

ABORIGINAL PEOPLE AND THE MINERALS INDUSTRY:

YUKON AND DENENDEH

ON OUR OWN TERMS

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Man did not weave the web of life. He is merely a strand in it. Whatever he does to the web he does to himself.

*Chief Seattle (a.k.a. Ted Perry),
1854¹*

ACKNOWLEDGMENTS

When I accepted the contract to write this paper, I had never looked at the North from the perspective of developing non-renewable resources. I come from a sustainable resource background so I thought that this would be a wonderful opportunity to look at the North in a different way. The experience exceeded my expectations in innumerable ways. It was an absolute pleasure to meet with the individuals that I interviewed for this work in the mining industry, in government and in the aboriginal community. I am especially filled with awe, joy and wonder at the insight and philosophy illustrated by these aboriginal leaders. Their concern for the land and our people not only of this country but for all people throughout the world touched my heart.

I invite you to read this paper not only with your eyes but to feel it with your heart and your soul. For those of you who work with Indian people this is especially critical. By understanding where we are coming from, you can stop trying to slot us into the white man's world but recognize the strength and the insight our connection with the land gives us as we look to the future. A balanced view towards economic development that includes concern for Mother Earth and its people is what we as 'citizens of the world' want in our hearts. Let us move together into a better way of doing business.

We have to start 'walking the talk' if we want to return this gift of Mother Earth to our children in any kind of good shape. Perhaps non-Indians will allow us to teach them again how to survive in this world as our grandfathers and grandmothers taught their grandparents so long ago.

Executive Summary

Opportunities in the minerals industry abound for those aboriginal communities that are ready to and choose to capitalize on them.

For aboriginal communities wanting to participate in these opportunities, consider the following:

- A Through extensive community consultation, put the vision your community has for its future in a strategic development plan.*

- A Map the traditional and sacred areas surrounding your community and understand where your community will allow this type of development.*

- A Set specific and realistic training objectives and plan for their accomplishment.*

- A Decide what type of participation in the minerals industry is desired (100% ownership; limited ownership and a benefits agreement; no ownership with access and benefits agreements; ownership), and in which phases of the mineral industry that participation will be implemented (exploration; advanced exploration, production, reclamation).*

- A Identify an industry partner that has extensive experience working in the North, is financially healthy and has an excellent record working with aboriginal people.*

- A Closely examine the negotiating experiences of the Kaska people in the Yukon and NANA Regional Corporation in Alaska. Key elements include:*
 - Commitment and involvement by the same aboriginal and company people with real decision-making authority who stay through the whole negotiation phase.*

 - Cultivation of an attitude of cooperation and commitment.*

 - Use an understanding of the mineral industry business as a guide to setting objectives that are reasonable and fair for both parties.*

- Record the agreement simply.*

- Regular reporting by the mining company president to the communities once the mine is operating.*

- Regular community meetings with all members about the mining operations so problems can be addressed immediately and all parties to the development are satisfied.*

Consider additional key elements for mining companies wanting to do business with aboriginal communities:

- A Understand aboriginal culture with the help of the community.*

- A Discover their key dreams and concerns regarding development.*

- A Listen with your heart and soul as well as with your ears.*

I. Introduction

The purpose of this study is to examine the future potential for aboriginal communities who wish to pursue opportunities for economic development in the minerals industry. The main focus is on opportunities in hard-rock and placer mining for Yukon and Denendeh (Western Arctic) communities. A survey of the relevant literature supplemented by interviews with a number of aboriginal leaders, territorial and federal government mining department staff and industry interviews are the main sources of information. The first draft of the paper was submitted to all interviewees for feedback on accuracy, completeness and on content. The final draft was reworked in light of this feedback and the additional comments and guidance provided by Dr. Nick Poushinsky, a Yukon resident consulting to Native groups and the mining industry, and Mike Robinson, the executive director of the Arctic Institute of North America at the University of Calgary, Alberta and Trevor Gonsalves, Assistant Director, Employment Futures, Calgary, Alberta.

A northern context for this discussion is provided in the following section.

A. Northern Context²

Historically, interest and development of mineral resources brought people to the Canadian North. Since then, growth when the mining industry has cycled downwards has been supplemented by the strong presence of government and associated large transfer payments from the South. Expansion of the public and private sectors have relied heavily on support through major government funding programs. General economic growth in Yukon and Northwest Territories (NWT) has been relatively constant over the last 15 years despite sharp changes in the price of commodities.

A very high level of business activity in the mid-1970s and 1980s was due to oil and gas exploration in the Beaufort Sea and was propelled by government incentive programs. Although the boom and bust pattern is repeated throughout NWT, it is largely a regional phenomena with large sections of NWT being unaffected by these bursts of activity.

Settlement of land claims should lead to greater opportunities for economic self-sufficiency of aboriginal people. Large cash settlements spread over a number of years will have an immediate impact which should grow over time. The Council for Yukon Indians expects payment of \$240 million, the Tungavik Federation of Nunavut will receive \$1.148 billion and the Gwich'in claim payment totals \$140 million. The Inuvialuit of the western Arctic are receiving payments which will total \$152 million.³ Surface and subsurface title to the land will give aboriginal groups significant ownership rights. For example, with 6,000 square kilometers (km) of category A lands in the Yukon claim (combined surface and subsurface rights), Yukon First Nations will own an amount of land that is four times the amount of land subject to mining claims in Yukon.⁴ A significant amount of land will also be in the hands of NWT aboriginal groups by the end of the land claims process.

Despite depressed world prices for mineral and hydrocarbon resources and the high cost of doing

² The first part of this section relies heavily on Resource Futures International's 1992 Background Paper on Sustainable Development In The North, Ottawa:Environment and Renewable Resources Directorate, Department of Indian Affairs and Northern Development.

³ These costs will be net of the very expensive costs of the negotiation phase.

⁴ Rob McIntyre, Executive Director, Yukon Chamber of Mines, Whitehorse Yukon, personal communication April 29, 1993.

business in the North, the next three to five year outlook for large-scale resource development is excellent especially in the NWT. "There is high potential for base metal mining at Izok Lake and diamond production near Lac de Gras."⁵ *Mining operations include the recently closed Sa Dena Hes and Faro mines in Yukon, several gold mines around Yellowknife (Giant, Nerco Con and Ptarmigan) and three mines in the eastern Arctic. Diamond exploration in the western Arctic has increased over the past year and interest is building in the Izok mining project located in western Nunavut near traditional Denendeh land.*

Territorial governments have fashioned their economic strategies to address barriers to development.

