

Falconbridge's Raglan Project¹
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Abstract

Falconbridge is an international mining company with operations in Sudbury, Timmins, Norway and the Dominican Republic. The company mines and processes nickel, ferronickel, copper, zinc and cobalt. Employing over 6,000 people, Falconbridge has exploration and sales offices around the world.

Since the late 1980's, Falconbridge Ltd. has been re-evaluating its Raglan Ni-Cu deposits located in Nunavik, Northern Quebec. During this period, Falconbridge concluded that the development of a project in such a remote area, is feasible and that the collaboration of the local people is highly desirable.

To achieve this objective, Falconbridge has put into place a Human Resource Strategy, a Training Program, and Cross Cultural Training Program. Some of these measures were recommended by the Kativik Environmental Quality Commission, a body used by the Provincial Deputy Minister of the Environment to review all the major projects in this area as per the James Bay and Northern Quebec Agreement signed in 1975. Several Consultants were involved in the preparation of different studies.

At the same time, Falconbridge developed a close relationship with the communities involved and interested in the project. Falconbridge initiated, on a voluntary basis, discussions with Makivik an organization representing the Inuit in the development of the Nunavik region. The objective of these discussions is to maximize jobs for the area and to provide initiatives for Inuit enterprises. The Kativik Regional Government (KRG) was also involved in many discussions relating to Training, Education and other issues.

This paper describes how Falconbridge Ltd, has successfully designed a modern project, using the best available technology, while respecting the traditional way of life of the Inuit of Nunavik and the environment.

Key words: Falconbridge, Raglan, Ni-Cu deposits, Strategy, Training, Cross Cultural, Inuit.

