Mining and Indigenous Peoples:

CASE STUDIES
The International Council on Metals and the Environment (ICME) has published this document as part of its ongoing efforts to provide information on environmental, health and related matters affecting the metals mining and producing industry. The contents of ICME publications range from general and technical information to discussions of policy and regulatory issues. The topics examined may be of interest not only to industry but also to others, including policy makers, regulators, educators and the public at large. ICME hopes that these publications provide insight into what are sometimes difficult and complex issues.

Although the views expressed are those of the authors, ICME welcomes questions and comments on the perspectives and information contained in its publications. ICME also appreciates suggestions regarding other issues of public importance for possible future publications.

Founded in 1991, ICME is a non-governmental organization that promotes the development and implementation of sound environmental and health policies and practices in the production, use, recycling and disposal of non-ferrous and precious metals. In addition to publications, ICME's extensive information program includes a Web site and a quarterly newsletter with a worldwide distribution.

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ISBN 1-895720-31-1

Cover: All images are taken from the case studies. The photos, from left to right, are courtesy of Hamersley Iron Pty Limited, the Northwest Alaska Native Association, Placer Dome Inc., WMC Limited, Falconbridge Limited and WMC Limited, respectively. The painting, entitled Pilbara Travelling Grounds, is courtesy of the artist, June Djiagween, an Aboriginal woman from the Pilbara region of Western Australia. Ms. Djiagween has won widespread acclaim for her art, including the Cossack Art Awards in 1996, 1997 and 1998 for the overall best Pilbara Aboriginal Artist. Ms. Djiagween worked for Hamersley Iron, a subsidiary of Rio Tinto, from 1996 to 1998, gaining an Engineering trade certificate as a fabricator. In 1998, she received Australia's national Award for Outstanding Woman of the Year Studying in a Non-traditional Area.
Mining and Indigenous Peoples: CASE STUDIES
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The management of community issues is becoming an increasingly important factor in determining the contribution of industry operations to the sustainable development objectives of society. Today, corporations are being called upon to assume greater responsibility for the economic, environmental and social impacts of their activities and to work with stakeholder groups to ensure that community needs are also met. As well, many governments, insurers and financial institutions are expecting transparency in the way companies manage their social responsibilities.

Nowhere is this more evident than in the mining industry. Because mining represents a long-term investment, often in remote areas, the way a company manages its relationship with local—often Indigenous—communities will be a critical factor in the success of its activities. Mining companies not only represent a major source of income and employment, but they are also often key contributors of infrastructure and services, particularly in the areas of health and education. Close relations with the local community are important to enhancing community capacity to deliver social services, to promote growth of the local economy and to allow the traditional cultures and lifestyles of Indigenous peoples to flourish and develop, even after mine closure.

The interface between mining companies and Indigenous communities involves a number of complex issues. There is no one uniform model that can be applied. Approaches to these issues must be tailored to local circumstances and cultures, which are likely to vary among communities, even within the same country. ICME has produced this collection of case studies to illustrate the approaches taken by five mining companies in their relations with Indigenous communities. It is hoped that their experiences will prove beneficial to the industry worldwide.

ICME would like to acknowledge the important contribution that Mr. Roger Hill has made to this publication. Mr. Hill is a principal of Hill Sloan Associates, an economics and management consulting firm that specializes in corporate best practice. He is acknowledged as a leading expert on the interface between corporations and Indigenous peoples and has written or co-authored a number of publications in this field, including Corporate Aboriginal Relations: Best Practice Case Studies. Mr. Hill not only wrote the overview section of the present case studies, but he also developed a framework to guide their preparation. As well, he critically reviewed each of the case studies to ensure a uniform standard of quality.

Special thanks must also go to Mr. Hans Matthews, who has had a great deal of experience in explaining Indigenous concerns to the mining industry. In addition, ICME wishes to thank the companies that contributed to the case studies, as well as Wylie Thomas, a former research officer at ICME, whose hard work and dedication contributed greatly to this project.

Gary Nash  
Secretary General  
ICME
Mining companies and Indigenous communities have undergone significant change. For the latter, this change began several hundreds of years ago, while for the mining industry, the change has been sudden, occurring mostly during the past few decades. What is this change? It is social and economic change? In many cases, a social and economic degradation has occurred in Indigenous society since commercial mining began in traditional Indigenous territories. Some from industry have argued that this change has not occurred or, in the extreme, many did not notice it because they were not aware of—or chose to ignore—the existence of Indigenous peoples near their operations. More recently, however, mining company leaders are freely admitting that in the past, the industry has had, in many situations, a devastating effect on the Indigenous communities. They want to change this trend.

Today, many mining companies are getting more involved in helping establish a positive social and economic environment in Indigenous communities around the world. Within the past few decades, there has been a growing number of mining companies that believe they can complement the aspirations and needs of the community. Through their operations, they have begun to work in tandem with Indigenous communities to help them establish and maintain a healthy community. Mining company leaders admit that they must change the way they conduct their business and must be more socially responsible. The present publication, Mining and Indigenous Peoples: Case Studies, does much to facilitate the awareness of the trend toward enhancing the Indigenous community component of the social, economic and environmental responsibility of the present and future global mining industry.

Though there are many examples to illustrate how industry and communities have worked together, this volume expresses the pride some companies have in their relationship with neighbouring communities. From the companies' perspective, this relationship has awarded the company with security of investment and security of access to mineral resources. More importantly, they have also seen significant, positive social and economic benefits going to the local community, and hence a positive change in the community. These companies do not view Indigenous peoples as obstacles to resource development but, rather, as partners in resource development. They have evolved from the old way of mere piecemeal community participation in their operations to a new way of including the community in decision making, business development and joint lands management. For these companies, the paradigm has shifted from Indigenous participation in mining to mining company participation in the Indigenous community.
Overview

by Roger Hill, Hill Sloan Associates Inc.

This set of case studies documents a number of mining projects in which mining companies have established mutually beneficial relationships with Indigenous communities. The five case studies were selected to illustrate that positive relations are taking place in a wide range of jurisdictions. They are: Rio Tinto’s Hamersley Iron projects in Australia; Cominco’s Red Dog mine in Alaska, United States; WMC’s Tampakan project in the Philippines; Placer Dome’s Musselwhite mine and Falconbridge’s Raglan mine in Canada.

The case studies demonstrate that we have entered a new era— one characterized by a recognition on the part of corporate leaders that it makes good business sense to work with Indigenous stakeholders, to respond to local concerns and to create opportunities that meet the aspirations of Indigenous people.

There are a number of reasons why mining companies are paying much more attention to relations with Indigenous communities:

- As new areas of exploration are opened up, mining companies are coming into increasing contact with Indigenous communities.
- More and more countries are acknowledging Indigenous peoples’ rights and title to traditional territories.
- High-profile failures have made mining companies sensitive to the project risks and corporate risks that can arise from an inability to obtain Indigenous community support.
- Mining companies are becoming more responsive to stakeholder expectations for corporate social responsibility, recognizing that Indigenous communities are particularly vulnerable to social, cultural and economic disruption from mining projects.

Drivers for Change

The case studies point to three factors that are driving mining companies to embrace proactive relations with Indigenous people: legislative requirements, strategic business considerations, and the expectations and demands of Indigenous people.

The case studies clearly illustrate the importance of national or sub-national legislation that recognizes the rights of Indigenous people or gives them the ability to influence the timing and scope of mining projects and, in some cases, the right to determine whether or not a mining project can proceed. This legislation can include:

- Constitutional recognition of ancestral domain for Indigenous cultural communities;
- Prior consent requirements for the opening of ancestral domain lands and for royalty payments to affected Indigenous communities;
- Land claim settlements that award Indigenous people ownership of mineral deposits and/or special rights of land ownership and land use, including hunting, fishing and trapping; and,
- Court decisions and legislation that allow Indigenous people to re-establish title over Indigenous lands.

There is also a growing corporate recognition of the business benefits that flow from proactive and positive relations with Indigenous communities. For example:

- By engaging in consultation with Indigenous people early in the project, mining companies are able to identify risk factors earlier and develop programs to address those factors, thereby lowering the risk of the project as early as possible.
- Indigenous peoples relations programs or comprehensive socio-economic agreements can
be instrumental in obtaining and maintaining necessary support for project approvals and ongoing operations.

- One company also found that assisting Indigenous people in obtaining greater security of title provides greater security to the project, since it preempts the ability of squatters or settlers to override the Indigenous peoples’ interests.

As an outgrowth of their greater leverage over mining projects, Indigenous people expect to participate more fully in the project benefits and to have more attention paid to their concerns. In addition, they have greater access to information and expertise through non-governmental organizations (NGOs), development agencies and the Internet to help them define their expectations. The case studies demonstrate that priorities vary from community to community, but a clear pattern emerges:

- Indigenous people want more involvement in all phases of the project.
- They want to participate directly in the flow of benefits from the project.
- They want more involvement in environmental issues, since these are intimately linked to their culture, values and traditional life styles.

RESPONDING TO INDIGENOUS PEOPLES’ CONCERNS AND ASPIRATIONS

As demonstrated by the case studies, successful relationships between mining companies and Indigenous people are directly linked to the process of consultation and negotiation which ensures that the fears and aspirations of Indigenous people are heard and accommodated during the development and operation of the project.

Consultation

The case studies highlight the importance of community consultations. Community consultation is used to learn about the needs, concerns and aspirations of the Indigenous communities, to ensure community participation in formulating development programs and improving living standards, and to ensure that those immediately affected by the mining activities understand the consequences of the company’s presence in the area. The early and ongoing involvement of local communities creates a climate of trust, keeps expectations realistic and creates a sense of ownership by all over the process.

The approach to consultation varies from project to project and consultation techniques may vary over the project cycle. The case studies demonstrate that most companies initiated consultation directly with affected communities. Some relied on local Indigenous organizations to carry out consultations through a process of village meetings which sought consensus on mine development. Other companies have used a “problem census” approach, using independent professionals who conducted workshops and focus discussion groups within the communities to enable Indigenous people to identify their principal needs and issues of concern. Negotiated agreements often incorporate ongoing consultation and joint decision-making mechanisms.

To be effective, consultation should be inclusive of all relevant stakeholder groups. If an initial focus on Indigenous stakeholders has resulted in resentment in other communities, the process of consultation is widened to include other stakeholders in the region.

Enhancement and Mitigation

In response to the concerns and aspirations raised by Indigenous communities, mining companies have taken proactive steps to minimize negative social and economic impacts and to ensure that local Indigenous people benefit from opportunities created.

- Given the nature of traditional livelihoods, environmental issues are often of particular concern. In response, mining companies have designed projects to minimize liquid effluent, water consumption and air emissions while controlling acid mine rock drainage and providing for progressive reclamation of tailings.

- Where the pre-eminent concern of the Indigenous people is to protect their interest in their traditional territory and to secure title to that land, mining companies have placed priority on helping them obtain formal government recognition of their claims.

- When Indigenous communities have been concerned about the effect of the mine’s presence on their culture and values, companies have utilized a fly-in workforce which prevents a major influx of
migrants and preserves the region's indigenous culture. Strict drug and alcohol policies are also implemented to help limit social problems. Flexible rotation schedules and leave policies allow Indigenous employees to continue to participate in their traditional way of life.

- In situations where skill levels need to be improved in order for local Indigenous people to participate fully in employment opportunities from the mine, companies are making major commitments to training and related programs. These can include extensive on-site training programs, such as apprenticeship training and technical training, as well as participation in co-op education, engineering scholarships and school-to-work partnerships.

- As well, proactive measures are introduced to provide Indigenous people with business skills and support to help them establish business enterprises.

**Negotiated Agreements**

In four of the case studies, significant aspects of the relations between the mining companies and the Indigenous communities are defined through formal negotiated agreements: the Cominco–NANA Agreement (Red Dog), the Raglan Agreement between Falconbridge and Makivik Corporation, the Musselwhite Agreements between Placer Dome, First Nations groups and government stakeholders, and WMC’s Agreements with the Bla’an cultural communities (Tampakan).

Key elements covered in most of these agreements are:

- preferential employment opportunities for local Indigenous people;
- education and training commitments;
- financial compensation;
- preferential business opportunities; and
- environmental commitments.

Particularly noteworthy is the emphasis that Indigenous communities have placed on ensuring that the agreements contain specific arrangements for establishing advisory committees to monitor environmental issues.

**Benefits to Indigenous Communities**

The case studies demonstrate clearly that the development of mining projects can provide a wide range of tangible benefits to Indigenous communities. The principal economic benefits are employment, business and financial benefits. Other benefits include social services, education, training, community development and community renewal.

- Some of the negotiated agreements include specific measures to promote the employment of local Indigenous people at all levels of the project as well as to promote local hiring targets.

- In addition, certain companies encourage all of their major contractors to open up opportunities for employment of Indigenous people with relevant qualifications and experience.

- Mining developments are contributing to regional employment and economic development through contracts for the supply of goods and services to the mine. The case studies demonstrate that Indigenous peoples’ businesses and joint ventures provide a wide range of products and services, including accommodation and food, drilling, administrative support, lubricants, explosives, transportation and trucking, engineering, mechanical and electrical, janitorial, mine construction, land rehabilitation, railway line maintenance, painting, gardening, site maintenance and even open pit mining.

- Three of the case studies provide illustrations of the direct financial benefits that can flow to Indigenous communities from mining developments. These may involve guaranteed financial returns through advanced net smelter return royalties and net proceeds royalties; financial contributions to local municipalities in lieu of taxes to support educational and economic development opportunities for area residents; compensation payments through guaranteed payments and profit sharing; and royalty payments based on the mine’s gross output.

- By offering educational support and training programs to Indigenous people affected by their operations, mining companies are providing them with skills that are valuable not only to the mine operation but to the community as well. They may also be transferable to other work environments.
Mining development can contribute to community renewal and foster improved infrastructure and living conditions. Assistance ranges from the provision of earth-moving equipment and operators for road works to the conducting of training courses on management and community governance. The company may support community-run courses designed to improve the knowledge, skills and self-esteem of community members. In response to Indigenous peoples’ concerns about the growing lack of interest among younger people in traditional values and beliefs, the company may provide assistance to communities in matters such as the maintenance of traditional ceremonial grounds and burial sites; transport for elders to conduct traditional activities; the recording and mapping of traditional stories, place names and heritage sites; and even the management of sites outside its operations areas.

One company documents its community development commitments involving health and education services, housing, water supplies and improved roads.

One important result of these companies’ initiatives is that Indigenous people are gaining new knowledge and skills and are being provided with choices and opportunities for the future. They are increasingly participating in the economic development of their traditional lands and can see a positive future for their children.

**LESSONS LEARNED**

The five case organizations all make it clear that there is still much to learn and much to improve in their initiatives to develop successful relationships with Indigenous communities. While the lessons learned are often specific to the company and its project experience, a number of observations have broader application.

1. **Respect for Indigenous Peoples’ Rights**
   Successful relationships are anchored in a basic respect for Indigenous peoples’ rights and their interests in the land.

2. **The Importance of Corporate Commitment**

   Forging relationships of mutual understanding and respect is more easily achieved if supported by a clear corporate policy commitment, such as an Indigenous peoples’ policy or a community policy.

   The commitment by senior management is also important. Since community relations revolve around developing a reputation based on trust, the support of senior management as well as appropriate resourcing are essential for success in what is a fundamentally long-term process. The highest levels of the company must understand that developing relationships and gaining the participation of Indigenous people will cost money and take time and goodwill.

3. **The Role of Third Parties**

   The role of third parties can be both positive and negative. For example, the involvement of trusted facilitators can aid the process of negotiating an agreement. All of the case studies make clear that local and national government agencies (and where appropriate, international development agencies) have an important role to play in areas such as education, training and social services, since mining companies do not have the in-house capacity to deliver community programs on a sustained long-term basis. However, on the negative side, some advocacy groups can make it difficult for mining companies to develop a relationship with local communities. In these circumstances, it is important that mining companies actively engage with the advocacy groups and encourage them to be more effective by building the capacity of the local community to interact with resource companies in the developments that affect it.