"Programs focus on economic diversity and flexibility, self-reliance, human resource development, matching development programs to community values, using technology and scale appropriate to the skills and traditions of local residents"⁶

and encouraging replacement of southern suppliers with northern suppliers of goods, services and labour. Successful strategies recognize the co-existence in the North of a range of economic activities of a capital-intensive industrial nature at one end of a continuum to a significant group that follow a traditional hunting and trapping lifestyle at the other end. Many aboriginal residents successfully move along the spectrum of these activities within any year and over the course of their lifetime.

The growth of the private business sector has become a significant factor in the Canadian economy as a major source of new employment. This sector is growing in the North with further expansion relying on major resource development and associated business spin-off opportunities. Necessary infrastructure to support further business growth is improving in the North especially in quality of education programs and communication. Without major development, regional tax bases remain limited requiring continued government subsidization. Current subsidization levels will have to drop given the \$ 700 billion dollar national debt.

Approximately 80,000 people live in the North with 65 NWT communities and camps and 17 in

⁵ Based on a personal conversation with Dave Nutter, Director, Minerals and Economic Analysis, Indian Affairs and Northern Development, Yellowknife.

⁶ Resource Futures International, p4.

Yukon.⁷ *Twenty five percent of the NWT population live in Yellowknife and more than 60% of Yukoners live in Whitehorse. While more than 50% of NWT population are younger than 25, only 20% of Yukoners fall into that category. Birthrates are far higher for the aboriginal population than for the non-aboriginal population. One explanation for the difference in age profiles between the territories is based on the difference in proportion of the aboriginal population. One-quarter of the population in Yukon are of aboriginal ancestry compared to three-fifths of the total population in NWT. Isolated aboriginal communities tend towards higher rates of natural increase where lifestyles tend to be on the land and the extended family is an integral part of the support system in local society. With a growing population comes greater pressure on aboriginal leaders to increase the economic base to support those who choose to remain in their home communities.*

The challenge for aboriginal leaders throughout the country, is to protect the options for variety in lifestyle choices within their membership. It becomes exceptionally critical in the North where elements of a traditional lifestyle are integral to many aboriginal people. These individuals may go out onto the land to hunt, fish or pick berries for a portion or all of the year. They need support of their communities and all levels of government in pursuing lifestyle choices that allow them to work to their strengths and to be happy, productive community members involved in full-time or seasonal wage employment or business operation. Appropriate educational and training opportunities are also necessary to develop skill levels. Programs are more successful when the planning process for these opportunities are community based and are linked to the aspirations of the residents.⁸

Nonetheless recognizing the validity of these lifestyle choices is a necessary prerequisite in supporting the aspirations of the northern aboriginal community. To label these choices as "problems" does not reflect the reality that some Canadians choose to follow a different way of life than others and are fully entitled to do so in our democratic society.⁹

7 ⁷Resource Futures International.

8 ⁸Frances Abele, personal conversation. Chief James Ross of Fort McPherson, NWT encourages his people to train to be whatever they want. He knows that then they will be inspired and committed to the long educational process.

9 ⁹This view was eloquently expressed for Newfoundlanders in the 1986 report Building on Our Strengths, Report of the Royal Commission on Employment and Unemployment. St. John's: Royal Commission.

This challenge to follow a healthy and productive way of life within the aboriginal community is compounded by critical social problems such as high dropout rates, addiction and abuse problems. These challenges are increasingly being recognized and dealt with across the North. The very negative residential school experience for some of the community who are now thirty to sixty-five years of age also has incredible repercussions for members who are still coming to terms with impact on their culture, traditions and parenting skills. However, change is occurring and positive signs include innovative approaches to education where future leaders are groomed in a special NWT program for northern high school students; growing success in incorporating traditional knowledge in approaches to science, justice, health and noticeable community disapproval for displays of addiction or abuse in their political leaders. The connection with the land and the aspirations of our people guide our leaders as they set their economic development strategies.

In order to understand the attitude of aboriginal people to the myriad of issues that affect our interaction with mainstream society today, one must look to our past and our beliefs about this world and the role we play in it. The following observations provide a basis for appreciating the rationale for positions taken by aboriginal people for example, on land claims issues, education, economic development, and most importantly preservation of culture, tradition and our relationship with the land and future generations. Understanding comes not only through the brain but through the heart and soul.

B. ABORIGINAL CONTEXT

According to Julie Cruickshank,¹⁰ *western societies pay attention to material things and those who have a lot of material objects are considered "wealthy." She contrasts the material objects of the Pacific Northwest Coast cultures and its displays of magnificent totem poles, masks and carved wooden boxes with the culture of the Subarctic hunting people who lived in Yukon and NWT. For Subarctic people, extra possessions were an encumbrance which slowed down travel. Malleable copper and gold were of value to these people not as a means to wealth but in their use for trade and in tools. They did not have access to a stable, predictable food source which the westcoast Indians enjoyed in which annual salmon runs allowed them to settle in villages. Instead,*

10 ¹⁰Julie Cruickshank. 1991. Dan Dha Ts'edeninth'e Reading Voices Oral and Written Interpretations of the Yukon's Past Vancouver, BC: Douglas & McIntyre. p65.

Subarctic people developed a material culture based on principles that could be combined in a number of ways.

Portability was essential. It was important to keep material baggage to a minimum so that only absolute necessities were carried from place to place. Adaptability was another principle which affected material culture. A snare, for example, can be made to trap small animals like ground squirrels, or large animals like moose and caribou. What is critical is to learn the idea of how a snare is used and the rules for how it is constructed. Then snares can be made when and where they are needed. They can be used, discarded, and made again the next time. "Wealth" in this kind of culture is carried in the head instead of on the back. It is passed on from one generation to another through oral tradition. Oral tradition is a complex and intricate art form in Yukon. It weighs nothing and can accompany a traveler everywhere, but it does not appear in museums.

Part of the genius of the Subarctic culture is the ability to take materials like bone, stone, wood, skins, bark and copper and transform them into necessities like clothing and shelter, tools and transportation.¹¹

By the 1870s rumours of mineral wealth on Yukon River were drawing increasing numbers of white prospectors, government officials and trappers to this area. By the 1880s, the Tlingit-speaking peoples of southern Yukon were finding it extremely difficult to retain monopoly control of the three mountain passes from coast to interior from which they had always controlled the flow of outsiders to Yukon. Some of the differences in attitudes towards the land, its resources and how aboriginal people see their role in the world in contrast to white society can be illustrated by the following examples.

