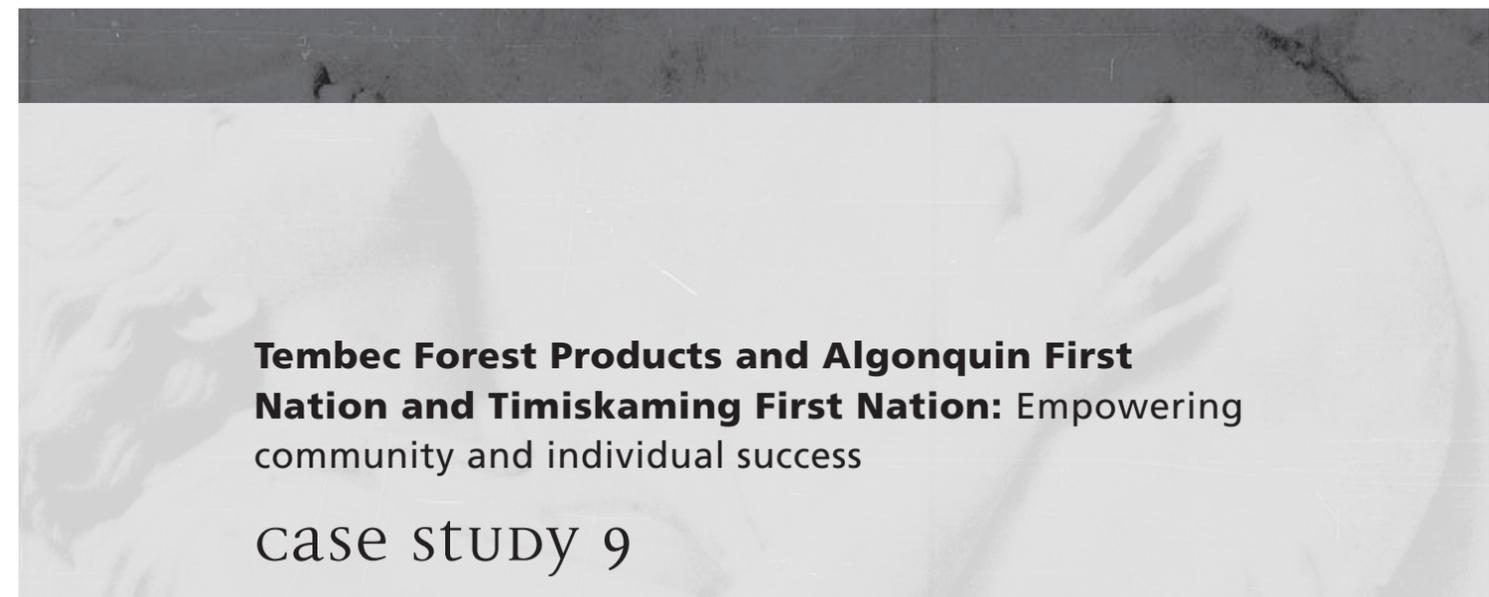
Robert Lanari responded first:

“The Inuit position was weakened by the fact the Raglan property was not on Inuit land, as settled by the 1975 James Bay Agreement. However, the Inuit also had two aces in their hand. First, Falconbridge needed a provincial Environmental Assessment Certificate for Raglan. Inuit opposition to that application could have seriously jeopardized its chances. Second, the Inuit had off-shore claims pending for Hudson’s Bay and Hudson’s Strait. Falconbridge’s lawyers feared that a settlement might be reached that could give the Inuit off-shore jurisdiction – threatening the secure passage of Falconbridge shipping.”

Robert Telewiak remarked that Falconbridge knew that they needed Inuit support for the Raglan project, regardless of whether the Raglan property was technically within the jurisdiction of the James Bay Agreement.

Robert Lanari closed the session:

“However impressive the Raglan Agreement may be, it’s still just a piece of paper. What really matters is the attitude of the parties – after the Agreement is signed. With Raglan, certainly there have been (and continue to be) problems to solve, but the attitude on both sides has remained very positive, seeking solutions instead of finding obstacles.”



Tembec Forest Products and Algonquin First Nation and Timiskaming First Nation: Empowering community and individual success

case study 9

Introduction and Overview

The Tembec story is made for Hollywood, or at least for the National Film Board of Canada.¹ The story that led to the birth of this remarkable company began in January, 1972, when International Paper (IP) announced its decision to close its small pulp and paper mill in Temiscaming, Quebec. The mill’s six senior managers and union representatives of its 350 employees were told that shutdown would take place in 90 days, eliminating about 1,500 regional jobs.

In June, 1973, after IP’s Temiscaming mill had been closed for a year and Unemployment Insurance benefits were running out for its workers, an almost unbelievable series of events unfolded², leading the Governments of Quebec and Canada to join the townspeople of Temiscaming in supporting the bid of the mill’s former employees to buy the mill from IP. Led by four former managers, including mill Superintendent Frank Dottori (now Tembec Inc.’s President and CEO), the employee buy-back went through and Tembec³ was born.

By October, 1973, the mill was back in production. In its first year of operation, Tembec’s 350 employees generated sales of \$35 million, from assets of \$2.5 million in one site. By 2003, Tembec’s over 10,000 employees were generating sales of over \$4 billion, from assets of \$4 billion in 55 sites across Canada, the United States, France and Chile.⁴

Representing Tembec’s leadership was Charles Gagnon, Vice President, Corporate Culture and Social Responsibility. Mr. Gagnon joined Tembec in February, 1974 as a general labourer at the Temiscaming mill. Over the years he pursued intensive studies in Human Resources and Executive Management and held positions of increasing responsibility in the areas of Human Resources Management and Public Relations. He was appointed Vice President, Corporate Relations in 1996, and assumed his current responsibilities in October, 2004.

¹ *Temiscaming, Quebec – A Town That Wouldn’t Die* is a 1975 National Film Board of Canada film. To view the trailer, See: www.tembec.com/DynamicPortal?key=web&lng=en-US&crit=about_ourhistory&page=tpl_about

² For a very entertaining review of those events, see: Bruce Macfarlane, *From ghost town to boom town*, Telegraph Journal, www.nben.ca/environeews/media/mediaarchives/98/boomtown.html

³ The name ‘Tembec’ was drawn from the new company’s roots in **Temiscaming, Quebec.**

⁴ Frank A. Dottori, *Closing Keynote Address to 84th International Management Conference – PIMA*, New York City, New York, June 29-July 2, 2003.