4. **Developing Effective Programs**

   For Indigenous peoples’ programs to be effective, they must be developed to meet the needs of Indigenous stakeholders; they should be operated directly by the company (not outsourced) in order to build and gain community trust; and they should be developed to result in positive outcomes—training simply to “stack the numbers” is not a long-term option.
5. Involving the Wider Community
The company must approach and work with both the Indigenous and non-Indigenous community concurrently, otherwise some groups may feel disaffected by the attention given to others. Defining the community as only one interest group may disenfranchise other key groups.

6. Cross-Cultural Understanding
The company and the community, although partners in negotiated agreements, are very different entities, and this can lead to friction unless the differences are understood by both sides. The community usually operates through consensus decision making that places importance on taking the time to build understanding among its members. On the other hand, the company operates through a hierarchical decision-making model that values quick decision making and responsiveness. The community often does not understand the cyclical nature of the mining business. The two partners may be operating from different value structures.

In addition, the management of issues and their recognition as issues are often culturally embedded. As such, it is necessary for the company to consult with communities in identifying issues, adapt its problem-solving approach to the cultural context, and make accommodations between two very different time frames for conducting business.

7. The Limits to Formal Agreements
Mining companies are finding that legal agreements cannot anticipate all aspects of an evolving relationship. If possible, agreements should provide mechanisms to deal with unforeseen problems as they crop up. However, it is open-mindedness and flexibility on the part of all parties and a willingness to make things work that are essential to resolving disputes. It is important also to keep expectations realistic by engaging communities in dialogue at all stages and by keeping channels of communication open, thus ensuring timely feedback.

8. Importance of Respect, Understanding and Consultation
Companies are recognizing that the keys to building and maintaining successful relationships with Indigenous people are respect, communications, continuous consultation and flexibility.

LOOKING FORWARD
The measurable progress that has been made by these and other leading mining companies in the 1990s provides a good base for enhanced relations between the industry and Indigenous people over the next decade. However, much more needs to be done. The benchmarks set out in these case studies are more the exception than the norm in the mining industry. In addition, expectations are building for mining companies to take a much more comprehensive approach to sustainable development. A key challenge will be for them to integrate principles of sustainable development into their relations with Indigenous people in such a way as to contribute to meaningful outcomes for Indigenous communities.

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Mr. Hill has written numerous case books and articles and co-authored the book Corporate Aboriginal Relations: Best Practice Case Studies, which is used by corporations, communities and governments around the world. He can be reached by e-mail at: hillsloan@sympatico.ca.
INTRODUCTION

In the vast and remote Pilbara region of northwest Australia, Hamersley Iron Pty Limited has broken new ground in developing a positive and effective working relationship with local Aboriginal people. Through an approach that places heavy emphasis on consultation, cooperation and respect, Hamersley and local Aboriginal people are working together to ensure mutual long-term benefits from the company’s operations in the region. In the process, Hamersley is establishing new standards in this critical area of relations between mining companies and Indigenous people.

Hamersley Iron Pty Limited is a member of the Rio Tinto Group of companies formed in 1995 by the unification of The RTZ Corporation PLC and CRA Limited. It is one of Australia’s largest producers of iron ore and a major supplier to the Pacific Rim and European steel industries. Hamersley’s operations are located in the sparsely populated Pilbara region of Western Australia, about 1100 kilometres north of Perth, where iron ore is mined, processed and exported from six mines along a company railway to its own dual port facilities. In 1998, Hamersley shipped 53.1 million tonnes of ore. Approximately one third of the ore exported by Hamersley goes to the Japanese market. This ore is supplied from the company’s Mount Tom Price, Paraburadoo, Marandoo, Brockman and Yandicoogina mines. Hamersley’s Channar mine (Hamersley 60 percent) is a joint venture with the People’s Republic of China. Hamersley’s latest mine—Yandicoogina—began production in early 1999, several months ahead of schedule and well under budget. In its 33 years of operation, the company has exported more than a thousand million tonnes of ore.

Hamersley Iron is an important economic force in the region, employing some 2000 people in Western Australia. For reasons which are described below, the local Aboriginal people had not, until recently, shared as well as other groups in the prosperity generated by the company’s mines. Nor had they been adequately involved in decisions and activities affecting their traditional lands, culture and heritage.

In 1992, after difficulties over Aboriginal issues had caused a two-year delay in the start-up of its Marandoo mine, Hamersley recognized there was a need to find a better way of working with the
Aboriginal community. An Aboriginal Training and Liaison Unit (ATAL) was established as a means of increasing Aboriginal participation in the company and mining industry, in general, and of supporting Aboriginal people in the preservation of their traditions and culture through consultation and cooperation.

ATAL develops and manages a range of programs designed to help Aboriginal people achieve self-sufficiency and independence while maintaining their traditional links with the land. There are a number of training programs to equip local people with the skills necessary for working in the mining industry and to encourage the development of local Aboriginal businesses. Other programs are designed to foster improved education, cross-cultural development and the protection of Aboriginal heritage and culture.

Through its consistently consultative approach, ATAL has succeeded in establishing an effective working relationship with local Aboriginal communities. A significant example of this is the signing in 1997 of a historic land use and access agreement between Hamersley Iron and the Gumala Aboriginal Corporation, representing the Banyjima, Yinhawangka and Nyiyaparli language groups, as part of the Yandicoogina mine development plan. The agreement, the first of its kind in Australia, will provide local Aboriginal people with benefits of more than A$60 million over a period of 20 years, in the form of long-lasting community development, training, employment and business development.

THE PILBARA REGION
Hamersley's large-scale, sophisticated operations are conducted across the challenging landscape of the Pilbara, a region of more than half a million square kilometres characterized by aridity and climatic extremes. The region is one of great beauty and diversity—from flat red plains and salt lakes to spectacular mountains and gorges. Summer temperatures peak at more than 40°C for periods of up to 100 days at a time. In winter, the weather can be quite cool. It is an area of rich natural resources that accounts for a major share of Western Australia's mineral production, predominantly iron, oil and gas, gold and salt. In addition, the region is home to a pastoral industry based on beef cattle and sheep.

According to known archaeological evidence, human presence in the region dates back approximately 20,000 years, and for thousands of years before European settlement, the Pilbara was home to Aboriginal people who had adapted to the harsh environment.

RIO TINTO GROUP
Hamersley Iron's parent company, Rio Tinto Group, is the world's leading mining company. The Group's companies operate in 40 countries around the globe, employing some 51,000 people and supplying a range of minerals and metals that includes precious and base metals, diamonds, salt, talc and coal. In 1997, the Group generated sales of US$9.2 thousand million and net earnings of more than US$1.2 thousand million.

Rio Tinto takes a long-term and responsible approach to all aspects of its business, believing that its competitiveness and success depend not only on its employees and the quality and diversity of its assets, but also on its record as a good neighbour and partner around the world. This commitment is expressed in Rio Tinto's statement of business practice, The Way We Work, which details the procedures and policies to be given effect by all of its operations. The Group's employment and community policies commit operations to making a positive contribution to local communities through a relationship based on mutual respect, active partnership and long-term commitment. As a member of the Rio Tinto Group, Hamersley subscribes to these principles and gives them expression through, among other things, ATAL's policies and programs.
The discovery of natural gas off the Pilbara coast brought further development and expansion. The decade to 1975 saw about A$1.8 thousand million invested in mines, railways, ports, power supplies and new towns. Hamersley alone spent A$800 million, of which A$500 million was spent on industrial and social infrastructure, including three new towns. The state government of Western Australia shared in developing the township of Karratha, the regional centre, which today has a population of approximately 11,000. The region's non-Indigenous population has increased tenfold since the 1960s. Whereas once there were only remote pastoral homesteads surrounded by vast holdings and employing relatively few people, now there are thriving modern townships with thousands of people, as well as mines, railways and ports, all sustained by iron ore development. Today, the region has a population of 45,000, the majority of which is distributed unevenly throughout the western third of the region. Community infrastructure has grown to support the population, encompassing schools, utilities, shopping complexes, community facilities, hospitals, hotels, airports, service stations, sealed roads, television and radio.

There remains, however, a stark contrast between these thriving, affluent mining towns and the welfare-dependent towns of Roebourne and O'Inslow with their predominantly Aboriginal populations. Although the development of mining towns potentially meant vast employment opportunities for the local population, this generally did not occur. The emphasis was on getting multi-million dollar projects into production in the shortest time frame, and a skilled workforce was brought in from around Australia and often from overseas.

The reality was that members of the Aboriginal population, which had only recently come to grips with relocation from the stations, were thrown into turmoil again. Aboriginal residents, removed from their traditional lands, largely unemployed and welfare-dependent, felt deserted by the old industry. Problems such as alcohol addiction arose, thus leading to continuing social disadvantage.

A recent reaction to this situation in the coastal towns has been the "homeland movement" manifest among older members of the communities. These groups are moving back to small communities on their traditional lands to reinstate their lore and customs, and to escape the social and cultural disruption of the coastal communities.

**THE NEED FOR CHANGE**

Hamersley's early role in the region included contributing to the social and cultural life of its townships. As the management of the towns became the responsibility of emerging local governments, Hamersley's commitment continued in a supporting role in cultural, educational, social and sporting activities.

During this same period, Aboriginal communities were moving to a new awareness of their aspirations and beginning to communicate their expectations and beliefs about the development occurring in the region.
Their new-found voice and its effect on the existing relations between mining companies and Aboriginal communities were already under notice by Hamersley and its parent, Rio Tinto. The experience of Rio Tinto, with its involvement in many resource developments across wide areas of remote Australia, confirmed the need for a fresh approach to dealing with Aboriginal people. This was reinforced by Hamersley’s own experience during its exploration activities in the Pilbara region, when, for the first time, representatives of an Aboriginal group approached the company to discuss its field activities on traditional land. Prior to this, company contact with Aboriginal people had been confined to formal heritage procedures, such as the site surveys required by Western Australia’s Aboriginal Heritage Act. This unprecedented approach by Aboriginal people opened the way for the development of a new consultation process, which continues to this day and involves regular meetings with Aboriginal people and ongoing contact with their communities to monitor and discuss matters connected with Hamersley’s activities on traditional lands.

Eventually, it was the difficulty experienced by Hamersley in seeking approvals for the development of its major new Marandoo mine, in 1992, that prompted the company’s decision to formalize its approach to Aboriginal affairs. Conflict with Aboriginal people over a number of issues had delayed the establishment of the mine for two years, and it was clear that relations needed to be put on a more effective footing.

Thus, in 1992, Hamersley established the Aboriginal Training and Liaison Unit (ATAL) at a cost of $A3 million in capital equipment and an operating budget which now exceeds $A3.5 million annually. ATAL provides the focus and specialized support and resources needed to develop and manage the programs that enable Aboriginal people to participate in and benefit from the company’s operations.

In developing its range of programs, ATAL has sought guidance from the Aboriginal communities to ensure the programs meet the needs of Aboriginal people. Initially, this involved a “problem census,” which used independent professionals to conduct workshops and focus discussion groups within the communities to enable Aboriginal people to identify their principal needs and issues of concern. The research clearly identified a number of issues that have become the basis for ATAL’s development programs. Concerns centred around communication between Hamersley and the community, living conditions in the communities, job training and employment opportunities, assistance with new business

ATAL worker Mervyn Smith.

Pilbara Travelling Grounds, 1998, acrylic painting by Aboriginal artist June Djagween. Courtesy of the artist
The Aboriginal Training and Liaison Unit development, and a growing lack of interest among younger Aboriginal people in traditional values and beliefs. The problem census also revealed a number of health and social issues outside of Hamersley's province; for example, substance abuse and inappropriate health services.

This research led the way to establishing positive aims and directions for ATAL, including:

- increasing job training, employment and business opportunities to enable greater participation by Aboriginal people in the Hamersley workforce and in the mining industry in general;

- enabling the development of Aboriginal communities through the fostering of improved infrastructure and living conditions; and,

- ensuring the protection and preservation of Aboriginal heritage and culture.

With these clear objectives and the support of the communities, ATAL has developed a wide range of projects, called "action programs," to address the problems identified both during and after the problem census. The first program, begun in 1992, was a skills training program on mobile equipment operation, which qualified graduates for job vacancies on an equal footing with other applicants. New programs have been added continuously and the range now incorporates apprenticeships and traineeships; a business development program to assist with new business ventures; a cross-cultural training program within Hamersley's workforce, the Aboriginal communities, and the wider community; an education program developed in cooperation with education authorities to encourage Aboriginal youth to remain longer in the school system; pastoral worker traineeships on Hamersley-owned pastoral properties; a heritage program designed to protect Aboriginal sites from disturbance during exploration and mining. Each of these different ATAL programs incorporates a number of specialized activities, courses and training modules.

The guiding principle for all ATAL programs is to provide the skills, support and resources that enable Aboriginal people to achieve independence and self-sufficiency while maintaining their traditional links with the land. Hamersley believes that Aboriginal people should benefit from the development in the region. The company recognizes that local communities are a valuable human resource and that, given genuine training and employment opportunities, local Aboriginal people can be skilled and valuable employees.

**ACTION PROGRAMS**

Guided by Rio Tinto's corporate policy development and wide experience at other sites around the world, ATAL has ensured that each of its action programs is "homegrown" to meet the specific needs of the local Aboriginal communities and has achievable objectives within the particular economic and social climate of the Pilbara. Care has been taken to acknowledge diverse groups and individual aspirations and attitudes.

**Operator Work Skills Training**

This core ATAL program trains Aboriginal men to operate heavy machinery, providing them with the skills base needed for employment in Hamersley's operations and in other industries. The traineeship emphasizes practical on-the-job training rather than classroom instruction and the people selected for the course are engaged as Hamersley employees on 18-month contracts. The program, which has national accreditation, was developed in-house and is designed to meet both Hamersley and industry standards. Trainees graduate as skilled operators with a sound knowledge of company policies and procedures and an improved ability to manage their workplace and social responsibilities. They are well equipped to compete for
Aboriginal children in the Roebourne area. Initiated by Hamersley, it is a collaborative project involving government education authorities, other resource companies in the region, the Aboriginal community at the town of Roebourne, and other organizations.

The program is designed to encourage the support of families, community elders, teachers, industry and other agencies. It enables participating students to attend special enrichment centres outside school hours, where they receive the guidance and support of mentors and tutors from local high schools. Since the program began, there has been a dramatic improvement in school attendance and achievement by the students and enthusiastic support and commitment from the parents and community elders.

**Business Development**

The ATAL Business Development program supports Aboriginal people in the establishment of business enterprises by providing them with business development skills and support. Aboriginal communities that have identified business opportunities are given advice and support to assist with the setting up and operation of each new venture. ATAL ensures that each proposed initiative is commercially viable and has a sound business plan, and that the people involved have the opportunity to develop necessary skills and receive ongoing support through mentoring. The program has resulted in a number of innovative and successful businesses by Aboriginal people—ventures such as waste recycling, seed collection, weed spraying and fence building on pastoral properties.

Three enterprises in particular serve to illustrate the diversity and scope of the Business Development program:

- **Ieramugadu Gardening Services:** Workers from the Ieramugadu community at Roebourne provide gardening and maintenance services to Hamersley's Dampier Operations Division. Through assistance with business planning and marketing, ATAL is helping them widen the range of services offered, expand the business and provide more employment opportunities for Aboriginal people. The business currently employs 12 people.

- **Cross-Cultural Businesses:** With ATAL's assistance, Aboriginal communities in Tom Price and Roebourne have formed two companies to develop and market a range of cross-cultural training courses to Hamersley Iron, other companies and the wider tourism market. Ten people work in the core business, but when courses are being given there may be up to 20 community people involved.