A geologist named Joseph Keele compared the methods of white trappers with those of Native trappers: "the former arrived with provisions, built a cabin and trapped intensively in one area until all the furs were gone; the latter "seldom trap a locality out, as they are forced to move their camps often in search of game, and consequently trap lightly over a large area." His comments were echoed by Poole Field, a trader on the Pelly River from 1903-1913, who observed of Native trappers that

they are continually on the move, only stopping a few days in one place, and cover a large tract of country that it leaves plenty to breed from, so although an Indian kills a lot of game in the year he does the country very little harm.¹²

11 ¹¹Julie Cruickshank, p68.

12 ¹²Julie Cruickshank, p93.

This inherent attitude of stewardship of resources on which their very survival depends is further illustrated in a comparison passed on by Willy Joe of Champagne, Yukon.

The difference between a white man's fire and an Indian's fire is that a white man's fire is big and you stand far back, while an Indian's fire is small and you stand close in. We conserve our resources as efficiently as possible because we must.¹³

Julie Cruickshank compares the perspectives regarding mother nature taken by the majority of white visitors to the North with the aboriginal people who lived there.

"SUBDUE IT AND HAVE DOMINION"

Principles of spirituality in nineteenth-century Christianity and Native American traditions reflect two very different views of society. In the Judeo-Christian tradition, human beings are given a more important role than other creatures and a role outside of nature. In fact, the Bible states that at the beginning of time God told people to "replenish the earth and subdue it: and have dominion over the fish of the sea, and over the fowl of the air, and over every living thing that moveth upon the earth" (Genesis 1:28).

This philosophy was especially popular in Europe during the 1800s. Following the industrial revolution, Man (though never Woman) was seen as capable of conquering nature with the assistance of machines.

By contrast, in Native American traditions, animals and humans share the world. The spirits and power of animals can be sensed in the land, the water, and in all living things. A fundamental principle of such spiritual traditions is that humans must not show arrogant disregard of their environment or everyone will pay a price.

Throughout European history, one can find evidence of a similar tradition. There are poets, scientists and religious devotees who speak of the nonhuman world, and of non-European cultures, with great respect. But in the eighteenth and nineteenth centuries, these voices had little impact on the way most Europeans conducted their affairs. As forests are destroyed, as the ozone layer thins, and as garbage builds up to life-threatening proportions, the principles underlying Native American traditions are now gaining a wider audience.¹⁴

This attitude towards nature and Mother Earth was echoed in 1854 by Chief Seattle (a.k.a. Ted Perry) in a speech in response to the American government's attempt to push his people onto a

13 ¹³ Willie Joe is a member of the Champagne and Aishihik First Nations and is a consultant for local aboriginal communities. (personal communication, May 2, 1993)

14 ¹⁴ Julie Cruickshank, p103.

reserve and give them a treaty later. They were reported in an article by George Blondin¹⁵ urging leaders in the Dogrib nation's land claim negotiations to remember the Chief's words.

Chief Seattle (a.k.a. Ted Perry) said that it was hard to understand the white people's terms of buying and selling land. How can you sell the sun, moon, air, land and water if you don't own them. They belong to nature and the creator, for everybody to use. We see the earth as a mother feeding its children. Every part of the earth is a part of my mother earth. We believe the sky is where our mother earth was born.

The graves of our people are sacred to us, the chief said. It is holy ground to us. So that makes the whole earth sacred to us. That is why we can't buy and sell like the white people. We believe in different ways. I can't understand that I am a savage, he said. I saw white people kill thousands of buffalo from a train. And later we starved because there were no more buffalo. I can't understand their ways and I never will. All our people teach their children that the ground under your feet that you walk on is the ashes of your grandfather. That is so they will develop respect for mother earth, and take care of mother earth.

If you don't respect and care for mother earth, in the future you will get into trouble, he said. You would have no more a healthy mother earth. And that would give everybody problems. Whatever befalls the earth befalls the son of the earth, the chief said to the white people. Man did not weave the web of life. He is merely a strand in it. Whatever he does to the web he does to himself.

Everybody would be in trouble towards the end, he said. The white people would vanish from the earth first, because we who continue to contaminate our bed shall suffocate in our own waste. The native people shall vanish later. Our world will only be a memory.

This attitude towards the land is complemented by the insights shared by Mark Wedge, Chair of Dana Naye Ventures.¹⁶ He says that in order to understand us you must understand our system of values. In our culture, the individual is not the main focus as in western society. Great emphasis is placed on family, community and the nation. For individuals there are four steps in the process of transition from childhood into adulthood. First, traditional values must be learned and understood from our elders and our parents. Skills must be acquired which prepare the person to pursue a vision quest. The quest is carried out in a special place where the person seeks a vision. Finally, the person strives to live the vision.

15 ¹⁵George Blondin.

16 ¹⁶Mark Wedge is a member of the Carcross/Tagish First Nations and has had extensive experience in the whole Yukon aboriginal economic development process.

To illustrate the place our society holds in the world view, Mark shared a story about a young boy who always taunted the salmon.

One day the little boy was playing on the edge of the river, fell in and turned into a salmon. He swam downstream across the country until eventually he reached the ocean. Along the way, he saw how the fish fed the people who lived on the banks of the river. When he got to the ocean, he saw how the fish fed the people of the world. Mark says the role of our people are like those fish and we are here to feed the people of the world. Our food is food for the soul of mankind. This spiritual attitude is evident when we make decisions based on the premise- what can I give? The question is not 'What can I get?'

The next section describes mining and the minerals industry in the context of the Canadian and global economies.

II. Mining in the Canadian and Global Economies

A. The Mining Process

The minerals industry includes sand, gravel, cutting stone, (controlled by owner of surface rights) base and precious metals including diamonds.¹⁷ Opportunities for aboriginal communities exist for participation in all mining phases which are exploration, advanced exploration, production and reclamation. The exploration phase includes individuals prospecting; doing geological mapping and surveying; and taking geological samples in likely mineral areas. A number of aboriginal individuals prospect in both territories with special prospecting courses being very popular. This is the least expensive phase and is most compatible with traditional bush skills. Support for field crews include sampling and surveying, operating bush camps for the crews, line cutting and claim staking. A first class expediting service should be a target of aboriginal communities since an expediter can influence the spending habits of companies.¹⁸

¹⁷ This description of the mining industry is based to a great extent of a conversation with Hans Matthews personal communication May 18, 1993 Founder and director of the Canadian Aboriginal Minerals Association. The mandate of the organization based on survey results is to increase the awareness of benefits and opportunities in the mineral industry for Aboriginal communities and individuals. Its top priorities are the environment, employment and training, and economic development.

