

# Mining, First Nations and Responsible Investment: A Case Study

Moving to Impact: Responsible Investing in Canada  
*Breakout Panel—Responsible Investing and the Extractive Sector*

Dr. Wesley Cragg  
Project Director, Canadian Business Ethics Research Network (CBERN)  
York University  
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# Mining and indigenous peoples in the Canadian North

An essentially negative story from all perspectives:

- economic,
- Social
- Environmental
- Cultural

A failure from the perspective of:

- Sustainable development
- Free prior and informed consent
- Social licence

# Mining and indigenous peoples in the Canadian North

Natural Resource Canada (NRCan) states that close to 1200 Aboriginal Communities are found within 200km of mineral and metal activities (Natural Resources Canada, 2001). Furthermore, 36% of First Nations are located less than 50km from one of the primary mines in Canada (Assembly of First Nations, 2001)

# The Naskapi Story

**Interesting because it is a story of a First Nation encounter with mining across two commodity cycles**

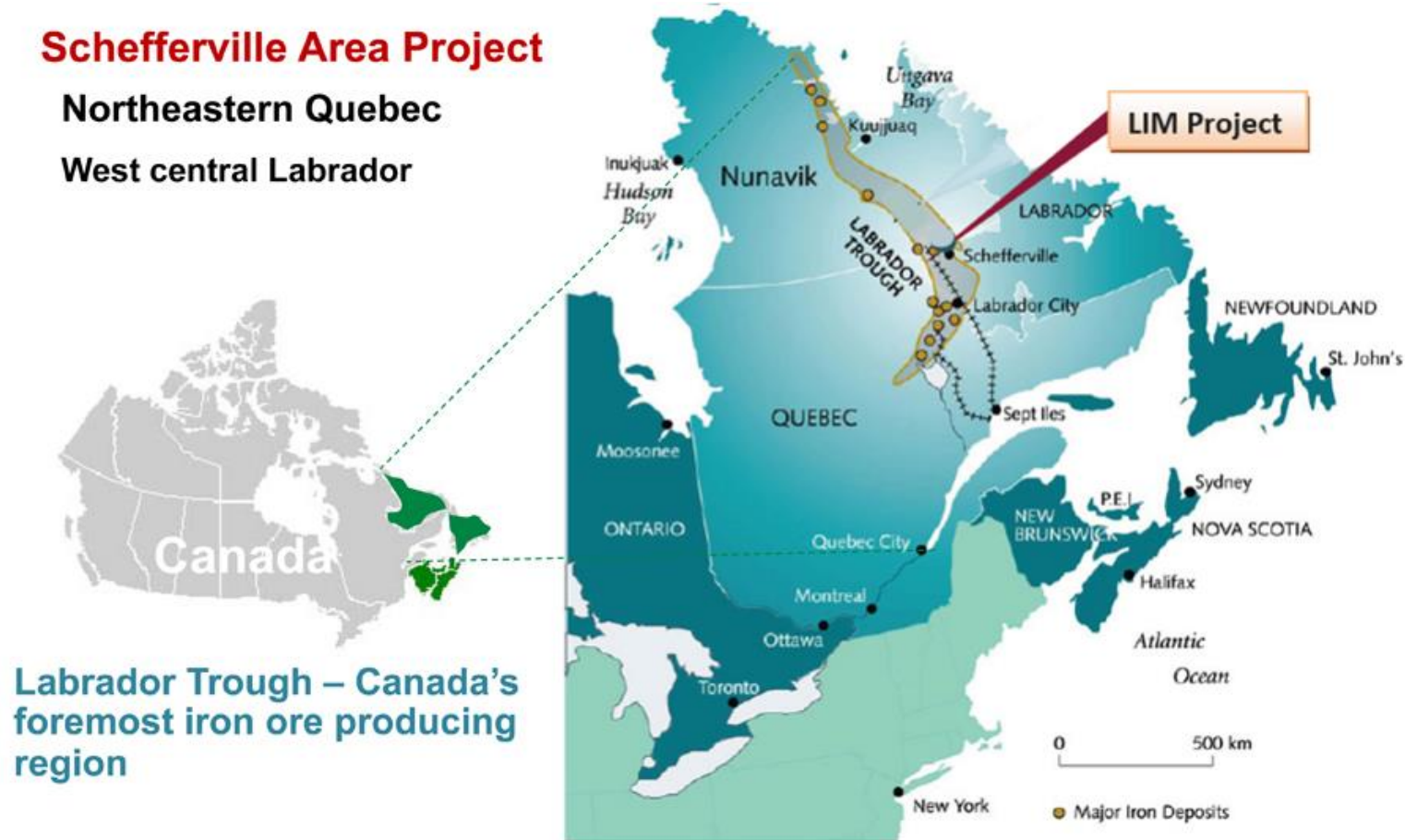
The first encounter with the Iron Ore Company of Canada