- **Gumala Enterprises Pty Ltd (GEPL):** This is the business arm of the Gumala Aboriginal Corporation, the entity which manages the interests of the Aboriginal people involved in the Yandicoogina Land Use Agreement. GEPL operates three joint-venture businesses established with assistance from ATAL to provide services for the development of Hamersley Iron's A$700 million iron ore mine at Yandicoogina. The three businesses—an earth-moving contractor, equipment hire company and camp management company—now employ 30 people and have widened their operations to service other mining developments in the region. (GEPL's operations are described later in more detail.)

**Contract Services**

It is Hamersley's objective to ensure that Aboriginal people have the opportunity to compete on equal terms for employment, both within Hamersley operations and within the companies providing contract services to its projects. For this reason, all contractors...
operations proceed without unnecessary delays and conflicts.

**The Yandi Land Use Agreement**

In March 1997, Hamersley Iron and Gumala Aboriginal Corporation (GAC) signed the groundbreaking Yandi Land Use Agreement, which paved the way for the development of Hamersley's sixth mine at Yandicoogina. The agreement provides the Banyjima, Yinhawangka and Nyiyaparli language groups—the three Aboriginal groups living in and around the Yandi mine—with specific long-term community benefits from the project. Over the life of the mine, which is expected to be 20 years, Hamersley will make contributions of more than A$60 million to fund community development, training, employment and business development for the local Aboriginal people.

The interests of the Aboriginal groups are being managed by GAC. GAC is governed by a representative board of Aboriginal people from the three groups and an Aboriginal chairman. These people are in elected positions. Trust monies are managed by a Trust board made up of Aboriginal people, Hamersley people and industry representatives.

In addition to the funding contributions for community development and other programs, Hamersley's ATAL unit has helped GAC establish three new joint-venture businesses to provide services to Hamersley for the development of the Yandi mine. All three are joint-venture arrangements between private companies and Gumala Enterprises Pty Ltd (GEPL), the business arm of GAC. Gumala Contracting is a joint business venture with Hamersley Iron to carry out earthworks at the mine; Gumala Hire is owned jointly with Cockburn Wreckair, a major Western Australian equipment hire company, and provides hire equipment and fuel supplies to contractors working at the mine; P&O Gumala, a joint venture with P&O Catering & Services, provides camp accommodation and associated services to Yandi.

These businesses, which currently provide employment opportunities for up to 30 Aboriginal people, are already expanding their activities beyond the Yandi mine to service other mining developments in the region.

**LESSONS AND BENEFITS**

An inclusive consultative approach is critical to developing community ownership of the process and programs, while minimizing criticism of division and paternalism. Programs must meet the Aboriginal stakeholders' needs without raising unrealistic expectations. Being inclusive also minimizes the risk of becoming embroiled in community politics.
In Hamersley’s case, it was important that programs were operated within the company to enable the development of a positive working relationship with the community based on trust. Outsourcing the programs would have allowed external groups to gain this benefit, and community perceptions of Hamersley as aloof and untrustworthy might have prevailed.

The community relations area must be well supported by company management and must be appropriately resourced. The community relations work revolves around developing a reputation based on trust, and only committed, genuine people can achieve this over the long term.

Training programs must result in positive outcomes. In the case of the Operator Work Skills Training program, this means genuine, merit-based employment opportunities. Training simply for the sake of it or “stacking the numbers” is not a long-term option. Employing and retaining Aboriginal employees is facilitated by the provision of two-way cross-cultural training programs; one culture must understand and respect the other.

Community relations work in Australia is very fluid and the ability to react quickly and with flexibility is important. Hamersley conducts regular meetings and surveys to ensure that action programs retain relevance to the Aboriginal stakeholders.

Both the Aboriginal community and Hamersley benefit from the new relationship and the variety of programs being conducted. Aboriginal people are gaining new knowledge and skills and are being provided with choice and opportunities for their future. They are participating increasingly in the economic development of their traditional lands and can see a positive future for their children. Hamersley is a major exporter of iron ore and realizes that growth opportunities through new mines in the Pilbara will be enhanced by the support of Aboriginal stakeholders and a growing local workforce.
BACKGROUND
The Musselwhite gold mine, jointly owned by two Canadian companies, Placer Dome Inc. (68 percent) and TVX Gold Inc. (32 percent), is located on the shores of Lake Opapimiskan in northwestern Ontario, Canada, about 500 kilometres north of Thunder Bay and the Trans-Canada Highway, which links the country from east to west.

The region is remote and sparsely populated, inhabited largely by Indigenous peoples of the Oji-Cree language group. Most of the area is accessible only by air and winter roads, and until 1995, when an all-weather road was built to the mine site, the nearest road ended 45 kilometres to the south. Communities are located along riverfronts and lakefronts and are linked during the winter months by a network of roads built on the frozen rivers.

Social and economic conditions are difficult. Formal unemployment hovers between 80 and 90 percent, mitigated by some municipal-level government jobs and seasonal work such as guiding tourists and firefighting. There is some understanding of the life skills of a wage economy, but the small communities of 100 to 800 people sustain little economic activity beyond small grocery or general stores. Hunting remains an activity of important cultural and economic significance for the local people. As in the past, life is dominated by climate, with annual temperatures ranging from +40°C in the summer to -40°C in the winter.

Production at the Musselwhite mine began in 1997, following eight years of negotiations and consultation with neighbouring communities and various government agencies, and is expected to yield 2 107 000 ounces of gold over its lifetime of 10.6 years. The project generated 500 jobs during its construction phase and created 312 new jobs when it began operations, on a fly-in, fly-out basis.

PLACER DOME
Placer Dome, the mine operator and main venture partner, is the world’s fifth largest gold producer and at year-end 1998 had in its employ some 8400 people. As a company with operations on four continents, Placer Dome is committed to being a responsible member of the global community and to implementing a policy of mining and sustainability. In 1997, the company formally adopted a Sustainability Policy to guide it in its daily activities and decision making. For
Placer Dome, sustainability means the exploration, design, construction, operation and closure of mines in a manner that respects and responds to the social, environmental and economic needs of present generations and anticipates those of future generations in the communities and countries where it operates. Its Sustainability Policy identifies five basic principles:

- **Corporate Commitment**: To establish an effective management system based on ethical conduct and a commitment to continuously improve performance; integrate sustainability as an essential element in the duties of all employees; and encourage the adoption of sustainability principles by joint-venture partners;

- **Public Responsibility**: To communicate with stakeholders and work towards consensus based on honest discussion and a mutual understanding of concerns and needs;

- **Social Progress**: To contribute to the quality of life of employees, local communities and host countries, while respecting their cultures, needs and priorities;

- **Environmental Stewardship**: To protect human health, reduce the impact of the company’s activities on the ecosystem and return sites to a state compatible with a healthy environment; and,

- **Economic Benefits**: To integrate activities with the economic development objectives of local communities and host countries in which the company operates.

Placer Dome is also committed to recognizing in all phases of company activities the unique historical, linguistic and cultural status of Aboriginal peoples and to working with local communities to ensure that they share in the benefits of the company’s mining activities and that spiritual sites, traditional pursuits and the environment are protected. It is in this spirit that the company entered into negotiations with stakeholders of the Musselwhite mining project, which eventually led to the signing of a comprehensive agreement in 1992.

**THE PROJECT FRAMEWORK**

A major challenge facing the company in its effort to develop the Musselwhite site was the number of First Nations (Indigenous communities) potentially affected by the mine, and their complex interrelationships and interests. The North Caribou First Nation, on whose traditional land the mine is situated, is one of six communities that make up the Windigo First Nations Council (WFNC). Development of the mine was clearly going to have a significant impact on their traditional resources, including fishing, hunting, trapping and berry picking, and on cultural and spiritual sites on the property. Cat Lake First Nation, also a member of WFNC, located more than 80 kilometres from the mine site, joined in the negotiations because it was familiar with the opportunities of mine development for its community. Two downstream communities, Wunnumin First Nation and Kingfisher Lake First Nation from the Shibogama First Nations Council (SFNC), took part in the negotiations because of the mine’s potential effect on the quality of their water supply and other environmental factors. These four First Nations groups—known as the “signatory communities”—have differing interests and relationships, adding to the necessity of building understanding between all of the parties.
While First Nations had numerous concerns over the presence of a mine in their proximity, their top priority related to the environment. They wanted assurances that it be preserved and protected and that its sacred and spiritual dimension be treated with respect. Only when these issues had been addressed to their satisfaction did they begin to support the mine going forward and turn their attention to the potential economic value of the mine.

While the First Nations wanted a guarantee that their communities would benefit from the mine’s presence, they also wanted assurances that this would not come at the expense of their traditions and values, which are maintained through the practices of hunting, trapping, fishing and other subsistence activities. Furthermore, many were wary of the advent of a wage economy and its effect on the community, as it is perceived to take their people away, both culturally and physically. The potential opening up of the area to outside traffic, which the building of a road and power line would bring on, was also a concern.

Formal negotiations for an agreement governing the mine’s development and operation began in March 1988, eight years before a decision was made to go forward with mine development. Meetings were held on an average of once a month and were facilitated by a law professor who was known to the local communities through his involvement in resource development negotiations in the area several years earlier. Associated costs were shared equally by the company and the provincial and federal governments, and included all expenses related to First Nations’ participation in the negotiations. At that time, more than 30 individual interests were represented at the negotiating table: the four signatory communities and representatives of the two First Nations councils to which they belonged; three mining companies (Placer Dome and two joint-venture partners, eventually replaced in the process by the single joint-venture partner TVX); the numerous relevant ministries of the federal and provincial governments; and others with an interest in the proceedings.

The sheer number of stakeholders and the complexity of the issues being addressed made it necessary to divide negotiations into three parts, for three separate agreements. This was an important breakthrough in moving the negotiations forward.

The first agreement, the Ontario-Windigo-Shibogama Planning Agreement, was negotiated between representatives from the four communities, the two First Nations councils and the relevant agencies of the Ontario provincial government. It had been a matter of contention among those parties in the past that the Ontario Planning Act does not extend to the Far North. A consensus to establish the planning boards was required before participants could focus their attention on negotiating an agreement with respect to mine development. The planning agreement created interim land-use planning boards for the Windigo and Shibogama First Nations Councils.
The second, the Musselwhite General Agreement, was entered into by all parties and covers general principles and issues of common concern. It is described in greater detail below.

The third, the General Compensation Agreement, was entered into in recognition that there may be future negative impacts from the project that could not have been foreseen at the time of the original negotiations. It outlines a formal process by which these can be addressed as they arise.

THE MUSSELWHITE GENERAL AGREEMENT

The Musselwhite General Agreement addresses five basic areas of concern to the First Nations, Placer Dome, and the federal and provincial governments:

- **Environment**: The agreement requires that First Nations representatives be thoroughly informed and included—beyond what is required by government—in the progress and decision making regarding environmental issues at the mine and that First Nations representatives be provided with detailed and regular environmental impact assessment information. An environment committee with First Nations representatives was established to monitor the site on an ongoing basis.

- **Culture and Heritage**: The Musselwhite site was mapped to show precise locations of the religious, cultural and subsistence resource areas noted by First Nations representatives, including graves and other spiritual sites, and trapping, fishing, hunting and berry-picking areas. Accords were included in the agreement for how these areas will be treated, reclaimed or left undisturbed.

- **Employment**: The agreement spells out the minimal acceptable level of employment of First Nations people by the company. Specifically, members of the four signatory communities are to comprise 25 percent of the mine's work force. In addition, various kinds of training assistance are specified for First Nations community members through the joint venture, the First Nations councils and the provincial government.

- **Business and Other Economic Opportunities**: The agreement commits the parties to making business opportunities available to the First Nations communities, through third-party contracts and other arrangements, as long as the requisite quality of product or service is provided at a competitive price.

- **First Nations Administration**: The agreement provides essential funding to the First Nations communities for their own administration, such as hiring community coordinators and their own independent environmental advisers to assess environmental data and decisions on their behalf, sending representatives to quarterly meetings and attending working committee meetings at the mine site.

The Musselwhite General Agreement took effect on February 21, 1996, the day construction was announced, and will remain in force for five years from that date. Until that date, planning and exploration work proceeded in the spirit of the agreement insofar as possible. A formal process has been established for monitoring implementation of the agreement. The Coordinated Management Committee (CMC), composed of representatives of all parties to the agreement, meets quarterly to examine progress on all aspects of the agreement, and to air outstanding issues, follow up on past business and identify any potential future concerns. The CMC has overall

Hardy Keeash, Accounting Technician, and Madeline Chikane, Administrative Assistant, both of the North Caribou Lake First Nation.
The Musselwhite Agreements

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responsibility for monitoring implementation of the agreement, and its meetings are facilitated by the same person who managed the negotiations. A Working Committee meets every couple of months at the site to review routine issues arising from implementation of all aspects of the agreement. Representatives from the communities, the SFNC, the WFNC and the company attend these meetings. Anything that cannot be agreed to at this level is forwarded to the CMC. The Environmental Monitoring Committee is charged with environmental monitoring only and reports back to the CMC.

The Negotiation Process—Culture, Experience and the Legacy of Past Practices

A history of mistrust, cultural differences and the legacy of past mining activities in the area affected the course of negotiation of the Musselwhite Agreement in several ways.

Many people could recall the damage done to the environment, particularly to the waters, during the 1930s by inadequately controlled mining in the vicinity of Pickle Lake, 80 kilometres to the south. Fishing and trapping had been disrupted without compensation, and significant damage had been done to the livelihood of First Nations as well as to their water supply and important traditional sites.

On the other hand, more recent mining projects (1980s)—Placer Dome's Dona Lake Project and Barrick Gold's Golden Patricia Mine—in an area south of the Musselwhite property had involved neighbouring communities in negotiations through a formal process that produced largely satisfactory outcomes for the First Nations involved. Thus, when negotiations at Musselwhite began in 1988, the existence of two earlier agreements gave the Cat Lake and North Caribou communities some familiarity with the basic negotiation process. For the Wunnumin and Kingfisher Lake communities, who had no previous experience, cultural differences loomed far larger.

Some months into the negotiations, members of these communities were finally able to convey how essentially foreign the negotiation process was to them: to sit around institutional tables with many strangers, being represented by other people—lawyers and translators—who were also strangers, having stacks of paper appear and disappear, arguing over the meanings of words in a language not their own. It was necessary to change the style of negotiations to allow more opportunity for participants to confer privately before making decisions and to provide for better translation. The company also increased its visits to the communities between meetings to answer any questions they might have.

A history of mistrust meant that the process required a substantial investment of time and goodwill on both sides. For example, some two years into the process, and after substantial progress had been made in the negotiations, a dramatic drop in the price of gold required the company to revisit the initial pre-feasibility study for the mine. Planners realized that they would have to increase the daily throughput from 1000 tonnes per day of high-grade ore to 3000–3500 tonnes per day of a lower grade of ore. While this had numerous implications for the mining methodology, it had little real consequence for implementation of issues already negotiated. Nevertheless, the First Nations asked to revisit what had previously been agreed upon and to incorporate these new operational conditions into the agreement. The company's assertions that these changes would have no serious environmental impact were insufficient. The communities
needed to fully understand the changes for themselves. While this was time and resource consuming, it was essential to developing trust between the groups.

ACHIEVEMENTS

While the project is still at an early stage of implementation, there have been a number of achievements arising from the Musselwhite agreements.

Employment

The company has maintained a rate of employment of members of the signatory communities above the 25 percent that it committed to in the General Agreement. Achieving this has required consistent searching and networking in the four communities and the hiring of two full-time First Nations employees to find, recruit, evaluate and train First Nations workers, and to help resolve any difficulties that arise once they are employed. The company also insists that the on-site supervisors it hires be willing and able to train First Nations employees, and this has allowed a relatively smooth integration of First Nations workers into the mill and underground teams. The company provides training to prepare people for work at the mine. To date, some 80 First Nations employees have completed training programs in underground mining, milling, welding, basic office skills, warehousing, electrical and mechanical skills, basic kitchen and housekeeping skills and accounting.

As the number of jobs requiring a minimum level of education (Grade 10) and specific skills not common in the communities grows, greater effort will be required to meet the minimum 25 percent employment level. All parties to the agreement are looking for ways to address this. Government training initiatives have been expanded with the company’s support in securing training dollars. Training opportunities in managerial and basic business skills are being explored, and candidates are being sought to attend a community college course in chef’s training.