¹⁸ Bob McPherson, personal communication, former geological consultant in land claims negotiations for the Inuit and currently a research associate at the Arctic Institute of North America, University of Calgary.

Advanced exploration is the next phase and includes such activities as detailed diamond drilling and bulk sampling of surface and underground material. The level of necessary technical skill increases with each phase but there are still spin-off opportunities such as providing aviation support and base camps for geologists. Most activities in this phase are carried out by junior mining companies

Once the decision to produce a mineral deposit has been made, then the third phase is production and the construction of a mine begins. This is a very expensive phase and the major mining companies get involved by buying the junior companies out. Technical skills are required but opportunities exist for training individuals in entry level positions in administration and actual mining. There are business spin-off opportunities such as trucking and building infrastructure such as building and maintaining roads. The actual extraction of minerals from the ground occurs in this phase.¹⁹

The final phase is reclamation which means making best efforts to return the mining site to its original state. Alternatively, the land may be prepared for other uses such as turning an old quarry into a trout pond or planting wild rice in a bog that was formed from a mining operation. Efforts are made to reshape mining pits, rock dumps and the residue of mining activity (tailings) so that they blend in with the local landscape. Often the results are more pleasing to the eye but reclamation efforts have not been perfected and best estimates indicate that these efforts are able to restore the land to, at most, only 50% of its original condition..

It is important to understand the minerals industry business in order to make reasonable demands on a mining company regarding such things as community benefits, equity participation, or royalty payments. Not only is the industry subject to unpredictable world commodity prices, two phases in the mining process (the advanced exploration, mine development) are especially high risk and expensive requiring mining companies to follow an aggressive debt management strategy. It is estimated that costs for developing mines in the North range from less than \$50 million to more than \$600 million.²⁰

19 ¹⁹This may be too conservative of an estimate according to Dave Nutter, DIAND.

20 ²⁰Dave Nutter.

Over the average life of the mine (often between 10 and 15 years), the company must recover its investment, earn a profit that makes it worthwhile to take the risk in the first place and also have money available to invest in further exploration programs. There is tremendous pressure to use revenues from operations to repay the investment costs as quickly as possible and that usually occurs within the first two or three years of operation. This strategy allows the mining company the freedom to shut a mine down when commodity prices are low and incur a modest loss knowing full well that profits will be made later when prices rise.

B. Canadian & Global Context²¹

The worldwide economic recession has had a major impact on the economic performance of the minerals and metals industry in Canada and on Canada's international trading partners. Demand for most mineral commodities is slow within Canada, with general aggregate demand mostly affected by low consumer confidence, depressed business investment and poor corporate performance.

With Canada's reliance on the international market, much of the national industry's economic performance is directly related to the United States, Japan and member countries of the European Economic Community. Recessionary pressures on these economies continued throughout 1991 as reflected in dropping demand which will continue until these major consumers experience substantial economic recovery. Mineral and metals prices dropped with the weak world economy throughout 1991. Prices are beyond the control of Canadian producers since they are set in international markets and depend on world economic conditions.

Despite these obstacles, Canada remains a leading producer and trader of minerals in world terms. Canada leads the world in production of zinc and uranium concentrates and holds second place in gypsum, potash, nickel and asbestos, fourth in copper and fifth place in the production of gold. The mining sector also remains an important sector within the Canadian economy providing direct employment to more than 100,000 people. Many more take advantage of spin-off opportunities from mining activity including transportation, services and equipment supply. Future

²¹The following discussion of the role of the mining sector in the Canadian economy within the context of the global economy is based in large part on the Mining Association of Canada's 1992 publication, Mining In Canada: Facts and Figures.

prospects for this industry seem positive since the world economic situation has such great room for improvement. Exploration activities in Canada increased by 10% from 1989 to 1990 with the bulk of the effort directed at gold (almost 59% of total expenditures).

The next sections examine the place held by the minerals sector in the economies of Yukon and Denendeh and for their aboriginal communities.

III. Minerals Sector in Yukon

The mineral industry in the North began in earnest in 1896 when the news of the Klondike gold discovery in Yukon first reached the outside world.²² The discovery, near Dawson, Yukon resulted in more than 40,000 prospectors searching for gold throughout the Klondike until the turn of the century. This established the Klondike as one of the great placer gold fields of the world with approximately 194 placer operations operating today, employing 700 people seasonally.²³

The total value of mineral production in 1991 was \$346 million which is down from last year's \$541 million principally because of depressed zinc and lead prices. Yukon accounted for 13.2% of the zinc, 39.8% of the lead and 2.8% of the gold produced in Canada in 1991. Total metallic mineral production amounted to 3.25% of the total value of Canada's production. In terms of value, gold production from placer mine operations was second in value to zinc-lead output from Curragh Resources' three mines Vangorda, Faro and Sa Dena Hes. These mines employed 510 mine workers at year end 1991 but are currently closed. Mineral exploration for approximately 60 projects amounted to \$16 million in expenditures primarily by seven major mining companies during 1991.

Government support for the industry includes a five-year Canada Yukon Mineral Agreement that provides for \$9 million in expenditures supporting the mining sector including geological mapping (\$6.3 million), mineral technology (\$1.8 million) and public information on mining (\$.9 million). Favorable corporate and personal tax rates encourage Yukon business activity. Necessary

²² This profile relies to a large extent on Mines and Mineral Activities 1991 Northern Affairs Program Indian Affairs and Northern Development, Ottawa, 1992.

²³ Mines and Mineral Activities 1991, p34.

infrastructure for supporting mineral exploration and development is already in place. Once considered remote, today's Yukon can be easily reached via daily jet service from southern Canada, regular service from Alaska and a comprehensive all-weather highway system. Yukon highways also access the tidewater ports at Skagway and Haines, Alaska - perfect positioning for access to growing Pacific Rim markets. Over 1600 businesses, ranging from major equipment distributors to independent expeditors, are registered in the territory. Finally, negotiations concluding a land claim agreement are on track which when finalized will promote a more stable investment climate.²⁴

Mark Wedge provides his perspective on opportunities for First Nations in mining.