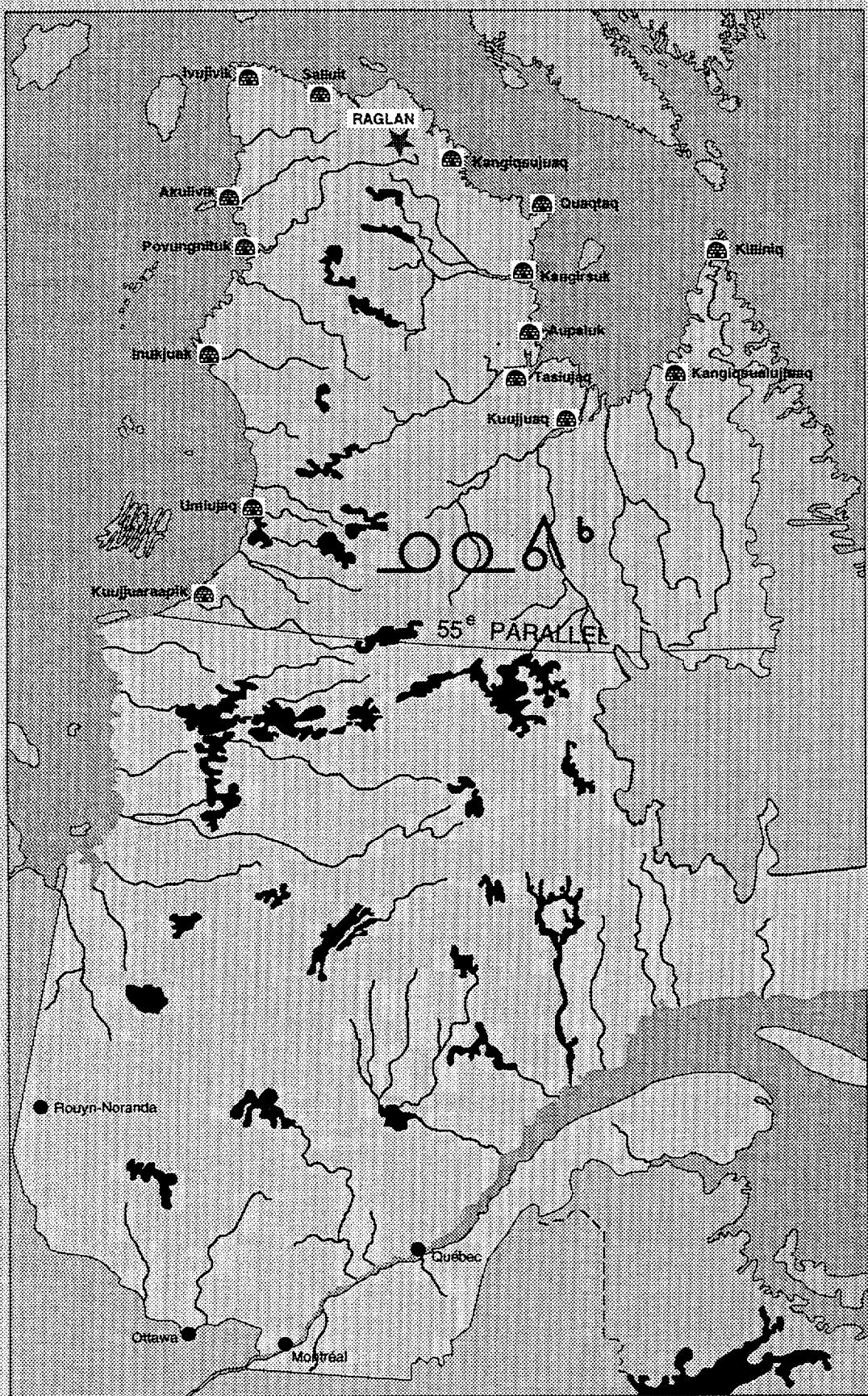
The Raglan Project
Introduction

Raglan is a nickel-copper property located on the Ungava Peninsula in northern Quebec some 1800 km North of Montreal. It is located about sixty kilometres west of the Inuit village of Kangiqsujuaq and one hundred kilometres south-east of Salluit. The property stretches for 55 kilometres from East to West with a series of many small ore deposits scattered along its length. Falconbridge has been exploring at Raglan intermittently since the late 1960s. The focus of Falconbridge's exploration work over the last three or four years has been at Katinniq, the current largest ore deposit located at the center of the property.

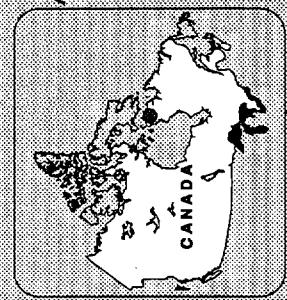
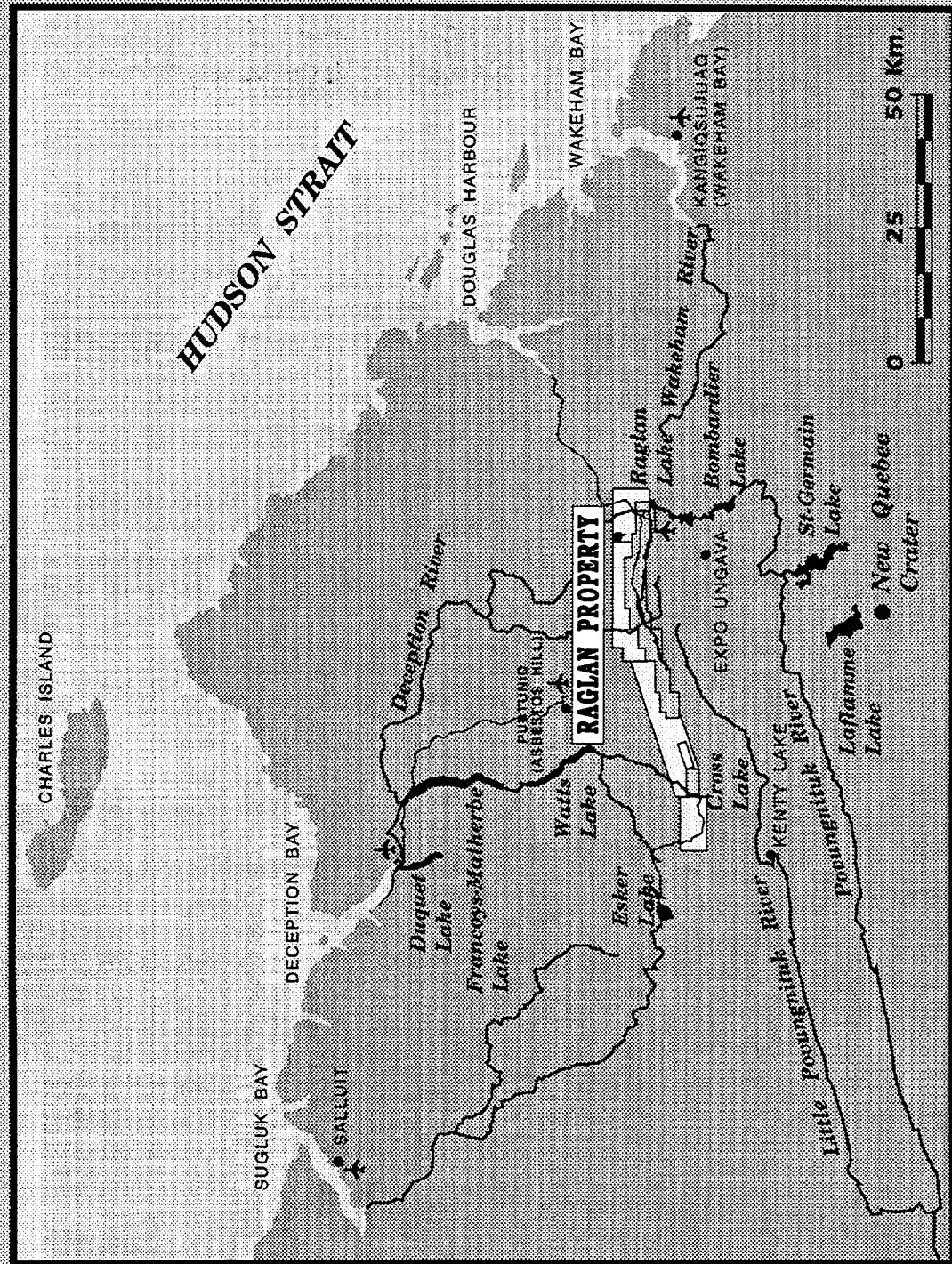
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NUNAVIK