To bolster pre-employment education, Placer Dome offered two-week summer placements to 12 high school students from all four communities under a government-funded program. However, this program had mixed success. For many of the students it was their first job outside the community. They were unfamiliar with dealing in English and with the daily routine, and their adjustment problems were considerable.

Business Opportunities

The mine has awarded First Nations-owned businesses contracts to supply goods and services to the project with an annual value of approximately C$2.5 million. First Nations-owned airlines have been contracted to fly employees in and out of the mine site; a First Nations-owned company built the airfield; and a laundry, set up by the mine, is now being run under a labour contract with one of the communities. Other contracts include much of the road work and maintenance, some trucking, construction of the recreation centre, camp catering, janitorial and housekeeping.

Native Training Coordinator Louis Simard standing in front of a sacred birthing site.

Mark Billy Adams of the North Caribou Lake First Nation. Mr. Adams is a pilot with Weagamow Air, a First Nations-owned airline.
services, and numerous other temporary positions as they arise (e.g. short-term reclamation projects). These have contributed to local employment, and it is estimated that about 30 positions in contractor companies are held by First Nations members.

While the company does not compromise on competitive pricing or on the quality of products and services it requires from First Nations contractors, the spirit of the agreement is to support business development within the First Nations communities. Therefore, once contracts have been awarded, the company endeavours to be as flexible as possible (e.g. with airline schedules or training funds) and to provide additional training as needed.

Environment
The environmental monitoring program has been successful in ensuring that the land and water surrounding Musselwhite are being cared for to the satisfaction of local communities. Sites of cultural and spiritual importance have been left undisturbed. The company has done its best to make the environmental program responsive to community requirements by increasing the frequency and number of water tests, by allowing for greater involvement of community members, and by providing additional funds to the communities to hire their own independent technical advisers. While questions or disputes arise regularly, they are discussed and resolved openly in the committee meetings.

Compensation
The process established under the General Compensation Agreement has led to sub-agreements compensating community members for the diminishment or removal from production, due to the mine development, of land uses of economic value, such as hunting and trapping. One such sub-agreement, The North Caribou Trappers Compensation Agreement, provides specific compensation for the removal of 25 square kilometres from two registered trapline owners while mining takes place.

CHALLENGES TO IMPLEMENTATION
Although the Musselwhite project is well on the way to achieving the goals set out in the various agreements governing it, a number of challenges have had to be addressed. These have to do with historical legacies and differences of culture. Progress has been made in addressing many of the challenges, in good part due to their early recognition by the parties to the agreement. However, some issues are of a longer-term nature and overcoming them will require continuing effort.

A major challenge will continue to be translating the agreement's provisions into attitudes and behaviours on the part of the people working at the mine site. Because cultural and environmental issues add an unfamiliar level of complexity to many jobs, there is a tendency for people to give them lower priority, consciously or not. Repetition, clarity and determination on the part of Placer Dome management have been essential to embed the commitment to these terms deeply into the company's own corporate culture. As well, Placer Dome has had to devote considerable effort to educating its employees and contractors in the content of the agreement and to driving home the seriousness of its proper implementation.

As in the negotiation process, overcoming the long history of mistrust and misunderstanding has required effort and patience. The parties to the agreement have insisted on a slow, painstaking examination of every provision as it goes into effect and of every proposed change in plan. This process reflects an attempt to overcome the problems experienced by such different cultures in distinguishing among business, political, cultural and spiritual motives as operational decisions are made. This has been complicated by the political structures in the First Nations communities. Elections and other less predictable circumstances have resulted in changes in leadership and a need to revisit and renew relationships.
Long-term, intensive training and support are needed to bring people from so different a culture fully into a competitive business environment. Even after people have successfully made the transition and when employment figures meet the agreed-upon target, there may be a perception in the community that its other members are not benefiting in substantial ways. And, while there has been an increase in cash flow within the communities, opportunities for them to capture more money generated by the mine’s proximity are limited. A large part of workers’ paycheques is spent in larger, more distant towns to buy tools, cars or snowmobiles, equipment, furnishings and other personal and family items other than basic needs such as groceries.

The benefits of developing the skills of a wage economy are not always fully appreciated within the communities. Becoming more marketable in the broad job market—mastering the work ethic, learning manual skills, developing the necessary social skills and confidence—does not translate necessarily into increased value at home. A miner who completes the underground training and goes back to his home finds little appreciation of his accomplishment, and no opportunity to sell it. So, he might look elsewhere for employment, leaving the community with less skilled labour.

Allegations of bias or special treatment are made by both parties and are particularly difficult to deal with. Changes that are viewed by the company as a normal part of the day-to-day business of mining—milling targets or drilling direction—may still be viewed by the First Nations as deception or manipulation.

From Placer Dome’s perspective, progress is sometimes hampered by internal differences or disagreements among the First Nations communities and councils, and it is not always clear what the mine’s role or best interests should be. From the First Nations’ perspective, progress is sometimes hampered by other employees’ lack of appreciation for the effort required of them to adapt to the culture and behaviour of a wage economy, in another language, with a set of rules that is unfamiliar and poorly spelled out.

**ELEMENTS CONTRIBUTING TO A SUCCESSFUL AGREEMENT**

The Musselwhite Agreement is the beginning of a long-term process and lays the foundation for a mutually beneficial relationship between a mining company and local Indigenous communities. There are a number of factors that have contributed to a successful start:

- A process orientation, with dialogue, education and learning as the central concerns for all sides, allowing time to fully study and absorb issues, incorporating creativity, persistence and follow-up, where listening, understanding, appreciation and mutual respect are the rule.

- The presence of a facilitator who was known to many in the communities through his involvement at the Dona Lake and Patricia mines projects a
decade earlier, who was sensitive to the cultural differences represented at the negotiating table and who generally had the trust of all parties, greatly aided the process.

• Recognition at the highest levels of the company of the importance of developing relationships and of the fact that gaining First Nations’ participation in a major industrial project will cost money and take time and goodwill.

• The division of the agreement into three parts in order to effectively address the concerns of the many stakeholders was essential to moving the process forward.

• The presence on the mine’s staff of a full-time public relations employee dedicated to achieving and maintaining good working relationships with First Nations groups—an employee who is well versed in the issues, who fully believes in the values of mutual respect and learning, and who is persistent and exceptionally patient.

• The presence on the mine’s Human Resources staff of two full-time, well-respected First Nations employees dedicated to the success of the training and employment initiatives, who negotiate individual disputes, target and develop potential employees, mediate between the communities and the mine as necessary, counsel and support individual workers and trainees, and fulfill many other critical roles in the interface between the cultures.

• An openness and a willingness to learn publicly from mistakes.

• Recognition of First Nations’ rights and interests in the land the company is mining; inviting First Nations to the negotiation table as early as possible; providing information and knowledge in a process that is proactive, yet respectful and inclusive; educating the First Nations representatives, and being willing to learn from them.

• A formal mechanism for reviewing implementation and for airing and resolving complaints, which includes regularly scheduled meetings of all parties. Their success in preventing problems from festering may be in part due to the continuity provided by having a single facilitator manage the process from negotiation of the agreement through to its implementation.

LESSONS LEARNED
There are a number of lessons that can be distilled from Placer Dome’s experience at Musselwhite.

The first is that agreements must be accepted as fair by all signatories. Without fairness, agreements are built on sand. At Musselwhite, this was achieved by investing the necessary time and resources in a process that to many would appear excessive, in order to properly address all concerns and to reconcile differences. Willingness on the part of the company to share the perception of the First Nations regarding the sacred nature of the natural world helped reach agreement on measures that exceed government regulation and confer credibility on the commitment of the parties.

The second lesson is that agreements are living documents. Since all issues cannot be anticipated at the outset, agreements must provide for mechanisms to deal with unforeseen problems as they crop up. This also requires open-mindedness and flexibility on the
part of all parties and a commitment to make things work. At Musselwhite, the General Agreement established a formal mechanism for monitoring implementation and open channels of communication to ensure feedback to the company. The General Compensation Agreement provides a structure for addressing issues of compensation as they arise.

A third lesson is that agreements have to be deliverable. This means that they must be realistic. Even when they are, expectations may be unrealistic or basic commitments may be subject to differing interpretations. The company has been careful to keep expectations realistic. It has done so by engaging the communities in dialogue at an early stage and by keeping channels of communication open to ensure timely feedback.

Placer Dome is committed to making the Musselwhite Agreement work to the satisfaction of all parties. The commitment required to make it work is captured in a statement made by the mine’s manager at the opening ceremonies in 1997. Speaking after a number of First Nations leaders expressed varying degrees of support for the project, some of it lukewarm, he said, “We will stumble and we will fall, but we will get up and move forward to make this thing work.” Maximizing the benefits of the mine to all stakeholders requires hard work and commitment from all. Both Placer Dome and the First Nations remain sensitive to what remains not done or unsatisfactory. As the learning process continues and as both sides work towards fulfilling their commitments, these sources of friction and misunderstanding will be overcome.

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Jason Mamakua, Tom McKay, Desmond Keewasin, Joe Singleton and Sherman Gliddy successfully completed diamond drilling helper training conducted by contractor N. Morissette.
INTRODUCTION
Falconbridge Limited is an international base metals company that locates, develops, mines and processes metals and minerals ranging from nickel and ferro-nickel to copper, zinc, cobalt and precious metals. Founded in 1928 to mine the nickel-copper ores in the Sudbury area of Canada, Falconbridge today employs more than 6700 people in 14 countries around the world. It is the Western world’s second largest producer of primary nickel products, its third largest producer of cobalt and Canada’s top copper producer.

Falconbridge seeks to foster the environmental, economic and social well-being of the communities in which it operates through a sustainable development approach to its business affairs. From exploration through to project and product development, Falconbridge is committed to meeting the highest environmental standards from the outset, and to consulting with interested stakeholders as it proceeds. Falconbridge believes this collaborative approach will help it anticipate and address issues of sustainability that are relevant to its business. In 1998, Falconbridge formally introduced its Sustainable Development Policy and has fully integrated environmental, economic and social initiatives into the company’s business strategy.

The policy commits Falconbridge to:

• Design, construct, operate, decommission and re-assess its operations while promoting continual improvement in order to meet or surpass applicable environmental, health, hygiene, energy and safety regulations, laws and company standards;

• Implement risk management, pollution prevention and energy efficiency systems and conduct regular environmental, health, hygiene, safety and emergency response audits;

• Ensure that its activities are conducted in a responsible and ethical manner that will help maintain the long-term sustainability and aesthetic quality of its surroundings;

• Acquire scientific knowledge and technologies that can assist in continually improving the safe, efficient use of Falconbridge’s processes and products;

Case Study C

Inuit concerns about the new mine included the environment, employment and the influx of Southern people.
• Promote the establishment of responsible standards through active participation with employees, governments and other stakeholders;

• Promote the safe use, reuse, recovery, recycling, transportation and disposal of Falconbridge products by informing and working with customers, suppliers, industry associations and government agencies;

• Facilitate dialogue with stakeholders in order to anticipate and address issues of regional and global sustainability that are relevant to its business;

• Foster the environmental, economic and social well-being of the communities in which it operates;

• Promote employee awareness of this policy and enhance their capabilities to implement its objectives; and,

• Regularly communicate progress on this policy to interested stakeholders.

Through its wholly owned subsidiary Société minière Raglan du Québec ltée (SMRQ), Falconbridge is mining one of the world’s finest sulphide nickel deposits at Raglan in the harsh and barren Ungava Peninsula in the extreme north of Quebec, Canada, about 1800 kilometres north of the city of Montreal. The property, which stretches for 55 kilometres from east to west, contains 20 million tonnes of proven, probable and possible ore reserves grading 2.85 percent nickel and 0.77 percent copper. Production at the C$550 million mine began in December 1997, following more than 30 years of exploration, negotiation and development. As part of the conditions leading up to developing the mine, Falconbridge/SMRQ signed a comprehensive agreement with the Inuit organization Makivik Corporation to ensure the participation of the local Inuit people in the benefits of the mine. This agreement represents the first such agreement between an Aboriginal group and a mining company in Quebec history.

The mine is expected to create approximately 1200 direct and indirect jobs, of which 350 are full-time on-site positions. The site consists of a concentrator and a megawatt power plant, and will produce 130 000 tonnes of high grade nickel-copper concentrate annually from open-pit and underground mining operations. Concentrate is shipped south to Quebec City and transported by rail to Sudbury, Ontario, where it is smelted and then sent on to Norway for refining. The mine is expected to produce annually 21 000 tonnes of nickel, 5000 tonnes of copper, 200 tonnes of cobalt and significant quantities of precious metals. Recent exploration results support a planned expansion of Raglan’s annual nickel output to at least 30 000 tonnes, when market conditions improve, and will ensure a mine life of at least 20 years.

The Ungava Peninsula where the mine is located forms part of the vast northern Quebec territory of Nunavik.
The Inuit who have inhabited the region for an estimated 4000 years number about 8000. Originally a nomadic people, the Nunavik Inuit settled into permanent villages in the 1950s. Today, there are 14 such villages dispersed widely along the coasts of Ungava Bay, Hudson Strait and Hudson Bay. There are no roads linking these communities. The only all-year access to and within Nunavik is by air. During the summer there is a short period when maritime service is open, but the region lacks proper port facilities.

Two of the villages are within relatively close distance of the mine: Salluit (population 850) lies 100 kilometres northwest and Kangiqsujuaq (population 370) is located 60 kilometres east of the site. In addition to the Inuit, there are approximately 800 non-Inuit inhabitants of Nunavik.

**HISTORY OF NUNAVIK AND MAKIK Corporation**

In 1912, Quebec attained jurisdiction over its northern territory through a land transfer from the Northwest Territories by the federal government of Canada. A proviso of the transfer was that Quebec settle the land ownership question with the territory’s Aboriginal inhabitants. This matter was finally resolved in 1975 in the form of the James Bay and Northern Quebec Agreement (JBNQA) which was signed by seven parties: Canada, Quebec, the Grand Council of the Cree, the Northern Quebec Inuit Association, Hydro-Québec, the James Bay Development Corporation and the James Bay Energy Corporation. Under the terms of this agreement, the Inuit gained special rights of land ownership and use, including hunting, fishing and trapping. The agreement created public institutions such as the Kativik Regional Government (KRG), Kativik School Board and Kativik Regional Board of Health and Social Services with supra-municipal-type powers over the entire territory north of the 55th parallel (i.e. Nunavik). The Inuit were provided with compensation moneys in the form of a heritage fund. A legal entity, Makik Corporation, was established to receive and manage these funds and to oversee implementation of the agreement.

Today, Makik Corporation is the main engine of Nunavik’s economic development, and negotiates with private- and public-sector partners on behalf of the Nunavik Inuit agreements. The Makik Executive and Board of Directors are directly elected by the Inuit residents of Nunavik. A Board of Governors, which
serves as a council of elders, is appointed by the Executive and Board of Directors.

RAGLAN HISTORY
The Raglan ore bodies occur in the Cape Smith–Wakeham Bay ultramafic belt where surface sulphide showings were first discovered in the 1930s. They have been explored intermittently since that time by a number of companies whose interests eventually merged with Falconbridge's in the mid-1960s. Today, Falconbridge holds a 100 percent interest in the Raglan project through SMRQ. Early attempts to develop the Raglan nickel-copper deposits were made during the 1960s but were halted when global markets declined in the 1970s and when it was realized that the Raglan ore bodies would not economically support the construction of a greenfield smelter and refinery facility.