Mining legislation comes from the attitude taken by "developing nations" that is, where early explorers, cartographers and prospectors came to Yukon looking for what they could take away for themselves or for Britain and Scotland. They did not come to Yukon to settle permanently and die here as every Yukon Indian does even if an Indian leaves for a little while.

That legislation is catching up to us because it is based on the concept of taking and not giving for future generations. We have to be cognizant of the importance of taking care of the environment so that we seek quality of lifestyle reflecting a traditional aboriginal perspective and not quantity of lifestyle which has been western society's overriding imperative to date. It has led to the sickness of our planet. Cost estimates for cleaning up the current northern environmental residue left from mining projects is greater than revenues earned to date on removing those minerals from the North.

Aboriginal people involvement in the mining industry has been minor with some employment and prospecting opportunities. Although recently shutdown, the experience of the Kaska Dena Nation with the Sa Dena Hes Mine is the only Yukon example of a successfully negotiated agreement between a mining company and a First Nations group. The agreement itself is confidential and will be discussed generally regarding provisions for training, employment and business opportunities for the Kaska people but first the negotiation process will be reviewed.

Sa Dena Hes Mining Project

In 1989, Curragh Resources (Curragh) and Hillsborough Resources formed an 80%-20% joint venture called the Mount Hundere project. It is located on Kaska First Nations traditional lands in the lower southeast portion of the territory in the vicinity of Watson Lake. Three aboriginal settlements in close proximity to the mine are Lower Post, Two and Half Mile and Liard. Curragh recognized the need to reach some kind of agreement with the Kaska people. Although the Kaska peoples' policy was no development until land claims are settled, Curragh made initial overtures at negotiation which were successful in getting the Kaska people to the table. According to Dr. Nick Poushinsky²⁵, the Kaska people recognized that being a partner in a mine development project involves risk but not being involved also carries risk. Once negotiations were underway the name of the project changed to Sa Dena Hes which means Old Timer Mountain and was one indicator of Curragh's serious intention to work with the Kaska people.²⁶

Key factors leading to a successful relationship with Curragh included open and honest communication between the parties from the very beginning of the project; commitment on both sides to build a relationship based on trust; and using the same negotiation teams who had real decision-making authority for their respective interest groups.²⁷ Company vice-president, Marvin Pelly, represented Curragh while the Kaska team included Jean Gleason, Bob Ward and initially Willy Joe.²⁸ Reaching an agreement took approximately one and half years.

Curragh was seen by the Kaska people not only to genuinely listen to their concerns but they took time with the Kaska to learn about their ways.²⁹ An attitude of cooperation and commitment was cultivated which benefited all parties. It is important to recognize that the Kaska people were

25 ²⁵Personal communication, May, 1993.

26 ²⁶Two agreements appear in Appendix A. The first is the Mt. Hundere Socio-Economic Agreement between Curragh, YTG, Watson Lake and Kaska Dena First Nation. The second is the Business and Employment Opportunities Accord between YTG and Curragh Resources.

27 ²⁷Jean Gleason, personal communication May, 1993.

28 ²⁸Bob Ward is a consultant for local communities and Jean Gleason is president of Kaska Dena Council among other duties for the Lower Post Band.

29 ²⁹This information is based on personal communications with Dr. Nick Poushinsky.

committed to striking a balance between traditional ways and proper management of the development process. The Kaska people feel having an agreement with Curragh is only as good as the cooperative relationship which exists between the parties. Of course, the Kaska people monitor Curragh's activities in light of company responsibilities while ensuring the Kaska people meet their obligations to the company.

The Kaska people feel that a simple agreement is critical. The final agreement between Curragh and the Kaska people is approximately ten pages in length. It is fairly simple and straightforward compared to some of the long, highly technical documents which are possible in these situations.³⁰ The agreement works because both parties worked out a way to make it work and to trust in each other to make it work.

Important issues for the Kaska people included remuneration to trappers whose trapping areas are affected, impact on the communities in terms of employment and business opportunities for community members.³¹ Other objectives included increasing Kaska control over resource development on the land; preservation of choice, that is, the traditional way of those who want it and opportunities for jobs and business spin-offs for those who want it; and minimizing the negative impact of development while maximizing the benefits. Understanding and discussing the impact on the communities with the influx of outside employees into the area was also important.

An acceptable formula for remuneration to trappers was never worked out but the final agreement did reflect employment and training issues, preferential contracting opportunities for local businesses and a chance at equity participation.³² Some of the specifics of the agreement are discussed in the next section.³³

30 ³⁰See Appendices A and B for examples of the technical documents that exist between mining companies, First Nations and with governments. It is important to note that binding legal documents can be written very simply and can be understood by everyone. The Alberta Bar Association has people teaching lawyers how to take the legalese out of the documents and put them into English.

31 ³¹Willy Joe, negotiator personal communication April 28, 1993.

32 ³²The information on the agreement is based on personal communications with Jean Gleason and Dr. Nick Poushinsky.

33 ³³Based on personal communications with Dr. Nick Poushinsky.

A three year option was granted to the Kaska people to acquire up to 5% of Sa Dena Hes at a price to be negotiated at the date of the deal. (It should be noted that no major mining project requires aboriginal capital since the mining company will have all of its financing in place when it decides to enter production.)³⁴ If the joint venture partners (Curragh and Hillsborough) received any revenues from the operation during this period then the potential share for the Kaska people was put aside and given to the Kaska if and when they exercised their option.³⁵ The option could not be sold or acquired by any other party. This option has not been exercised but if it had been exercised the Kaska people would have been exposed to some potential financial risk as owners, especially in view of the financial difficulties of Curragh and the subsequent closing of the mine. The financial health of the mining company and an understanding of the state of the industry must be examined before exposing a community to this type of risk.

A management committee was struck with equal representation by Curragh, Hillsborough and the Kaska. Although the Kaska were non-voting members until they exercised the option, they were without exception party to all management committee meetings. The management committee met regularly every three or four months.

The next section profiles Denendeh's minerals sector and the involvement of its aboriginal communities.