- all the characteristics of a typical First Nation community experience with mining – essentially negative in almost all respects

The second encounter with New Millennium and Tata Steel

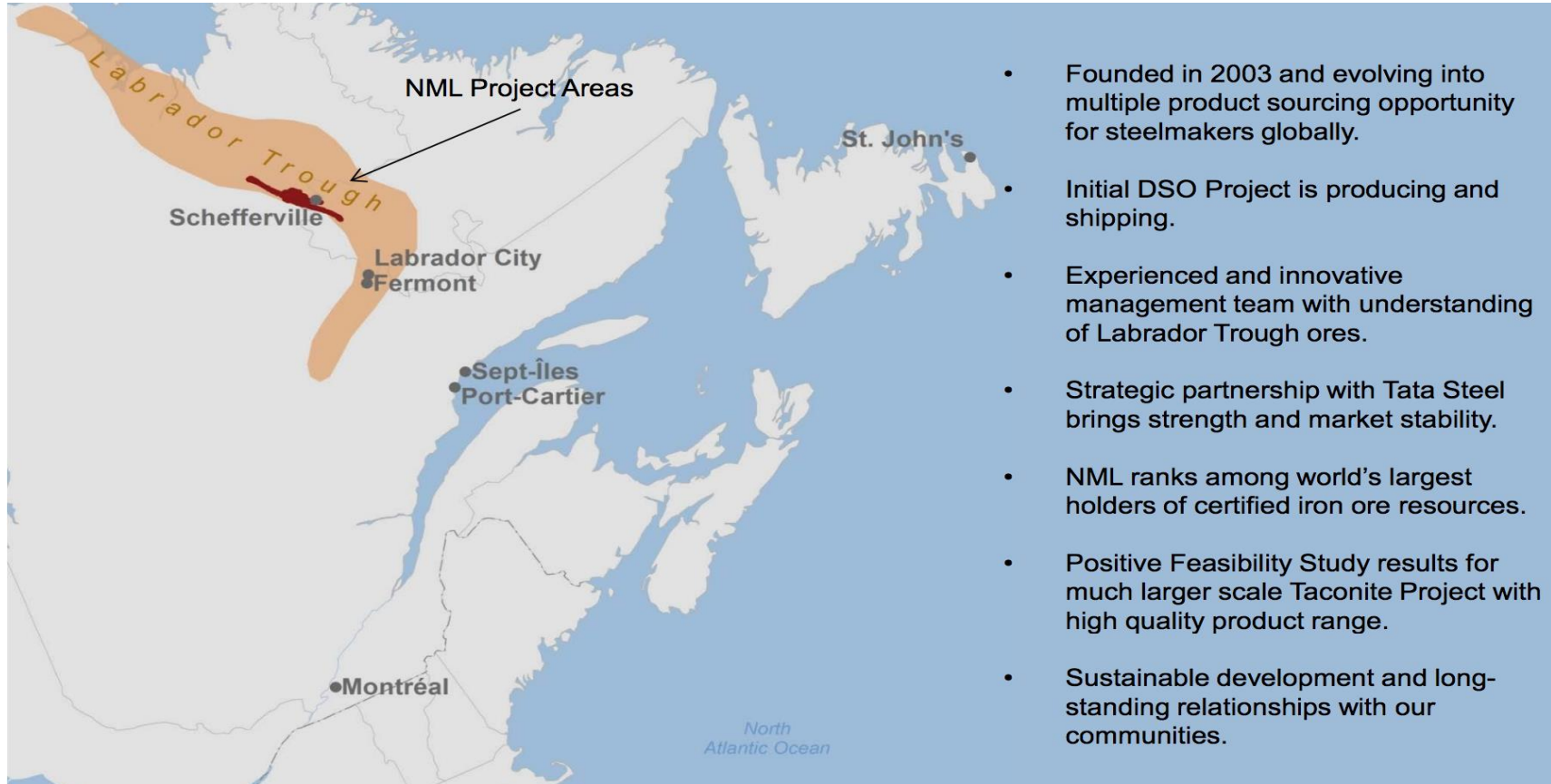
- all the positive characteristics of what a contemporary responsible investor would likely and conventionally identify as responsible mining

# Schefferville City and the Labrador Trough



Source: Mines Schefferville Inc.