However, in the late 1980s and early 1990s, several significant events occurred which, in conjunction with the establishment of the 1975 JBNQA, advanced the project’s prospects for development:

- Arctic and sub-Arctic mining proved itself to be cost-effective in Greenland and Canada’s Northwest Territories.
- Ice-breaking vessels had been developed that extended the traditional four-month marine shipping window to eight months or more, allowing concentrate produced on site to be transported to existing facilities in Sudbury for smelting and on to Norway for refining.
- The 1985 cessation of the Asbestos Corporation's operations allowed SMRQ to acquire its port and road infrastructures at Deception Bay, a considerable saving for the development of the Raglan project.
- As a result of the JBNQA, each village received its own airstrip. This, combined with technical advances in weather reporting and the introduction of GPS navigation technology, improved air service reliability in Nunavik.
- Cost-effective modular buildings became available, greatly facilitating construction of housing and other facilities on site, and reducing on-site labour requirements and construction logistics.
- Additional surface and underground diamond drilling, conducted during the period from 1989 to 1996, led to the discovery of additional ore reserves.

During this period, the airstrip and roads were upgraded, as were retaining dikes for fuel tanks and other infrastructure left behind by Asbestos Corporation. The company also completed a feasibility study for developing the mine as well as extensive environmental baseline and impact studies.
THE RAGLAN AGREEMENT

A mining development in such a remote and ecologically fragile area is clearly of great importance to the people who live there. From the outset, Falconbridge's commitment has been to consult with the local communities, to inform them of the company's activities and to make their concerns integral to the company's planning process—steps Falconbridge takes at all of its operations as part of its worldwide community relations program.

During the early phases of project exploration, Falconbridge hired a local adviser to provide liaison between the company and the neighbouring communities of Salluit and Kangiqsujuaq. Formal consultations with the communities were part of an official approval process set out in the JBNQA involving scrutiny of development projects by the Kativik Environmental Quality Commission (KELQ). The process brought together personnel from all levels and departments of the company, villages, their mayors and councils, the KRG, KELQ, the 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 around 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 the traditional pursuits of hunting and fishing that are so central to their culture. They were also concerned that economic diversification not occur at the expense of the environment. Given the nature of traditional livelihoods, water quality was of particular concern.

The company took a number of steps to acquaint local people with the project and to consult with them about their concerns. These initiatives included visits by company personnel to communities, meetings with mayors and elders/counsellors of the villages, participation in local radio talk shows by the company's local adviser, and visits by community members to both Raglan and other operating northern mines. The company also participated in local events such as Career Week which is organized annually by the Kativik School Board and the KRG. These consultations and frequent contacts between stakeholders created the basis for developing a relationship of trust and an eventual agreement with the local inhabitants.

In March 1993, Falconbridge and Makivik Corporation signed a Memorandum of Understanding Regarding Negotiation of an Agreement in Respect of the Mining Project Near Deception River. The memorandum of understanding set out the discussion points for what would later become the Raglan Agreement signed by the Société minière Raglan du Québec, Makivik Corporation and two of its subsidiaries (the Qargalik Landholding Corporation of Salluit, the Nunaturlik Landholding Corporation of Kangiqsujuaq) and the two nearby communities of Salluit and Kangiqsujuaq. The Raglan Agreement provides, among other things, five principal benefits:

1. Priority of employment for qualified Inuit in the two closest communities to the project (Salluit and Kangiqsujuaq), the region as a whole, and other Inuit from Nunavik;

2. 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;

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1 KELQ is made up of representatives from the Inuit communities of Nunavik, civil servants and academics appointed by the Minister of the Environment of the Province of Quebec.

2 The landholding corporations are the local official entities that, through Makivik Corporation, are responsible for the landholdings of the region.
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3. Monetary compensation and profit-sharing payments to the signatories of the agreement for the benefit of Salluit, Kangiqsujuaq and Nunavik region inhabitants;

4. 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 Salluit, Kangiqsujuaq and Makivik Corporation, and three from Falconbridge. The committee meets at least once every calendar quarter for the first five years, and at least twice thereafter; and,

5. Additional mitigation and monitoring of the environment beyond regulatory requirements and the results of all monitoring to be reported to the Raglan Committee on a regular basis.

INUIT TRAINING AND EMPLOYMENT

Falconbridge has a long-standing history of maximizing the number of local people it hires for its operations. In the Dominican Republic, for example, the company now employs only two expatriates in a workforce of 1500, compared with 150 people in 1971 when operations began. Achieving this transition required time to develop the necessary local skills. It is Falconbridge's intention to maximize the number of local people it employs at all levels at Raglan.

During the project's final development phase, the company employed a total of about 100 local people on the Raglan site. While this experience was positive, it became quite clear early on that there were a number of challenges facing the company in its commitment to maximize qualified local hire. These were the lack of job-ready skills and training among the local Inuit; the logistical challenges of a very widely dispersed workforce; and the difficulties presented by bringing together two very different cultures. These barriers are recognized in the Raglan Agreement which calls for programs covering training, recruitment and cross-cultural support.

The company set up the Raglan Employment and Training Technical Committee to implement the training and employment section of the agreement, which has developed an Inuit training plan for the years 1998–2003. The plan, which targets positions at all levels throughout the company for Inuit hire over the next five years, is based on a human resources development study commissioned by the company in 1992 and which formed the basis for discussion of a number of sections of the Raglan Agreement. The study examined in detail a wide range of important issues relating to the gap between projected labour supply and demand at the mine site.

Other mines employing Aboriginal peoples in North America were surveyed to learn from their experiences and practices.

Falconbridge/SMRQ, the Kativik School Board and KRG are working together as members of the Raglan Employment and Training Technical Committee to develop training programs for potential Inuit employees prior to employment at Raglan and to develop internal training programs for Inuit employees once they are hired. The company has hired two Inuit employment and training officers who are responsible for the hiring, training and orientation of all Inuit staff. The officers work in cooperation with the KRG in each village to identify candidates for jobs at Raglan. In 1998, the Plan received a contribution of C$4 million from the ministère de l'Emploi et de la Solidarité du Québec (Quebec Ministry of Employment and Solidarity).

In the South, life is regulated by the clock and the eight-hour work day. People living in the North know a very different reality, and adapting to the rigours of an industrial work schedule was clearly going to be a challenge. Wherever possible, the company has been
flexible. For example, the company offers its Inuit employees an optional rotation of 14 days on and 14 days off to accommodate their concern that the regular shift of 28 days was too long a period to spend away from their families. Inuit employees are also able to hunt with firearms beyond the immediate vicinity (i.e. beyond a two-kilometre radius) of the Raglan site and have access to a freezer and kitchen in order to store and prepare their country food. (In accordance with the JBNQA, non-Native peoples are banned from hunting and fishing in and around the Raglan site and are prohibited from possessing firearms.)

Mining companies operate in a very competitive environment and in order to compete must keep efficiency high. Jobs in a mine are also highly interdependent, and absenteeism or tardiness can hold up the entire process and greatly reduce productivity. These adaptations are not made overnight. To ease Inuit integration into the work environment, Falconbridge operates a career counselling and employee assistance program and a cross-cultural training program for all employees—both Inuit and Southerners. The cross-cultural training provides managers, supervisors and employees with a broad understanding of Inuit and Southern cultures and practical exercises and tools to understand each other, communicate effectively, work well in cross-cultural teams, and recognize and resolve cross-cultural conflicts in a positive manner. Cross-cultural training for both Inuit and non-Inuit personnel is held on site, while training for non-Inuit Raglan managers is held in the villages of Kangiqsujuaq and Salluit to provide them with an opportunity to experience Inuit communities and meet Inuit leaders.

To address future labour requirements, Falconbridge has sponsored incentives for Inuit children to receive mining-related educational programs in the schools. The company also sponsors Stay-in-School programs and scholarships to encourage local young people to complete their education. The Raglan Education Fund was established as part of the Raglan Agreement to provide scholarships to Inuit beneficiaries undertaking post-secondary studies related to mining. The company also operates an information program regarding the mining industry and opportunities for employment at Raglan and offers summer jobs to high-school students.

From 1991 to 1996, more than 100 Inuit were hired by Falconbridge or its contractors to carry out construction work on the road, build the accommodation centre and work underground. During that year, educational programs in pre-employment training, heavy equipment operation, heavy equipment mechanics and cooking were set up. Out of the 70 candidates who successfully completed these programs, 40 found placement after graduation. Currently, 75 Inuit are employed full time at Raglan.

INUIT ENTREPRENEURSHIP

It is estimated that employment and economic initiatives in the Raglan Agreement will bring C$50 million in economic benefits annually to the businesses and people of Nunavik and the Abitibi Region of northern Quebec, the nearest southern community. Under the terms of the Raglan Agreement, the company is required to promote the use of Inuit enterprises whenever possible in supplying the goods and/or services to Raglan. The agreement sets out a list of potential contract work which will be preferentially awarded to Inuit enterprises provided they are suitably qualified and competitive. The criteria for awarding contracts include cost-competitiveness, continuity of supply, quality of work and timeliness. Makivik Corporation,
in conjunction with the Kativik Regional Development Corporation, is responsible for maintaining an up-to-date list of qualified Inuit enterprises for consideration by Raglan. For goods and services not forming part of this list, the agreement requires the company to ask potential contractors to identify, qualitatively and quantitatively, the number of Inuit and/or Inuit enterprises, if any, they would engage directly or as sub-contractors or suppliers in connection with the contract, and to indicate that this will be considered favourably in awarding contracts. Contractors must also agree to assist in the training of such Inuit and/or Inuit enterprises in the supply of goods or the performance of services, and to supply SM RQ with its foreseen Inuit training program and quarterly compliance reports. Recognizing the challenges these conditions may present, especially in the early years, SM RQ endeavours to remain as flexible as possible to help Inuit and non-Inuit suppliers through any difficulties in meeting their obligations.

Falconbridge has signed a C$50-million contract with the Inuit enterprise Kiewit-Nuvumiut—a joint venture of Kiewit and the villages of Salluit and Kangiqsujuaq—under a seven-year contract for open-pit mining. Falconbridge has also entered into a contract worth C$10–C$12 million with a local enterprise for trucking concentrates between the mine site and Deception Bay, and for hauling fuel and supplies to the site. The contracting review process for diamond drilling at Raglan is now under way. Qarqalik Landholding Corporation and Nunaturlik Landholding Corporation are pursuing a number of joint-venture possibilities, with legal, financial and advisory assistance from Makivik Corporation.

COMPENSATION
The Raglan Agreement requires Falconbridge to provide compensation payment to Makivik Corporation and to a trust fund for the local Inuit in the form of guaranteed payments, which over 18 years could total more than C$70 million. Payment is to be made in three parts along the following lines:

• Guaranteed allocations amounting to $C10 million to be paid over a 15-year period (and continuing thereafter at C$800,000 per year during the life of the project); and,

• A guaranteed second allocation of C$275,000 per year during the life of the project; and,

• Profit sharing based on 4.5 percent of net operating cash flow, the payment of which is expected to commence in the sixth to seventh year of the operation of the mine, once initial and historic investments have been recouped.

These payments, which are made to the Raglan Trust, are administered by six trustees representing the three categories of Inuit beneficiaries: the Community of Salluit, the Community of Kangiqsujuaq and Nunavik as a whole. Distribution of the fund is made annually according to a formula agreed to by the parties with room for discretion within each class of beneficiary.

ENVIRONMENTAL PROTECTION
A major concern of the local people was the potential environmental impact of a major mining operation in their midst. As a result of extensive baseline studies, the Raglan project has been designed to minimize liquid effluent, water consumption and air emissions while containing acid mine rock and providing for progressive reclamation of tailings. It is generally considered a clean, low water-consumption project with stringent new effluent requirements.

For environmental and economic reasons, the Raglan concentrator and power plant were constructed in Quebec City in 12 separate modules and then transported 4800 kilometres by sea before being installed at the Raglan site. The 300-person living complex and service facilities were also shipped in prefabricated form to the site and installed on pilings to avoid disturbing the permafrost.
As part of the government permitting process for the Raglan project, the company undertook a detailed environmental impact assessment which examined all aspects of the environment, including climate, plant life, water quality, archaeological sites, land-use patterns and the numbers and migratory patterns of land and sea life. Traditional knowledge of the environment was used in preparing these studies. One outcome of this exercise was a decision to shorten the shipping season and avoid ice breaking from March to June in order to minimize the impact on marine mammal migratory patterns and the Inuit hunting season.

Falconbridge will continue to monitor and make recommendations to the Raglan Committee on any outstanding environmental issues. The Inuit people, through Makivik, are part of the process, reporting to the Committee on any changes to the environment. As well, an external consultant has been hired to analyse and make recommendations to the Raglan Committee on any outstanding environmental issues, and an Inuit guide has been engaged to monitor and report on any environmental changes.

As part of its environmental monitoring program, Falconbridge has been conducting an Arctic char study in collaboration with the Kuujjuaq Research Centre, Quebec environment officials and the community of Salluit.

Archaeological sites and special places were identified and mapped for protection during studies undertaken in 1991 and 1992. Approximately 24 archaeological sites were clearly identified, with 13 noted in the Deception Bay area and 11 inland.

**REFLECTIONS ON WHAT WORKED**

Raglan began operating fully in April 1998. While it may be too early to judge the project an unequivocal success, there are a number of factors that can be identified as having contributed to a successful agreement and a good relationship with the local Aboriginal people. These include the following:

- Clearly defined rights of ownership over the land established as part of the James Bay and Northern Quebec Agreement;
- The existence of an organization that was representative of the people and could negotiate on their behalf and a fairly stable political structure within the communities;
- Early contact with and involvement of local communities, which created a climate of trust, kept expectations realistic and created a feeling of ownership by all over the process;
- Formal recognition by parties to the agreement of the challenges the company would face in meeting its commitments and a willingness by all parties to seek solutions (e.g. training and a human resources development strategy);
- The hiring of local liaison officers to act as a communication channel between the company and the communities, and between Inuit employees and non-Inuit managers;
- Establishing cross-cultural training programs for all employees;
- A well-defined procedure for feedback and monitoring implementation of the agreement;
- An ongoing joint planning and information-sharing mechanism between SMRQ and key partners relating to training and employment of Inuit beneficiaries, which provides a useful forum for problem solving and for understanding each other's situation, perspective and constraints;
- Pre-employment training provided to Inuit employees prior to being hired at Raglan, which eases integration into a modern industrial mine site such as Raglan; and,
- Regular information sharing between Falconbridge and partners in the communities and Makivik.

**CONCLUSION**

In 1997, Falconbridge was awarded the Quebec First Peoples Business Association's Grand Prize in recognition of its efforts in the employment of Native people, its support of their business and for the development of the Raglan Agreement.

At the Raglan opening ceremonies in July 1998, Pita Aatami, the new President of Makivik Corporation, made the following remarks: "This project represents a vivid illustration of how development between a major mining corporation—Falconbridge—and Aboriginal communities can take place. Makivik Corporation is
proud to have signed the Raglan Agreement with Falconbridge in February of 1995, which paved the way to developing this project in tandem with La Société minière du Québec ltée."

At the same ceremonies, Falconbridge President and CEO Øyvind Hushovd responded by saying, “With its commitment to the people of Nunavik, the Raglan Agreement stands as a landmark in Canadian mining history, and in the development of Canada’s North. Raglan marks the beginning of a new era in mining—one that seeks to work productively with a variety of stakeholders in order to recognize and respond to local concerns.”

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All photos courtesy of Falconbridge/Société minière Raglan du Québec ltée except where otherwise stated.
INTRODUCTION
The Red Dog zinc–lead–silver mine is located 200 kilometres north of the Arctic Circle on land owned by the Northwest Alaska Native Association (NANA) in the foothills of the DeLong Mountains of northwestern Alaska. The deposit, one of the largest of its kind in the world, consists of a number of ore bodies totalling more than 143 million tonnes of reserves and resources containing 15.9 percent zinc, 4.4 percent lead and 82 grams/tonne silver.

The mine was built and is being operated by Cominco Alaska Incorporated under a lease agreement with NANA Regional Corporation. It is an example of a mutually beneficial partnership between indigenous Alaskans and a major mining company, with associated stakeholders such as vendors, local businesses, universities, technical schools and various levels of government. Under the terms of the agreement, the mine has adopted specific measures to ensure that its operations have minimal effect on the traditional way of life of the local Inupiat1 people and that stringent procedures are in place to protect the regional environment, while guaranteeing shareholder participation in the economic benefits of a modern mining project.