IV. Minerals Sector in Denendeh

A wealth of natural mineral resources³⁶ has played a significant role in development of infrastructure, employment and business opportunities for northerners. Inuit and Yellowknife-area aboriginal people traded copper from the Bathurst Inlet and Coppermine River areas until the 1920s. The first European mining operation in 1577 mined 1800 tonnes of ore which was found to

³⁴ Bob McPherson, personal communication.

³⁵ This sort of benefit only has value if revenues are shared and not net profits since net profits are non-existent in the first ten years in the life of a typical mine according to the material contained in Appendix A regarding tax models and cash flow analysis for mines in Yukon.

³⁶ This historical and present-day overview draws heavily from [NWT Mineral Sector Report 1991](#) Northwest Territories Energy, Mines & Petroleum Resources.

be worthless. In 1771, a Dene chief named Matonabee, guided Samuel Hearne of the Hudson's Bay Company to copper showings near the Coppermine River. In the 1890s, aboriginal people led prospectors on their way to Yukon gold rush to lead-zinc showings in the Pine Point area. Both these discoveries were not considered worthwhile enough to develop.

The first mine in NWT opened in 1932 and operated at Port Radium until 1982. Uranium, silver, cobalt, nickel, lead, copper and radium were produced at the Eldorado Mine near Great Bear Lake. Indirect benefits flowed to aircraft and barge operators and to companies such as Northern Transportation Company Limited (Eldorado Mine's barge operation). The first gold rush saw Cominco's Con Mine pour its first gold brick in 1938. A second gold rush interrupted by W.W.II eventually resulted in the discovery of Giant Mine's deposit near Yellowknife in 1944. Twenty one gold mines have operated and shut-down over the last fifty years.³⁷ Lead and zinc production has surpassed gold and were mined at the Pine Point mine in 1964 until the mid-eighties, the Nanisivik Mine in 1976 and the Polaris Mine in 1982.³⁸

Infrastructure support for these mineral development activities benefit communities in these areas. As transportation problems are solved by mining companies, other activities such as tourism, outfitting and hunting benefit from access to remote areas provided by industry ice roads and air strips. Feasibility studies are currently being conducted for a marine facility on the Coronation Gulf for use by the Izok mining project directly south and for shipping goods to remote communities. The participation of aboriginal people in the mining industry has been largely as employees. In 1990, 10% of the average 2285 full-time positions in the mining industry were held by aboriginal employees. This declined to 140 aboriginal employees in 1991 largely due to closure of the Colomac operation. This operation had employed 350 people with approximately 25% from nearby native communities.

"Mining is the single largest private sector, goods producing, export dollar earning industry in NWT. Data for 1990 shows mining plus oil and gas account for 26% of the territorial gross domestic product and 13% of wages and salaries."³⁹ In 1991, NWT produced 20.7% of Canada's

37 ³⁷Dave Nutter, DIAND.

38 ³⁸ See Appendix B for Nanisivik and Polaris legal agreements.

39 ³⁹NWT Mineral Sector Report p1.

zinc, 13.1% of its lead, 9.4% of its gold and 1.6% of its silver.⁴⁰ Current mining operations in Denendeh include Nerco-Con Mine, Giant Mine, and Ptarmigan Mine.

Nerco Con operating in Yellowknife increased its gold production in 1991 by 5%. It had 15 to 20 aboriginal employees or 4% - 15% of their 389 member workforce. Giant, operated by Royal Oak Mines Limited, mines gold in Yellowknife and employed 10 aboriginal people (3%) of 337 employees. Finally, Ptarmigan, another gold mine is operated by Treminco Resources Limited 15 km northeast of Yellowknife. It has one aboriginal employee out of 29 employees.⁴¹

While these employment statistics are quite low, the reasons could be that aboriginal people are not taking advantage of training opportunities if, in fact, the company does offer on-the-job training or training scholarships. There have been times when response to opportunities for employment or business spin-offs, directed specifically at aboriginal people have met with little or no response. This phenomenon was noted for the general northern population in a consulting report called Strategies To Improve Northwest Territories Business Opportunities Related To Mining And Exploration.⁴²

We had expected to find northern businesses vitally interested in expanding their market base through provision of goods and services to mining and exploration companies. We found firms interested in expanding their business base, but not aggressively so. There appears to be a substantial amount of business complacency in certain of the NWT communities. A good deal of business already exists, particularly with the various levels of government as customers. While we found some very aggressive firms, we were disappointed with the overall level of business hunger that we encountered.⁴³

In order for these mines to remain profitable during the current period of low metal prices, companies have increased production capacity and reduced operating costs. "Gold remains a favourite exploration target due to NWT's favourable geology, low land acquisition costs, high

40 ⁴⁰NWT Mineral Sector Report p2.

41 ⁴¹These statistics are from the GNWT - Department of Energy, Mines and Petroleum Resources, 1992.

42 ⁴²The authors are Stevenson Kellogg Ernst & Whinney and the 1987 document was prepared for Energy, Mines and Resources Secretariat and the Department of Economic Development and Tourism, GNWT.

43 ⁴³Stevenson et.al., p26.

expected success rates, the high unit value of gold production and the lowest royalty rates in Canada.⁴⁴ Another attractive item are diamonds as evidenced by the recent Lac De Gras diamond staking rush in the central NWT covering an area approximately 58,000 square kilometers.⁴⁵ It is probably the largest staking rush in recent years in North America. To date there has been little opportunity for aboriginal employment. If in five or ten years, it is decided that a mine is financially feasible then 300 to 400 skilled people could find employment.

While the mining industry waits for recovery of world prices, a federal-territorial initiative is pumping \$8.2 million into four initiatives for the 1991 - 1996 period. The \$7.5 million geoscience initiative supports mineral exploration by developing an information base to identify areas with the most favourable production potential. A \$200,000 technology initiative will support costs of improving mining and processing operations in northern climates including through technological innovation. An information initiative will encourage northern residents to participate in the mining sector through business and employment opportunities. Finally, \$300,000 is available through the prospectors initiative to support training, grubstakes and employment incentives for resident prospectors. The final section examines the future potential of the minerals sector in Yukon and Denendeh and strategies for those aboriginal communities who want to get involved.

V. Future Prospects for Yukon and Denendeh's Minerals Sector

A. What role if any, does participation in the mining industry play in the aboriginal community's vision for itself?

Federal and territorial governments, industry and aboriginal communities generally agree that non-renewable resource development is a key strategy for future job creation and spin-off opportunities for businesses in that sector and in other sectors of the economy. Each aboriginal community must develop its vision for its future and the necessary steps to achieve it in a strategic economic development plan. Then it becomes clear whether or not opportunities exist in the minerals industry and what type of opportunities those will be. For example, a community with a large number of hunters and trappers may not be interested in developing any mineral

44 ⁴⁴NWT Mineral Sector Report p16.