LOCATION MAP



As well as delineating more clearly the extent and grade of the ore reserves at Raglan, a significant amount of other work has been done on site. The airstrip and roads have been upgraded, retaining dikes for fuel tanks and other infrastructure have been upgraded and a new exploration camp was constructed. In addition, a 1900 metre decline was driven underground and a 500 ton bulk sample of ore extracted and sent south for metallurgical testing. An extensive environmental baseline study and environmental impact study were also completed.

The focus of the program since 1989 has been to firm up our knowledge of the ore reserves and to complete a definitive Feasibility Study (1993) which would allow Falconbridge sufficient time to bring the project into production in the late 1990's.

The feasibility study was completed in 1993 and, with the nickel price very low, and an oversupply of the commodity on world markets, the decision on whether and when to proceed with Raglan was deferred until economic and market conditions improve.

Falconbridge's Philosophy Regarding Aboriginal Involvement at Raglan

A mining development in such a remote and fragile area is clearly of great importance to the people who live there. When the decision was made to proceed with advanced exploration and development work at Raglan in the late 1980s, the company was very conscious of the interests of the Inuit people and the concerns they would have about the potential for an industrial development in their "neighborhood".

It is Falconbridge's belief that the Raglan project can only be a success if it is viewed as a positive development by the Inuit people. Even with the legal authority to proceed with the project, without the support of the local communities, over the long term Raglan will not be successful. Through initial consultation with the villages of Salluit and Kangiqsujuaq, it became clear that the two key concerns of the local Inuit centered around employment issues and environmental issues.

Many Inuit expressed an interest in developing their communities and expanding into a "wage based" economy that would allow greater diversification and a move away from dependence on government employment and benefits. At the same time, significant concern was expressed that the communities be able to embrace a "wage sector economy" without abandoning their dedication to the traditional pursuits of hunting and fishing. With respect to Raglan, there was great interest in the project as a potential source of local, well-paying and long-term employment for the villages. Training and flexibility, however, are key considerations. Falconbridge's goal is to maximize Inuit participation in the Raglan project over the long term. Wherever we operate in the world, our philosophy is to employ as many local people as possible. In the Dominican Republic, we began our ferronickel operation in 1970 with over 400 expatriates. We now have 1650 local Dominicans and 3 expatriates with the remaining workforce.

Environmental concerns are also of paramount importance to the people of Nunavik. While supportive of economic diversification, it was clear that the communities believed that this could not come without some perceived cost to the environment. As with any industrial development, there are many potential environmental implications. With Raglan, the key issue of local concern is water quality. For example, we must explain what a watershed is to the local people.

Over the last three years, Falconbridge has worked with both governmental bodies, and the Katinniq Regional Government, and community leaders themselves to find compromise and common ground on both employment-related and environmental issues. This has always been productive but not always easy to reach accommodation. In many cases, we have encountered the very simple reality of seeing the world in a different way.

As much as we recognize and respect that aboriginal people view many issues differently, it is a sharp learning curve for us and a long-term process to really incorporate consideration and understanding of those differing views into our planning.

Falconbridge's Approach to Working with Inuits of Nunavik

At the outset and with the advice and assistance of the Makivik corporation and others, we hired a local advisor from Salluit. The role of this advisor has been to act as a liaison between the company and the communities. As our eyes and ears in the villages, he keeps us abreast of peoples' sentiments toward the Raglan development, including their concerns that they feel are not being addressed adequately, the rumors that they have heard, and the issues they wish to raise. He also relays information back to the communities from Falconbridge.

One of our main goals in developing and maintaining relations with the Inuit has been to ensure that they know what Falconbridge are doing at Raglan and that they can feel comfortable expressing their concerns and recommendations.

We have not formalized this process through committees as other companies have done. This is largely because the project is still in an exploration and development stage and no decision has been made with respect to its future. If and when the project does proceed, we will find the best way to work together with the Inuit over the life of the operation. We have taken a number of significant steps to acquaint local people with the project, hear their concerns, incorporate their suggestions, and train and employ community members.