Production at Red Dog began in late 1989 and, with the discovery of the nearby Aqqaluk ore body in 1995, is expected to continue for several decades. At peak production in 1999, the mine is expected to produce 3.2 million tonnes of mined ore annually—about 7 percent of the world’s zinc supply—and to provide approximately 460 direct jobs. Ore is milled into concentrate on site and the concentrate is transported 84 kilometres to a seaport where it is stored. From there, it is shipped to smelters in Canada, Europe and Asia during the 100-day ice-free shipping season. The existence of high-grade ore that is amenable to open-pit mining has helped offset the high costs of transportation and labour and the large capital expenditures required to build an operation of this scale in so remote a region. The State of Alaska, through the Alaska Industrial Development Authority (AIDEA), has played an important role in making the project possible by financing and constructing a seaport facility and access road. The financing essentially comes from the toll fees charged to the company for use of the facility.

COMINCO AND THE ENVIRONMENT
Cominco Alaska’s parent company, Cominco Ltd., is a Canadian integrated natural resource company that
employs some 5700 people in its operations worldwide, either wholly owned or where Cominco is the largest shareholder. It is the world’s largest producer of zinc concentrate and fourth largest producer of zinc metal. While its primary business interest is zinc, it also has significant business interests in other metal products such as lead, copper, silver, gold, cadmium, bismuth, germanium and indium. Cominco has operated several mines in the Far North, including the world’s most northerly base metal mine, which is still in operation on Little Cornwallis Island in the Canadian Arctic, 100 kilometres southeast of the North Magnetic Pole.

Cominco is committed to conducting its business in an environmentally and socially responsible manner. To this end, the company has adopted an environmental policy to guide its employees in the daily performance of their jobs. Red Dog’s own environmental policy is consistent with that of the parent company, but reflects the unique aspects of the mine, environment and NANA culture. In particular, the policy highlights Red Dog’s respect for other, non-mining uses of the land such as subsistence activities.

To ensure the highest standards, Red Dog has implemented a gain-share program that measures and rewards progress on a number of key performance parameters. The program is known as Sivulliqusi, which is Inupiaq for “lead dog,” and puts words into action by outlining specific performance metrics which can be monitored. As many as 20 different environmental performance indicators are measured as part of Sivulliqusi. Increased awareness of environmental protection and a sense of ownership and responsibility for environmental performance among employees have been some of the significant benefits resulting from the implementation of the program.

THE NANA REGION
The NANA region straddles the Arctic Circle in Alaska’s Northwest. It is home to 6800 people in an area roughly the size of Portugal (98 420 square kilometres). Most of the region lies within conservation “withdrawals” (protected areas) such as parks, monuments and wildlife refuges, as defined by the Alaska National Interest Lands Conservation Act of 1980. Although the region is breathtakingly beautiful, its climate is severe. Winters are long and cold, and still air temperatures frequently drop to below –30°C. Summers, although short, are sunny and warm.

The majority of the region’s inhabitants—over 85 percent—are Inupiat, giving it a high degree of homogeneity that distinguishes it from other areas of Alaska. The Inupiat are believed to have inhabited the region for more than 10 000 years. They have developed a way of life well adapted to the harsh Arctic conditions and have traditionally relied on whale, fish, caribou, moose, berries and roots. Today, the Inupiat of the NANA region live in 11 small villages widely dispersed along the coast and the rivers of the interior. The main village and seat of the Northwest Arctic Borough is Kotzebue, which has a population of 3000. Because of the long distances involved and a lack of road networks, air provides the primary year-round means of transportation in the region. For most families, the household economy is a mix of subsistence activities and part-time or seasonal jobs. Subsistence hunting and fishing carry strong cultural and social significance, and the land and water upon which these depend are a vital part of Inupiat identity, providing a cultural and economic bond between generations.

NANA REGIONAL CORPORATION
NANA Regional Corporation, on whose land the Red Dog deposit is located, is one of 13 regional corporations established, along with more than
200 village corporations, by the enactment of the 1971 Alaska Native Claims Settlement Act (ANCSA), which settled indigenous land claims of Alaska Native peoples against the USA. Eligible Alaska Native peoples (Indians, Eskimos and Aleuts of at least one-quarter Native blood) were enrolled as shareholders in these corporations, which were to select and receive title to 18 million hectares (44 million acres) of public land and manage a cash settlement of US$962.5 million. Before land selection could begin, the Act required the Secretary of the Interior to nominate up to 33 million hectares of Alaska lands for possible wilderness classification. This served to delay by a number of years final selection of ANCSA lands by the corporations, as it tied up much of the land of interest to Native peoples in wilderness withdrawals. Today, there are 80,000 Alaska Native people, of whom more than 10,000 are Inupiat with shares in the NANA Regional Corporation.

Each person enrolled in the NANA region received 100 shares of NANA stock and 100 shares in one of the region's 11 village corporations. In 1976, all of the village corporations, with the exception of Kotzebue, voted to merge with NANA. While the villages maintain their autonomy and have final say on what happens within their boundaries, NANA is able to operate and make decisions with one voice. NANA is governed by a board of directors who are elected by shareholders.

While NANA's primary purpose is to protect the land, resources and culture of the Inupiat people, it has as a corporation enjoyed considerable success in joint-venture and other investment initiatives ranging from tourism to petroleum technology and mining. Today, it owns or works in partnership with 23 corporations and, at year-end 1997, reported a shareholders' equity of almost US$70 million. Dividends to shareholders have totalled over US$26.6 million since ANCSA was enacted.

HISTORY OF THE RED DOG MINE

The history of the Red Dog Mine dates back to 1968 when the rusty alteration of one of its creeks was noticed by a local bush pilot and prospector from Kotzebue. Subsequent analysis of rock samples from the area indicated zinc and lead mineralization. In 1970, these results were reported in an open file by the United States Geological Survey (USGS), where they remained largely ignored until 1974.

Outside interest in the area was sparked in 1975, following a press release issued by the US Bureau of Mines that provided results of a consultant's report on the zinc-lead mineralization at Red Dog. Cominco immediately sent in an exploration crew that concluded that the deposit was indeed a prospect of major importance. At that time, however, the land containing the deposit had been withdrawn on a temporary, five-year basis as part of a larger tract of land being studied for possible wilderness classification under the terms of ANCSA. Although the Red Dog prospect could not be staked because of its status, land as close as 1.6 kilometres west of the deposit could be explored and staked, and Cominco did so. When the wilderness study withdrawal expired in December 1978, Cominco staked the prospect.

At around the same time that Cominco was exploring the area, NANA Regional Corporation began to take an interest in the prospect and, in 1976, applied to establish ownership of the land containing the deposit under the terms of ANCSA. The question of ownership of the land was finally resolved in 1980, following the passage of the Alaska National Interest Land Conservation Act, when NANA's right to select the land was clearly established, subject to prior rights. Cominco believed that its claims constituted a prior right.
Thus, a long period of meetings and negotiations ensued to resolve the conflict of interest between Cominco and NANA. Cominco was by no means the only company interested in the site, but its reputation, persistence and Arctic mining experience gave it an advantage over rival firms. In 1981, Cominco invited six NANA leaders to visit its other North American operations, including its Polaris zinc mine in Canada's High Arctic and its Black Angel lead-zinc mine in Greenland, where they were able to meet privately with local leaders to discuss the implications of a large mine in their midst.

Because NANA's primary goal is to protect the interests of the Inupiat people of the region, it consulted with its shareholders regarding mine development. Earlier surveys, conducted in the early to mid-1970s, had indicated little shareholder support for resource development on their lands, for fear of the impacts it might have on their traditional lifestyle and subsistence resources. As well, the commercial fishing industry was at its peak, and shareholders were skeptical as to whether a mine would provide much in the way of benefits. Thus, NANA conducted meetings in villages throughout the region to seek consensus on developing the mine. While a primary concern of the shareholders continued to be for the land and the continuation of their traditional lifestyles, the importance of a cash economy had grown for many families. By the 1980s, most shareholders felt that the mine could be developed in a way that would protect their lands and traditional way of life.

**THE COMINCO–NANA AGREEMENT**

In 1982, NANA and Cominco signed a Development and Operating Agreement, giving Cominco the right to build and operate the mine and market the metals. In return, NANA receives an escalating percentage of royalties and a commitment from the company to provide its shareholders with employment while protecting their environment and subsistence lifestyle. Key aspects of the agreement include:

- a guaranteed financial return through advanced net smelter return royalties and net proceeds royalties;
- an advisory committee made up of equal numbers of senior NANA and Cominco representatives to regularly review operations performance and future plans;
- specific measures to promote the employment of Indigenous shareholders at all levels of the project; and,
- specific measures to protect traditional lifestyles and the environment.

Upon signing the agreement, Cominco paid NANA US$1.5 million. Every year thereafter, until the mine went into production, NANA received an additional US$1.0 million. Once production began, the yearly royalty changed to 4.5 percent of the net smelter return. After Cominco recovers its capital investment, NANA will share in the net proceeds beginning at 25 percent and increasing by 5 percent every five years until NANA and Cominco share equally in the profits. These payments directly benefit NANA shareholders who receive dividends from NANA. Other Native Alaskans benefit through provision 7(i) of ANCSA, which requires regional corporations to share 70 percent of all resource development profits with other regions.

In addition, Red Dog provides, in lieu of taxes, several million dollars annually to the Northwest Arctic Borough. These payments, which will total US$70 million over 24 years, flow back to residents of the area in the form of improved education and economic development opportunities.
THE RED DOG
MANAGEMENT COMMITTEE
On the effective date of the agreement, Cominco and NANA established the Red Dog Management Committee whose 12 members are drawn equally from NANA and Cominco. The chairperson is designated by Cominco from one of its members. The purpose of the committee is to "generally oversee any and all exploration and mineral development and production activities occurring pursuant to [the] Agreement and [to] be responsible for safeguarding the physical, cultural, economic and social needs and the subsistence needs of the Native peoples of the NANA region, consistent with the provisions of [the] Agreement."2 The committee meets quarterly to review operating and other reports, approve plans, monitor implementation of the agreement and resolve any outstanding issues.

EMPLOYMENT AND TRAINING
The single largest economic impact of the Red Dog Mine on the region is through employment created by Cominco and its suppliers. Since formal employment in the region has traditionally been low, an important goal of the Cominco–NANA Agreement is 100 percent shareholder hire at the mine.

In 1982, when the agreement was signed, the parties recognized that very few NANA shareholders possessed the requisite skills for working at a mine and that considerable time, money and effort would have to be invested in training and related programs. An employment committee, made up of four voting members drawn equally from Cominco and NANA, was set up almost immediately to address these challenges. One of its first tasks was to develop an employment plan and to report back to the Management Committee on its implementation.

The employment plan was to be a living document that could be modified to fit changing circumstances. It included provisions for appointing a personnel officer from among NANA shareholders to assist in the recruitment and training process and in the delivery of scholarship programs to Inupiat students interested in studying in the mining, geological, business and engineering fields. NANA was to develop a database of eligible potential employees and to assist the company with interviews in the villages. The parties to the agreement were able to obtain assistance from the US Department of Education for early mine and mill operator and maintenance training programs. Pre-employment training to prepare shareholder employees for entry into these programs was set up with the Alaska Vocational/Technical Center in Seward, Alaska.

The parties to the agreement have seen a slow but steady increase in the number of shareholders working at the mine. In 1999, 58 percent of the workers and contractors employed by Cominco Alaska were NANA shareholders. While this is a notable achievement given the circumstances, it remains short of the goal the parties set themselves in 1982.

In 1995, NANA and Cominco recommitted themselves to fulfilling the terms and spirit of the 1982 accord. NANA is working with state and federal governments to raise regional educational standards, while Cominco concentrates on providing on-site and off-site training and education programs.

Red Dog's on-site training plan is geared to ensuring extensive training for all employees in each area of operation. Employees share acquired skills by teaching

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2 Development and Operating Agreement Between NANA Regional Corporation Inc. and Cominco Alaska Incorporated—October 11, 1982, p. 54.
others with whom they work. New programs, such as those for the assay and metallurgical laboratories, are developed continually and incorporated into the overall training plan. Apprenticeship programs are available in trades such as heavy duty mechanic, electrical, millwright and power generation. Technical training in the assaying, geological, metallurgical and environmental fields, and occupational training in mill, port and mobile equipment operations are also offered. By the end of 1998, Cominco had invested US$8.8 million in such training, and almost all people in training were NANA shareholders.

The biggest challenge, however, remains the low level of employment of NANA shareholders in technical, professional and managerial positions. Of the 219 NANA shareholders currently employed at the mine, 20 hold professional and managerial positions. To address this, Cominco has added a cooperative education job-share program for employees, an engineering scholarship education program and a school-to-work partnership with the Northwest Arctic Borough School District.

The cooperative education job-share program offers employees the chance to pursue a four-year mining-related college degree on a semester-on/semester-off basis, while remaining full-time employees with the company. All employees are eligible to participate in this tuition-aided program once they have completed six months of continuous company service at Red Dog Mine.

To foster interest among students, Cominco and NANA visit the 11 schools in the region twice a year to tell students about the many employment opportunities at Red Dog, the educational requirements for each position and what the lifestyle entails. The company sponsors an annual career day and an essay contest in which winners from each high school are invited to tour the Red Dog facilities.

The school-to-work partnership with the local school district is designed to make school a more relevant experience for high-school students by directly connecting their studies to future jobs. In 1998, 50 children from eight schools participated. An environmental education module introduced in the fall of 1997 gives high-school students experience in collecting and analysing data related to aquatic systems in their own village. Environmental coordinators from Red Dog work with the students to interpret their findings.

Cominco also sponsors three full scholarships for NANA shareholders accepted to accredited colleges to study mineral processing engineering, mining engineering, geological engineering or chemical engineering. In exchange, students must agree to work for Cominco Alaska for a period equal to the number of years they attend college.

In addition to direct job opportunities, Red Dog contributes to regional employment through contracts for the supply of goods and services to the mine. Eight of the on-site employers at Red Dog are NANA joint-venture partners. While not a NANA joint venture, Arrow Transportation, responsible for transporting concentrate to the port site for storage and shipping, has a 72 percent level of shareholder hire.

PROTECTION OF A WAY OF LIFE, SUBSISTENCE RESOURCES AND THE ENVIRONMENT

A major concern of NANA and its shareholders was for the environment and subsistence resources. They wanted assurances that these would not be compromised by the development and operation of the mine. To a large extent their concerns were addressed through the public and comprehensive environmental impact assessment of the mine required by the US National Environmental Policy Act (NEPA). The assessment addressed all major environmental,
The Red Dog Mine Story

socio-economic and cultural/archaeological resource aspects of the development. The many permit and other regulatory requirements imposed by federal and state authorities directly and indirectly ensure that obligations in the Cominco–NANA agreement are met.

To ensure compliance with the agreement and to provide feedback to the mine's management on matters affecting the environment and traditional lifestyles, the Cominco–NANA Agreement established a subsistence advisory committee. The committee, made up of elders from Noatak and Kivalina3 (the two villages nearest the mine), meets quarterly, or as required, to review reports generated from the extensive environmental monitoring required by government regulations and Cominco. The committee took part in selecting a route for the 84-kilometre concentrate haul road from the mine to the port, which generally avoids important caribou migration paths, fish spawning areas and waterfowl nesting sites. It continues to monitor road activity for potential effects on subsistence hunting and can shut down traffic if it is felt to be negatively affecting subsistence activities. The committee is also involved, in consultation with the villagers of Kivalina, in the scheduling of shipping periods to minimize effects on traditional whale hunts carried out by the villagers of Kivalina. Red Dog pays all travel costs and other expenses for the participation of nine NANA shareholders on this committee. In addition, each member receives a stipend for each meeting attended.