45 ⁴⁵Dave Nutter, DIAND.

opportunity, whereas other communities will be prepared to consider and plan for their participation in the industry. On the other hand, hunters and trappers can make good prospectors as they do at Stanley Mission, Saskatchewan.⁴⁶

Consideration can be given to the benefits of forging cooperative alliances with the industry and the community. One such strategy is spearheaded by Rob McIntyre, Director of the Chamber of Mines in Whitehorse, Yukon.⁴⁷ A need was identified to form a partnership of key Yukon players with interests in developing the minerals industry. They could come together, define needs and expectations and liaise with any mining companies that want to do business in Yukon within Yukon First Nations/Mining Industry Joint Committee. The parameters have been agreed upon by the Chamber of Mines' board but it has stalled with the Council of Yukon Indians. This is likely due to great pressures accompanying critical land claims ratification for Yukon First Nations that is only now in the final stage of resolution. The idea of such a committee has merit especially in facilitating a process of development that makes sense for all Yukon community members. This committee will be a necessary forum for sharing information, developing sensible policy and bridging the sharp divisions that currently exist between First Nations and other Yukoners.

The consensus among the First Nations leaders interviewed for this paper⁴⁸ is that a place exists for economic development of non-renewable resources in their respective community plans. They differ on the timing of that development but it is clear that they want an active role in any development that directly impacts on their communities. Development possibilities will be pursued but on their own terms.

46 ⁴⁶Bob McPherson, personal communication.

47 ⁴⁷Personal communication.

48 ⁴⁸Chief George Johnson, Kluane Tribal Council, Burwash Landing, Yukon (personal communication, April 27, 1993); Chief Paul Birkel, Champagne and Aishihik First Nations, Haines Junction, Yukon; (personal communication, April 30, 1993); Chief Ann Bayne, Liard First Nation, Watson Lake, Yukon (personal communication, April 30, 1993); Ethel Blondin- Andrew-Andrew MP Western Arctic (personal communication, May 13, 1993); John Shively, president of NANA Development Corporation, Alaska (personal communication, May 17, 1993), John Schaeffer, Director of Business Development for NANA Regional Corporation, former president of NANA Regional Corporation (personal communication, May 19, 1993).

B. Yukon First Nation Leaders on Mining Opportunities

Chief Ann Bayne supports development for her community but first the healing process from addictions and other social problems must be well underway, then programs will be put in place for training and upgrading of skills to take advantage of economic development opportunities.⁴⁹ She feels that significant progress in these phases of community development must occur before her community is ready to pursue economic development opportunities beyond what they already are doing.

Chief Paul Birckel agrees with Chief Bayne that healing and training needs in his community must be met but his strategy is to promote healing, provide training and aggressively pursue economic development opportunities simultaneously. His rationale is that firstly, band members who are successfully employed and enjoying the benefits of a regular paycheque are wonderful role models for other band members to go through the healing and training process and become employed. This would be a personal choice made by an individual that might be of greater value than being lectured to about the need for healing and training. Secondly, if there are no jobs to go into immediately following the healing and training phases then it will be very easy for members to slide back into destructive, frustrated behaviours.

Chief George Johnson sees possibilities for his community in the minerals sector. He sees these opportunities being developed by the next generation of his band, including his children who are currently being educated in MBA and law degree programs. They will understand the whiteman's way of doing business. He sees his job as building a foundation for tomorrow's generation. He wants to focus on healing and training band members now, so that no one is left behind when the new leadership pursues economic development.

Mark Wedge comments that developing non-renewable resources can occur but must not be at the expense of renewable resources. One way to accomplish this is by changing the basis of mining legislation which is currently competitive (the first stake wins) to encouraging and rewarding cooperation. For example, the exploration phase can be the most disruptive phase in

⁴⁹ Her views are echoed across the country including by Ovide Mercredi, Grand Chief of the Assembly of First Nations and in such projects as the Arctic Institute of North America's project at Lac Le Martre, NWT. In a project on traditional native justice, it was recommended that healing must occur in the communities wanting a traditional native justice program.

terms of the natural environment where thousands of holes are made.⁵⁰ Surface stripping destroys vegetation and the sludge from diamond drill work can contaminate the environment.

It is estimated that only one in 5,000 to 10,000 discoveries is financially feasible to develop into a mine.⁵¹ Exploration efforts could be coordinated and information shared by mining companies to minimize the impact on the environment while benefits pass to the companies. Mark advises mining companies to include First Nations people in the planning stages because "we know our land intimately and likely discovered every mineral deposit that has been mined and many that haven't."⁵² This insight into what lies under the land may be used to minimize the number of holes that are made in the exploration phase recognizing the fact that many mineral deposits are also found thousands of feet beneath the earth's surface.⁵³

Finally, he suggests setting base metal prices internationally so that mining companies around the world can be competitive and meet the pressures to be environmentally responsible and still make a profit.⁵⁴ Other strategies could include educating shareholders to demand this conservational approach of the companies they invest in and encourage them by demanding reasonable dividends (rather than maximum dividends). Looking after mother earth does not come cheaply.

50 ⁵⁰From Mark's perspective of the environment, these holes are disruptive to the earth. Many proponents of the mining industry interviewed for this paper disagree and say that there is minimal environmental impact in this activity. This is another example of how attitudes vary when looking at the same issue from a fundamentally different orientation to the land.

51 ⁵¹Hans Matthews, personal communication.

52 ⁵²Willy Joe mentioned that he has relatives who will carry the secret of mineral wealth they know exists, to their graves so that a repeat of the terrible gold rush with all the outsiders, is never repeated again. They will not share it even with their own families.

53 ⁵³Dave Nutter, DIAND. This sharing of industry information could be done between oil and gas companies and mining companies in an effort to be environmentally sensitive. This idea could be promoted by all levels of government. Proponents of this concept at Energy Mines and Resources in Yellowknife have unsuccessfully promoted this idea for a number of years but unfortunately have been unsuccessful in having any significant impact on policy to date.