# New Millennium Iron Company Overview



Source: New Millennium Iron

# The Naskapi Story: A Time Line

- Pre 16<sup>th</sup> century (European contact), a nomadic dependence on caribou
- 1832 – first furs traded with the Hudson's Bay Company
- 1832 – 1916 – growing dependence on trapping and trading with the Hudson's Bay Company
- 1916 – 1956 – gradual closure of Hudson's Bay posts, growing poverty and illness, growing dependence on government services for basis subsistence
- 1954: Iron Ore Company of Canada begins mining operations in Schefferville.
- 1956 Naskapi Band moves to Schefferville
  - Population about 120 people

# The Naskapi Story: A Time Line

- 1956 – 1978: racially grounded social exclusion, unemployment, social disintegration, dependence on government services with some bottom level employment opportunities with the mining operations of the Iron Ore Company of Canada
- 1978: Northeastern Quebec Agreement signed
  - All claims to land in Quebec surrendered
  - Exclusive rights to specified lands granted
  - Social and economic development services established
  - Employment and skills development training financed by the Quebec government committed.
  - Right to establish a self-governing community granted

# The Naskapi Story: A Time Line

- 1982: IOC mining operations terminated
- 1984: Self governing community of Kawawachikamach established (about 20 kilometers outside of Schefferville)
- 1984 – 2016: Naskapi Nation reconstituted as a self governing, community with expanding entrepreneurial business interests and investments
- 2002: LabMag Mining Corp. founded
- 2003: Partnership agreement with the Naskapi Nation signed.
  - 16% ownership in the LabMag deposit
  - contractual and forceful commitments related to training, employment, contracting, and environmental standards
- 2004: NML acquires the LabMag property (located in Newfoundland) forming a limited partnership with 80% of the property owned by NML and 20% owned by the Naskapi Nation – the first joint ownership arrangement in Canadian history
  - LabMag deposit drilling begins
  - NML begins to acquire other taconite deposits located in Quebec
  - Net present value of Naskapi interest valued at approximately \$500 million.

# The Naskapi Story: A Time Line

- 2007: NML attention begins to shift from the LabMag deposit to a Direct Shipping Project focused on taconite deposits in Quebec.
- 2008: NML signs a strategic partnership contract with Tata Steel with Tata Steel acquiring 19.9% of NML shares. Attention continues to shift to the DSO project
- 2010: Tata Steel increases its ownership of NML to 29% and buys the DSO project
  - DSO Project owned 80% by Tata Steel and 20% by NML
  - Naskapi hold no interest in the DSO project
  - Labmag project mothballed
- 2012: DSO ore production begins.
- 2015: DSO project production suspended (?)

# Part II: CBERN/Naskapi Research Partnership

In 2006, the Naskapi Nation (now a community of 1000) joined CBERN as a partner

## Concern

- Creating a cultural and economic space that would encourage young people to make Kawawa their home

## Goal

- Research that would help the community address this challenge

## Assumption:

- The challenge was an ethical challenge

# Three research project launched sequentially

## First project:

- What did the community need to know that they did not presently know to be able to address the challenge?
- Response: a community wide knowledge needs assessment

# Knowledge needs assessment findings

(in order of priority – a total of 20 needs identified)

- 1. expected environmental impact of mining projects;**
- 2. cultural and language protection strategies;**
- 3. detailed information about mining firms' plans and approach to community engagement;**
- 4. access to the Chief and Council's plans for the future (e.g. 5-year plan or objectives);**
- 5. environmental monitoring education and workshops;**
- 6. mining industry career opportunities for students, graduates, and those without high school education;**
- 7. community development (health and well-being) planning guides and information;**
- 8. strategies to increase youth involvement in community affairs;**
- 9. economic development strategies for resource-based communities;**
- 10. trades and skills education and certification.**
- 13. Details of the New Millennium IBA**

# Curriculum research findings

*The curriculum was the standard Quebec school curriculum*

*There was little in the curriculum about Naskapi culture or history*

*There was nothing in the curriculum about mining*

# Baseline Well Being Study

## The goal

- Identify the values that the community believed to be central to Naskapi well being
- Measure how well the community was doing measured against those values
- Create a baseline against which economic development progress could be measured, positive impacts identified and enhanced and negative impacts identified and addressed in consultations with companies and government

## Part III:

# Necessary conditions for responsible mining

- Individual and institutional capacity building
- Independent, community mandated and controlled environmental monitoring
- Baseline community well being monitoring
- Public access to IBA agreements
- Public predevelopment agreements
- Employment guarantees
- Employment practices that accommodate First Nation cultural values and traditions