The early involvement of the subsistence committee is credited with the successful resolution of water quality problems in Red Dog Creek. Because Red Dog Creek flows over the rich zinc deposit, it contains naturally high concentrations of metals. However, in 1991, it was discovered that mining activity was increasing the level of metals in the stream. A US$11-million diversion ditch system was built to divert clean creek water past the pit to Red Dog Creek below the mine. Mine runoff water containing metals is collected and pumped to the tailings pond where it is treated before discharge.

Based on several incidents, such as minor variations from treated water quality limits and some administrative deficiencies in permits in the early 1990s, the mine was the subject of a Clean Water Act enforcement action by the US EPA and Department of Justice. It is Cominco's view that none of the regulatory/legal concerns resulted in environmental harm or a compromise of principles embodied in the Cominco–NANA agreement. Nevertheless, in

3 Noatak is a village of slightly more than 400 located on the banks of the Noatak River, 55 kilometres south of the mine. Villagers rely heavily on subsistence fishing and hunting of caribou, moose and waterfowl. Kivalina is located on the coast, 80 kilometres southwest of the mine and 25 kilometres north of the mine’s port site. Its population of 350 depends on subsistence hunting of seal, walrus, whale and caribou, as well as fishing.
settlement of the enforcement action in 1997, Cominco was required to pay a cash penalty and commit to complete a number of environmental projects in the mine area.

By the time the action was initiated, Cominco had already upgraded existing effluent treatment facilities, and operation of a new state-of-the-art treatment plant began in late 1994. Performance of this plant has been superb, and discharge is well within permit requirements. New and exceptionally tight limits were imposed in 1998, but by this time, measures had already been implemented to further upgrade effluent quality.

The combination of contaminated water collection, management and treatment in the mine area has resulted in a significant improvement of water quality in Red Dog Creek and downstream. This is confirmed by the presence of fish near the mine where conditions were highly toxic in pre-mining years (for more information, see story on Cominco's web site: www.cominco.com/Enviro/Stories/rd-fish.html).

In addition to environmental consequences, NANA also had concerns about the potential effects of the mine's presence on Inupiat culture and values. The company maintains a fly-in workforce, which has prevented a major influx of new settlement to the region and has preserved the homogenous Inupiat nature of the region. The company's strict drug- and alcohol-free policy has helped prevent the arrival of social problems from outside the region. A rotation schedule of 28 days at work and 14 days off, or the variation of 14 days at work and 7 days off, and a fairly flexible leave policy have allowed the mine's Inupiat employees to continue a traditional way of life while employed by the mine.

As in other rural areas of the world, the NANA region has experienced some out-migration to urban centres, such as Anchorage, 1600 kilometres to the southeast. While the mine itself is not directly causing the migration, steady employment does give workers the financial means to relocate should they wish to pursue housing, education, recreation and other opportunities not available locally. This is a cause of concern to NANA, whose leaders have begun focusing attention on improving village infrastructure, standards of education and other amenities.

LESSONS LEARNED

The single most important lesson learned by NANA and Cominco is that the institutional structures that form the framework of their relationship must be able to accommodate the evolution of that relationship over time. The legal aspects of the agreement and the precise wording developed when two parties are just beginning to formalize a relationship simply cannot anticipate all aspects of the evolution of that relationship. It is the spirit behind the agreement and the commitment to broad principles of mutual respect and trust that matter most in forming a successful relationship.

Communication between the parties is a key factor in determining success and is dependent on both parties being able to listen actively and to understand each other's position. An institutional structure conducive to open communication is important, but there must also be a commitment by both parties to maintain dialogue through thick and thin. Trust and respect are paramount, and fostering these depends on a number of factors, including the chemistry between the individuals involved, honesty in all dealings and having at
both parties to the agreement seek a fair share of the benefits arising from the development. Benefits can be in the form of cash payments from the developer to the community and they can also emerge through preferences in hiring or contracting. The latter can turn out to be an important source of friction between the parties to the agreement. In order to avoid problems, the parties need a clear set of rules to guide actions at any particular point in time. Just as importantly, however, they need a mechanism to be able to reconsider the rules to meet evolving and changing needs. Transparency of process, commitment to communications and fundamental trust are key to resolving frictions that are certain to arise in implementing these agreements. It is the spirit of the agreement and mutual commitment to some shared values that ultimately ensure the success of the relationship.

CONCLUSION

The Red Dog Mine is an example of responsible development of a mineral resource through cooperation and understanding between a mining company and an Indigenous people. A business agreement and relationship have been established that benefit both parties and will continue to do so well into the next century.

For NANA, the mine has created modern jobs and new opportunities for its people in a way that allows them to preserve their culture and traditional subsistence way of life. The skills and cash flow (estimated at just over US$35 million at year-end 1998) created by the mine are providing a strong basis for long-term

One of the principal sources of difficulty encountered in agreements governing mining projects arises from the very different natures of the parties involved. In the case of NANA and Cominco, one is a political organization related to its people through consensus decision-making mechanisms and the other is a commercial organization that operates on the basis of policies set by an executive board but implemented on a hierarchical decision-making model.

Bridging the gap these differences create is central to the successful implementation of the agreement.

The two organizations also have significantly different views of time with respect to decision making. The community, faced with a development project, anticipates fundamental changes in its way of life when the development proceeds and, for this reason, wants to give ample time to build a consensus about the new development. A company, on the other hand, is often under time constraints arising from financing, market windows, and regulatory or operational conditions. Time is normally of the essence, and quick action is often sought. Again, a reconciliation of these approaches must be achieved.

The cyclical nature of the mining business is not often well understood by the community and the political leaders with whom the mining company must deal. Commitments and promises can be difficult to maintain in an ever-changing environment. For example, the commitment to start up a project within a certain period of time may be missed due to a fall in markets. The up-and-down cycles of the mining business, which condition a company's decision, can often become grounds of frustration for the community. Similarly, the significant technical challenges that are often encountered by a company may reasonably require changes to be made to the original project. These changes can lead to misunderstandings if they are seen as a variation on original agreement terms. Trust and good communications are key elements in overcoming the difficulties that can arise in these kinds of circumstances.

Both parties to the agreement seek a fair share of the benefits arising from the development. Benefits can be in the form of cash payments from the developer to the community and they can also emerge through preferences in hiring or contracting. The latter can turn out to be an important source of friction between the parties to the agreement. In order to avoid problems, the parties need a clear set of rules to guide actions at any particular point in time. Just as importantly, however, they need a mechanism to be able to reconsider the rules to meet evolving and changing needs. Transparency of process, commitment to communications and fundamental trust are key to resolving frictions that are certain to arise in implementing these agreements. It is the spirit of the agreement and mutual commitment to some shared values that ultimately ensure the success of the relationship.

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economic growth in the region. For Cominco, Red Dog has become a major strategic source of zinc and lead concentrate for its expanded smelting and refining operation in Canada, and it has helped the company consolidate its leadership role in the zinc industry.

The Inupiat of Northwest Alaska have a proud tradition as whaling captains, dog mushers, commercial pilots, artists, carvers, members of the Alaska Legislature and active participants in the Alaska National Guard. Today, they can add to that list mill operators, geologists, pipeline engineers, supervisors and trainers in the mining industry, and corporate executives. In the new millennium, a leadership tier will develop out of young NANA shareholders employed at Red Dog. Their ideas and skills will be a source of economic strength and leadership to NANA, the region and the state. It is an illustration that mining can be compatible with the principles of sustainable development and the values of Indigenous peoples.

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The ore mined at Red Dog is stored in two concentrate storage buildings, which are the length of four football fields. The two largest buildings in Alaska are located at Red Dog Port.
INTRODUCTION
WMC Limited is an Australian-based mining company engaged in the exploration for, and production of, minerals around the world. Although its principal mining operations are in Australia, it undertakes mineral exploration in North and South America, Asia, Europe, Africa and the Philippines.

WMC's activities are guided by its Code of Conduct and by its Statement of Purpose which commits it to manage all operations consistent with world best practice. WMC’s Environmental Policy requires environmental factors to be integrated into planning and operational decisions and processes consistent with the principles of sustainable development.

In 1995, WMC adopted a formal Indigenous Peoples Policy which applies to its relations with Indigenous peoples around the world. The policy commits WMC to developing relationships of mutual understanding and respect with the Indigenous peoples of the areas in which it operates.

In 1998, WMC set out the three pillars of its commitment to sustainable development: responsible economic growth, environmental and natural resource conservation, and social responsibility—built on a foundation of its ethics and values.

THE TAMPAKAN PROJECT
WMC has had an active exploration program in the Philippines since 1987. The current focus of exploration is on a copper and gold discovery in the highlands near Tampakan on the southern island of Mindanao.

WMC has signed a Financial or Technical Assistance Agreement (FTAA) with the Philippines government, which gives it permission to explore for and develop mineral deposits as a contractor to the national government. The FTAA gave WMC exploration access to almost 90,000 hectares, which must be progressively reduced over five years to a maximum of 5000 hectares. As of July 1998, the FTAA area was approximately 43,900 hectares.

If a minerals development project goes ahead at Tampakan, the FTAA calls for a sharing of the pre-tax net revenues on the basis of 60 percent in favour of the government (and therefore the people of the Philippines) and 40 percent to WMC, after the
recovery of all capital and operating expenditures incurred in evaluating, developing, constructing and operating the project.

Following the completion of a drilling program totalling 31,000 metres, estimates of indicated and inferred mineral resources at cut-off grades of 0.2 percent and 0.5 percent copper have been made (see Table 1).

As of October 1998, a full-scale feasibility study had not yet begun, and, if a mine were to be developed, production is unlikely before late 2003 or early 2004.

PROFILE OF LOCAL COMMUNITIES

The potential minerals development area is located in the province of South Cotabato in southern Mindanao. The three main cultural groups in South Cotabato are:

The Bla'an Indigenous Cultural Communities: The Bla'an are more identifiable in the mountainous interior of southern Mindanao, where they have largely maintained their traditional cultural practices, as distinct from the Bla'an living on the coastal plains and foothills who are generally indistinguishable from the dominant Visayan Christian settlers who migrated to southern Mindanao in the 1940s. The territory over which the Bla'an exercise traditional responsibility today represents only a portion of their traditional territory.

The Visayan Christian Settlers: The most significant migration of Filipinos from the Visayan Islands in the central Philippines to southern Mindanao occurred in the 1940s. Led by General Santos, it was a continuation of the American colonial government’s earlier resettlement scheme aimed at redistributing the Filipino population in southern Mindanao.

The Muslim Settlers: For several centuries prior to the early 1900s, Muslim groups dominated Mindanao’s coastal lowlands and ports, where they undertook extensive slave raids on groups such as the Bla'an.

The influx of the Visayan Christian settlers saw Muslim groups lose their political and economic dominance, although numerically they still constitute a significant portion of Mindanao’s population today.

The area of focus for WMC’s exploration activities is home to five traditional Indigenous Bla’an communities, with a total population of approximately 2300 people. They live in the highlands adjacent to the area of the Tampakan Project. The highland Bla’an are an animistic group who traditionally have practised hunting and nomadic slash-and-burn agriculture.

Unlike the coastal and lowland Bla’an who have been largely immersed in the majority Visayan population, the highland Bla’an have maintained their distinctive cultural practices in their polygamous, slash-and-burn

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**Table 1. Estimates of Indicated and Inferred Mineral Resources**

<table>
<thead>
<tr>
<th>Resource Category</th>
<th>Resource at a 0.2% Copper Cut-off</th>
<th>Resource at a 0.5% Copper Cut-off</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes (m) Au(g/t) Cu(%)</td>
<td>Tonnes (m) Au(g/t) Cu(%)</td>
</tr>
<tr>
<td>Indicated</td>
<td>1300 0.24 0.56</td>
<td>Indicated 600 0.32 0.78</td>
</tr>
<tr>
<td>Inferred</td>
<td>1200 0.16 0.39</td>
<td>Inferred 300 0.26 0.69</td>
</tr>
<tr>
<td>Total</td>
<td>2500 0.20 0.48</td>
<td>Total 900 0.30 0.75</td>
</tr>
</tbody>
</table>
agricultural society, characterized by strictly regulated rules of conflict resolution and warfare.

The highland Bla’an live in thatch-roofed bamboo dwellings loosely clustered into villages or communities which exercise responsibility for the surrounding land called the banwu, over which they have rights to hunt and cultivate. Each banwu is under the authority and control of a traditional leader called a fulong. The traditional leader of a number of neighbouring banwu is called the bong fulong (senior leader). In most instances, bong banwu’s affiliation and inheritance of traditional authority and control over land pass through the patrilineal line.

At the time that WMC commenced exploration in the area, the highland Bla’an were facing a particularly difficult situation of increasing conflict with encroaching Visayan settlers seeking to acquire Bla’an traditional territories, as well as increasing social disintegration, largely the result of Visayan and Muslim conflict, poor health, extremely high infant mortality and very limited access to basic services.

RELEVANT FILIPINO LEGISLATION AND REGULATIONS

The 1987 Constitution provides for “ancestral domain for Indigenous cultural communities.” Indigenous people have the opportunity to assert their claim for association with their ancestral domain land through the operation of a Departmental Administrative Order No. 2 (1993), which was established by the Department of Environment and Natural Resources as a basis for issuing Certificates of Ancestral Domain Claim. Certificates recognize the right of occupation and land use of Indigenous groups by way of an Ancestral Domain Management Plan.

Under its FTAA, WMC is legally required to “contribute to national development by helping to develop the host and neighbouring communities of the Contract Area” and to “recognize and respect the rights, customs and traditions of Indigenous tribal communities.”

The Philippines Mining Act 1995 contains provisions relating to prior consent for the opening of ancestral domain lands and for payment of royalty to Indigenous cultural communities to finance a trust fund for their socio-economic well-being. The Implementing Rules and Regulations of the Mining Act 1995 require that affected Indigenous communities receive no less than one percent of a mine’s gross output as a royalty payment. In addition, one percent of mining and milling costs must be contributed to host communities to help with infrastructure and social development. In addition to the royalty payments, national taxes, real property tax, local business tax and occupation fees are shared by the federal government, the relevant provincial government and the affected village (barangay) councils.

In late 1997, the Philippine Congress passed the Indigenous Peoples’ Rights Act (Republic Act 8371), which confers ownership of both surface and sub-surface natural resources to the Indigenous cultural communities. Since this appears to be at odds with the Philippine Constitution, which expressly declares that the state owns such rights, there will be a period of uncertainty until the Indigenous Peoples’ Rights Act is clarified.

COMMUNITY PARTICIPATION

Community Information and Consultation

Very early in the exploration phase, WMC began community consultation and a program of community development with people living or having an interest in the potential minerals development area. Community consultation continues to encompass the people...
and groups potentially affected by WMC’s activities as well as local government units, government agencies and interested non-governmental organizations.

The initial focus of consultation has been on the people most affected by exploration activities and has involved two main cultural groups: the Blaan Indigenous cultural communities and the Visayan settlers. The community consultation program has two main goals:

- To learn about the needs, concerns and aspirations of the community and ensure community participation in formulating development programs and improving living standards; and,
- To ensure that those potentially affected by WMC’s activities fully understand the consequences of the company’s presence in the area. This involves explaining WMC’s activities and plans, discussing them with the community, and listening to and answering questions.

**Key Blaan Concerns**

The company’s ethnographic work with the Blaan early in the exploration phase of the project provided a solid basic understanding of highland Blaan culture, thus enabling the particular interests and concerns of the Blaan to be identified at the outset of local, regional and national consultations. The pre-eminent concern of the Blaan was to protect their interest in their traditional territory and to secure title to that land. The highland Blaan community has seen the lowland Blaan disenfranchised and dispossessed of their traditional territories, with an accompanying breakdown in associated cultural practices. They see the preservation of their culture as inextricably tied to the maintenance of their attachment to their traditional territories and a strong fabric of social life.