These initiatives have included visits to the communities and meetings with Mayors and Aldermen; participation on radio shows with our local advisor updating the status of the project; participation in production and airing of a television documentary on the Raglan project; and visits by key community leaders to both Raglan and other northern operating mines, as well as participating in many local events such as "the Career Week". We have also donated to local communities and environmental groups such as Nuna Pillugo. We are currently negotiating an agreement with the Makivik Corporation regarding employment, contracting and taxation.

On-Site Experience

Since the summers of 1991 to 1994, Falconbridge employed up to 100 people on the Raglan site. On average, 20 percent of the employees were from the villages of Kangiqsujuaq and Salluit. The jobs held by local people ranged from heavy equipment operators to truck drivers, custodians, geological assistants and general labourers.

In general, the work experience was extremely positive, with the local population adapting well to the work at Raglan and performing their jobs in a commendable manner. There were, however, a couple of areas of potential concern which became clear as the project proceeded through 15 months of active development.

Of primary importance to both Falconbridge and the local population is the issue of work culture and the challenge of adapting two very different sets of standards and expectations to achieve a harmonious and productive workforce. Cross cultural training courses were developed for the Management and Supervision working on the Project.

While people from the south grow up imbued with the culture of time clocks and eight hour work days, our experience at Raglan has shown us that the Inuit know a different reality. Adapting to the

rigours of this schedule is clearly a challenge and one which Falconbridge has to recognize and encourage. At the same time, it will be critical for the local workforce to understand that no mining company can operate in isolation from its competitors around the world. A mining company cannot set the price for its products since they are commodities and are set in international markets. The only way to compete, is to keep costs as low as possible and productivity as high as possible. In the mining industry, jobs are extremely interdependent on each other. If one employee fails to complete a task or report for work, it can back up the entire process and affect every other employee on the shift. For this reason, it is going to be extremely important that Falconbridge work with the local population to ensure that the production process is not interrupted by unexplained absenteeism, lateness and the like.

There are many areas where the company can be flexible, an example being the rotation schedule. Many Inuit have expressed concern about being away from their families for the usual four week work rotation. To accommodate this, Falconbridge offered the option of a two week rotation. There are other areas where we can also offer some flexibility. At the same time, local employees are going to have to commit themselves to their responsibilities on the site and be there, on time for scheduled shifts.

Other concerns that arose during the 15 months of active development work were closely related to the issue of "work culture". For example occasions when local employees wished to leave camp to hunt, even if they were in the middle of a shift.

Falconbridge recognizes that "work culture" differences are not solved overnight. Flexibility on the part of the company where possible (as with the varied rotation schedules described above) is important in order to begin to bridge the differences. At the same time, it is our belief that the Inuit workforce has to recognize the realities of the business environment in which we are operating and understand the constraints that are on the company to produce nickel at as low a cost as possible.

Plans for the Future

One of Falconbridge's priorities over the next couple of years is to develop a comprehensive cross-cultural training program in which all employees -- Inuit and southerners -- will participate. The program will focus on helping each culture understand the other and will facilitate the creation of a workforce that truly respects the attitudes and traditions of all employees.

In addition, the development of a human resources strategy aimed at maximizing Inuit involvement in the Raglan workforce is also a priority. Development of this strategy is already underway with the assistance and involvement of the Kativik Regional Employment and Training Committee (KRETC), Inuit employees at Raglan and other mining operations who have experience working with aboriginal people.

Other key issues, which are being addressed is the development of a strategy which will include: adjustment to culture (noted above); the low supply of local job-ready labour and the development of training programs and educational initiatives for Inuit still in school; the question of education standards and meaningful education equivalents for local employees; and a realistic and workable approach to a labour pool dispersed over an extremely wide geographic area.

Conclusion

There isn't any question that one of the key challenges in making Raglan work is to bridge the gap between our perception of the workplace and the Inuit understanding and experience of working with a wage economy.

There isn't any question, either, that for this to happen, both parties have to move toward greater accommodation.

On our part, we have to see the Inuit cultural experience in real terms and find creative and flexible ways to incorporate their lifestyles into our operation. This means more than simply paying lip service to our cultural differences.

On the Inuit part, there has to be an understanding that Raglan cannot operate in isolation and, for the mine to stay in business, it must compete with other operations around the world and produce a product at as low a price possible. For this to happen, workers have to be highly trained, highly motivated and highly productive.

On both parts, there has to be real accommodation and flexibility. It is clear that history has brought many grievances to bear on our relationships with each other. To turn this around will require a concerted effort over the long term and a real move toward accommodation by both non natives and the local aboriginal population.

Finally, despite its cold climate, Nunavik is a warm place to develop a mining project.

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