**WMC’S ASSISTANCE IN OBTAINING CERTIFICATES OF ANCESTRAL DOMAIN CLAIM**

The cultural contact history of the Blaan has left them with a legacy of many broken promises from both government and logging companies that exploited their traditional territory. As a result, the Blaan Indigenous cultural communities in the project area sought a specific written undertaking from WMC defining how WMC would operate in the area. In the agreement, WMC undertook to assist the Blaan with the documentation of their traditions for the purposes of submissions for Certificates of Ancestral Domain Claim.

Under Filipino law, much of the highland Blaan traditional territory is classified as public or forest land, which is land with a slope exceeding 18 percent and over 600 metres above sea level. Any person living on such land is considered an illegal squatter. However, indigenous people do have an opportunity to assert their claim for traditional association with such land by applying for Certificates of Ancestral Domain Claim from the government. Certificates so issued recognize the right of occupation and land use of Indigenous groups by way of an Ancestral Domain Management Plan.

WMC ethnographic and archaeological teams worked with the five Blaan communities to document Blaan traditions in the area and the extent of Blaan traditional territory. The work provided ethnographic and archaeological records of five Blaan communities, identified the boundaries of their traditional territories and provided the necessary research and documentation for the government to assess their claims appropriately. The work was completed over the course of three years and the bound voluminous documentation was turned over to the Blaan communities, which have lodged the relevant documentation with the government. After due examination and consideration of the documentation, the Philippines government has awarded Certificates of Ancestral Domain Claim to some of the Blaan Indigenous cultural communities, thus providing a recognition of the status of the communities and a measure of protection of their traditional territories. The certificates legalize the presence of the Blaan on the land under Filipino law and
prevent occupation by unauthorized people, thus reducing the potential for conflict in the area.

CONSULTATION WITH OTHER KEY STAKEHOLDERS

Although the initial focus of consultation was with groups most affected by WMC’s exploration activities, WMC recognized that it must not swing the pendulum so far towards the local highland Blaan community that it would cause a backlash against the Blaan from the local non-Blaan residents. For example, WMC’s recognition of the highland Blaan and their affiliation with their traditional territory has been seen by many Visayan residents in the region as significantly diminishing opportunities for Visayan occupation of what they have regarded as unoccupied land, despite the Blaan presence. In this regard, some local Visayan squatters have been resentful of WMC’s recognition of the traditional interests of the highland Blaan and the community facilities that WMC has funded in the highland Blaan communities.

The company therefore sought to address the needs of the local non-Blaan farmers and settlers by increasing the standard of existing community facilities in nearby regions, including medical and education facilities, thus facilitating the development of services to both the Blaan and non-Blaan on an equitable basis.

In addition, many people in the lowlands downstream of the potential mineral development area have questions about the project, particularly regarding water quality. When it emerged that many were unsure of what WMC was doing or planning and that speculation was rife, WMC took immediate steps to improve communications with these groups. The opening of a WMC Information Centre in the town of Tampakan has enhanced communication. The Centre is open to the public and includes scale models of the potential mineral development area, complete with towns, rivers and mountain ranges. The Centre also hosts visits to the base camp, drill sites and rehabilitation projects by individuals, organizations and school groups seeking a better understanding of company activities. This program has been expanded by a mobile education and awareness component in which the communication is taken directly into the villages.

WMC’S ENVIRONMENTAL COMMITMENTS

WMC’s Environmental Policy commits the company to achieving compatibility between economic development and maintenance of the environment. WMC also subscribes to the Code for Environmental Management (developed by the Minerals Council of Australia) which carries obligations in relation to sustainable minerals development, community consultation, environmental awareness training, environmental management systems, public environmental reporting and target setting. As well, WMC is an active member of the International Council on Metals and the Environment (ICME), whose Environmental Charter sets out principles of environmental stewardship, product stewardship and community responsibility.

Under its FTAA, WMC is required to minimize the environmental impact of its operations, and to rehabilitate and vegetate any disturbed areas in a responsible manner. WMC has conducted baseline environmental studies at Tampakan since 1994 as a precursor to a full Environmental Impact Assessment. The baseline reports have been publicly distributed, in line with the company’s commitment to transparency and to sharing information with the communities in which it operates.

WMC has taken steps to identify, anticipate and address key environmental concerns of the local communities. It is dealing with the following environmental issues in its ongoing process of community consultation, information and education:

Surface Mining: WMC has constructed a program to show community leaders existing surface operations that operate to the same high standard WMC would set.

A young Blaan girl tends a school garden near the Tampakan Copper Project. WMC funds the school, which is in an isolated area where previously there was no formal education.
Deforestation: WMC’s operations would involve clearing some regrowth forest. However, WMC has given assurances that no culturally important sites will be affected and that it will rehabilitate all areas it disturbs. The company is also actively assisting in the reforestation of areas denuded by logging companies.

Water: WMC has publicly stressed that it will not adversely affect the quality or quantity of water downstream of its activities. It has ruled out river disposal for tailings and surplus rock management and will use a total containment approach to chemicals used in mining and processing.

Tailings: WMC has ruled out river disposal and is looking at options that include valley impoundment or a pipeline to transport tailings to lowland impoundment or deep seabed deposition. The Tampakan Project recognizes the guiding philosophy for tailings management, as stated by the World Bank: “Tailings must be disposed of in a manner that optimizes protection to human safety and the environment.”

Seismic Activity: WMC recognizes that the project is in an area of comparatively high seismic activity and will design all mine facilities and structures appropriately.

SOCIAL IMPACT ASSESSMENT

WMC is committed to avoiding adverse social impact and, where this is not possible, to mitigate or compensate. This applies to all interests affected by the project.

Although it is unusual to conduct ethnographic and socio-economic groundwork so early in a minerals project, WMC initiated a comprehensive process of social impact assessment as soon as detailed geological exploration commenced in 1994. The work, which is ongoing, involves:

- a cultural research program which seeks to identify communities and interests, to understand their history, lifestyles, traditions, and their contemporary needs and aspirations. These records now represent the vast bulk of documentary information known about the customs and traditions of the highland Bla’an;
- collecting and analysing existing statistical data;
- establishing baseline socio-economic indicators, including health indicators such as infant mortality rates, against which future data may be compared; and,
- undertaking detailed socio-economic regional baseline studies (being conducted by the Mindanao State University).

The company works closely with government agencies that have responsibility for local matters and with Indigenous people in the documentation of the Bla’an traditions and the development of programs with the Bla’an.

WMC was particularly concerned about the potential impact of its activities on the highland Bla’an. The Bla’an have had limited experience with the outside world and it is likely that, over time, WMC’s presence would bring changes to their values and cultural way of life. The program also addressed the economic exchange cycle among the Bla’an as a basis for understanding the impact that WMC may have by injecting resources into the area. Thus, the company has put considerable effort into working with the Bla’an in the early stages of the project.

NEGOTIATED AGREEMENTS

Negotiating Process

WMC entered into a two-tier process to develop written agreements with each cultural community. The first phase was to agree to Heads of Agreement. The second stage was to negotiate Principal Agreements that built on the Heads of Agreement and detailed specific longer-term plans and commitments.
The two-tier process was used for several reasons:

- The Bla'an needed time and assistance to understand the intentions of WMC and the potential impact on the communities of WMC's activities. The Heads of Agreement provided the opportunity for both the Bla'an community and WMC to understand more about each other, and also provided a basis on which a mutual understanding and positive working relationship could grow.

- The two tiers of agreements parallel, to a certain extent, the traditional Bla'an structure of agreements, whereby a first agreement termed a Kasfala binds two people together in agreement on a matter. The second, more binding agreement is a Diandi, which is a blood compact. The Diandi is a public agreement, the breach of which by either party is punishable by death.

- The second-stage agreements, the Principal Agreements, provide more detailed, longer-term plans. In addition, they are made not only with the Bla'an Indigenous cultural communities but also with the three affected municipalities, the relevant barangay councils and with the individual settlers who may be occupying land in the Mine Development Area.

**Principal Agreements**

WMC used an interest-based negotiation process for developing the Principal Agreements. These agreements will ensure that the rights of Indigenous and non-Indigenous communities are recognized and, where necessary, appropriate compensation is paid. The Principal Agreements establish a basis for compensation for any disturbance or relocation consistent with World Bank resettlement guidelines. Compensation may include:

- an equivalent land holding away from the mine site;
- appropriate payment for loss of crops;
- payment for and assistance in developing new cultivation areas;
- payment to replicate housing and other infrastructure at a new location;
- rental payments for original land holdings; and,
- return of the rehabilitated land at the end of the mine's life.

The Principal Agreements also provide for:

- ongoing community development;
- royalty payments for the Bla'an communities; and,
- Mining Community Development Contributions to the general community living within the affected barangays. Although the Mining Act requires WMC to contribute one percent of mining and milling costs to assist host communities with infrastructure and social development, WMC has agreed to contribute one percent of gross output for community development through the barangays councils.

**Community Development**

WMC made a minimum three-year commitment to establish a community development program with the five Bla'an Indigenous cultural communities, as well as with the Visayans and Muslims living within affected barangays. WMC's community development team works closely with the local people to ensure the program is driven by their needs and aspirations and is ultimately capable of being managed by them.

WMC has spent on average 15 percent of its annual project budget directly on community development, initially focused on the Bla'an, but with concurrent and increasing development expenditures on surrounding non-Bla'an communities. Key activities that lay the basis for sustainable community development include:

- institutional strengthening through community organizing, leadership, administration and management training and capacity building;
• infrastructure projects, such as improved road access (farm-to-market roads), improved housing, multipurpose community centres and provision of potable water supplies;

• sustainable agricultural programs (training in appropriate farming techniques on slopes to minimize erosion, improve soil fertility, etc.), nurseries to support reforestation and rehabilitation projects and the provision of farm implements and work animals. This is particularly important as the Bla’an move from slash-and-burn to sedentary agricultural practices;

• health initiatives such as medical clinics, equipment and staff, community health training and preventive health and nutrition programs; and,

• education initiatives such as building schools and funding teachers and materials to provide primary education and adult functional literacy programs in areas where there were no schools. The Demolan Foundation, a non-government organization, has been responsible, in conjunction with the Department of Education, Culture and Sports, for educational aspects of the community development program.

Foundations
Under the Principal Agreements, a foundation is being established for each Bla’an Indigenous cultural community to implement social, economic and other community development programs and to manage the flow of royalties should mineral development proceed.

It is anticipated that approximately 50 percent of the funding for the community development program (pre-mining and pre-royalty payments) will be channelled through the foundation so that financial management skills can be acquired by the Bla’an communities prior to the potential flow of royalties.

The foundation is managed by a tripartite Board of Trustees representing the Bla’an, government and WMC. WMC will gradually withdraw from the board as the Bla’an acquire the appropriate skills.

ASSESSMENT OF OUTCOMES/RESULTS
Community Benefits
WMC’s commitments to local Indigenous communities have already resulted in a range of tangible community benefits, including:

Certificates of Ancestral Domain Claim: While they do not give title to the land, they help secure improved tenure over land on which the Bla’an live.

Cultural Sites: WMC believes it has identified all cultural sites of significance to the Bla’an within the project area and has developed a management plan to minimize impact on these sites and to assist in the preservation of cultural knowledge associated with these locations.

Community Development: WMC has spent, on average, 15 percent of its annual project budget directly on community development. To date, WMC has spent a total of A$42 million on the project.

Community Services: In consultation with the Bla’an, the company has concurrently built community facilities, including clinics and schools, in localities central to the traditional territorial interests of most of the Bla’an groups. Each highland Bla’an group has been
able to maintain its affiliation through residence with its traditional territory and to benefit from the community services.

Employment: WMC has a preferential employment program for local people. In 1997, out of a workforce of 167, there were 8 expatriates, 105 regular Filipino employees, 13 Filipino contractual employees and 41 Filipino contractors.

Environment: WMC is actively assisting reforestation of areas denuded by logging companies. Already 500,000 trees have been planted by local farmers using seedlings from local WMC nurseries. Four of the nurseries have been handed over to local communities. These nurseries now produce up to 750,000 seedlings annually.

Environmental Monitoring: WMC has worked with the barangays to develop and implement a community-based environmental monitoring program. Community inhabitants are selected by their community to undergo training to carry out their monitoring responsibilities. All samples are sent to an independent laboratory and the results are sent to the group for assessment, and, if necessary, corrective action.

The focus on local community and Indigenous issues has led WMC to be largely successful in laying the foundation for social sustainability of the local Indigenous community. If WMC chooses not to develop the project, then it will leave the highland Blaan in a significantly better position than before the company arrived.

Relations with the Blaan
The initiatives between WMC and the local Blaan in the Tampakan area have been largely successful to date. As Limukun Cafion, a senior Blaan from Bong Mal bong banwu, has commented, “We, the leaders of Bong Mal, need help to explain our situation to the government. We are very poor and cannot afford even the salt we need in our diet. But, we do not have any advocates. We would like WMC to stay in our area and be our advocate...talk to the government and help us.”

Nevertheless, WMC has recognized that there may be an ongoing level of dissatisfaction throughout the project area on the part of a very small number of the community fired by disenchanted advocacy groups.

This has been recognized and mechanisms are being developed as part of the community program to address this issue in an open and honest manner. The company believes that transparency in all dealings with the community is essential.

Relations with Other Stakeholders
The success of WMC’s relations with the Blaan has generated suspicion and resentment among some who claim to be stakeholders. High public profile opposition to WMC’s community activities has arisen on a number of occasions with respect to the Tampakan Project, principally because the successful development of a project by WMC is a threat to the campaign of those who philosophically oppose foreign investment in the Philippines.

The provision of health facilities, mobile clinics, education facilities and agricultural advice to Blaan cultural communities has been publicly interpreted by some critics as the provision of inducements, despite the fact that such assistance is unconditional and incumbent upon WMC under the terms of its FTAA and the company’s Indigenous Peoples Policy.

Localized protestations from elements of the non-Blaan local community accelerated WMC’s planned extension of the community relationship program beyond the local highland Blaan to encompass the non-Blaan communities in the area.
LESSONS LEARNED
Although WMC has not yet taken a decision to pursue the development of the project, already there are many lessons it has learned:

• By engaging in consultation with Indigenous people early in a project, a developer is able to identify risk factors earlier and develop programs to address those factors, thereby lowering the risk to the project as early as possible.

• It is imperative that a developer understand the structure and functioning of local Indigenous authority and model its initial approach on the local structure. Not only does this assist the company to understand the local Indigenous people, but, of equal importance, Indigenous people will have a much better chance of understanding the company.

• The company must approach and work with both the Indigenous and non-Indigenous community concurrently, otherwise some groups may feel disfranchised by the attention given to other groups. Defining the community as only one interest group may disenfranchise other key groups.

• The prospects of success for any community program depend, to a significant degree, on the community having ownership of the process. This can occur only if the community is identified and engaged at the earliest stages of the development.

• It makes good business sense for the company to engage itself in appropriate social programs since these will bring a higher level of peace and order to the community and a general stability in the local community. (The awarding of Certificates of Ancestral Domain Claim to the local Bla’an will bring a better security of title not only to the Bla’an but to the project, a situation that is better than the former position where the company was dealing with land on which the interests of Indigenous people could be overridden by anyone who chose to squat on the land.)

• Some advocacy groups can make it difficult for mining companies to develop a relationship with local communities. In these circumstances, it is important that mining companies actively engage with the advocacy groups and encourage them to be more effective by building the capacity of the local community to interact with resource companies in the developments that affect it.

• While there is a potential for the company to be seen as a surrogate government, it must resist the temptation to take up the role of government, whereby decisions are made on the community’s behalf. Instead, the company needs to involve and work with governments and government agencies on a frequent and consistent basis, building government capacity where necessary.

• A developer may not have sufficient in-house capacity to deliver community programs on a sustained long-term basis. It therefore needs to work with experienced and proven national and international development organizations to deliver community services.

• Every effort should be made to minimize the imposition of Western values and to firmly anchor company activities in the national culture. The management of issues and their recognition as issues are often culturally embedded. It is necessary for the company to consult with communities in identifying issues, to adapt its approach to problem solving to the cultural context, and to make accommodations between two very different time frames for conducting business.

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