54 ⁵⁴Likely Dave Nutter captures the industry's attitude to this suggestion when he comments that this sort of 'cartel' idea is rarely in the best interests of the consumer (you and I). Creative solutions to difficult issues often come out of left field. The initial response to these ideas is often negative by most people however many breakthroughs come about by people who say 'why not' rather than 'no way'. In this case, perhaps this idea can be developed where it is 'fair' not only to consumers' wallets but even 'fairer' to the land and development of its natural resources with an eye to the future quality of life for our children.

Mark sees that the mines of the future will be computer operated with low labor demand but high demand for few numbers of highly specialized technicians. This technology is currently employed by a mine in Sweden. Others feel that the job opportunities will be of interest to aboriginal communities where a few number of well-paying jobs may be very significant to a small community.⁵⁵ Mark echoes one school of thought and predicts that demand for lead and zinc will fall as plastics and other space- age materials replace them. Opposite opinions question what this material or materials are since there seems to be little evidence of this trend occurring.⁵⁶ In any case, the third world would still want these metals.⁵⁷

C. Denendeh Leaders on Mining Opportunities

According to Ethel Blondin-Andrew, MP for Western Arctic,⁵⁸ there are four main factors which affect the development of non-renewable resources in Denendeh. These are the geological potential, availability of lands for exploration, infrastructure and world metal prices. Great geological potential exists in the virtually unexplored western Arctic. Along with major hydrocarbon and natural gas potential, the Mackenzie Valley has several identified but undeveloped mineral showings including the Prairie Creek lead, zinc and silver deposit; the Cantung tungsten deposit; and two kimberlite occurrences (Mountain diatrem and the Black Water kimberlite) with potential for diamonds.

With settlement of land claims, lands are once again becoming available for exploration. Ethel is convinced that her constituents are willing to consider proposals to develop natural resources in their area with appropriate benefits flowing to their communities. Transportation infrastructure is critical in making exploration economically feasible in the Mackenzie Valley. An all-weather road is planned to Wrigley this year which is one step closer to opening up the region with a connection right to the Dempster highway. Previously inaccessible areas will be explored for mineral wealth

55 ⁵⁵Dave Nutter, DIAND and Graham Nicholls, Assistant Deputy Minister Energy, Mines and Petroleum Resources GNWT.

56 ⁵⁶Dave Nutter.

57 ⁵⁷Dave Nutter.

58 ⁵⁸Ethel Blondin-Andrew, personal communication May 13, 1993. Based on information provided by Todd Burlingame, Energy Mines and Petroleum Resources, Yellowknife, NWT.

especially in a local, grass roots exploration program. World commodity prices are beyond the control of any one country but by sensible development of infrastructure such as public roads then the vast resource wealth of western NWT is more accessible for exploration and controlled development.

Transportation costs can often make or break a feasibility study of mining opportunities in the North. The most cost effective way to move base metals is by water. It is estimated that it costs Cominco four times as much to move concentrate from its Pine Point operation by train to BC for processing, as it does to move its concentrate from its Polaris mine to its European customers.⁵⁹ With that in mind, then it may seem that even if the willingness is there to do business on the part of aboriginal communities in Denendeh, it may not be financially feasible from the mining industry's viewpoint until commodity prices rise. Moving smaller volumes of higher priced precious metals by land makes more financial sense than moving higher volumes of lower priced base metals.⁶⁰

Ethel makes several observations about the lack of interest in developing western Arctic ore deposits. There is a great fear that Yukon with its road infrastructure already in place, will benefit from any development to the detriment of the local region. Secondly, the vast mineral potential for this area is receiving little attention under the Canada/NWT Mineral Initiatives program. The current Mineral Initiatives program focuses on the Precambrian Shield geology of the eastern Arctic and the portion of the western Arctic where the three operating mines are located. The experience of the geologists hired to implement the program reflects this fact and as a result, non-shield (i.e. undeveloped western Arctic) project proposals are largely ignored.

Chief James Ross of Fort McPherson⁶¹ does not see any great future for his community in the minerals sector until clear land use policies have been set by his people. He thinks that development costs are too high for them to get into the mining business and that the industry is too highly regulated. Once policies are set they are interested in mining companies developing the

59 ⁵⁹Dave Nutter, DIAND.

60 ⁶⁰Dave Nutter, DIAND.

61 ⁶¹Personal communication.

minerals on Gwich'in lands only if satisfactory agreements can be struck regarding licensing fees for access and benefits guaranteeing some direct and indirect employment and business opportunities for their communities. Proper environmental procedures would be critical components in any agreement.

The next section examines NANA Regional Corporation (NANA) and provides a context for further discussion of their experience as owner of Red Dog mine in Alaska and their experience with Cominco, as the mine operator.

D. NANA Regional Corporation, Alaska

NANA, one of thirteen aboriginal corporations formed under the Alaska land claims settlement, has extensive experience owning the Red Dog mine. NANA owns about 810,000 hectares of land in northwestern Alaska, including the property on which Red Dog is located. Under an agreement, Cominco leases the land from NANA, operates the mine and markets the lead-zinc concentrates. "Red Dog is an important venture to the people of NANA and to the state of Alaska," says Cominco Alaska President Ralph Hargrave. "For NANA, it will provide the region with steady, long-term jobs and income. To mining companies looking to do business in Alaska, Red Dog is an example of how native corporations, government and industry can work together. Projects like Red Dog reaffirm that Alaska can and will be a major world player."⁶²

Its 8,000 shareholders are mostly Inupiaq who live in the region. NANA maintains a diverse portfolio of investments, operations and joint ventures based both within the region and in other areas of Alaska. Besides ownership of Red Dog, its business ventures include oilfield services, tourism, catering and hotel services, and industrial security services. NANA's in-region businesses include a hotel and restaurant, a fuel distribution service and rental property. The NANA symbol is an Eskimo hunter moving aggressively toward a successful future in a vast, beautiful and sometimes harsh world. NANA is all the people together as one hunter, successful if all are one mind and purpose, hungry if split by doubts and mistrust of each other.⁶³ Their experience in working with Cominco, will be part of the next sections which focus on the process of successfully developing opportunities in the minerals industry by aboriginal communities.

⁶² Ralph Eastman and Lisa Parker, p7.

⁶³ "NANA looks beyond the bottom-line" Red Dog Hi-Lites, August 1990.

E. How can a community capitalize on opportunities in the mining industry?

1. Set Priorities Through Community Consultation

NANA went to the communities to determine what the concerns were and to seek support for developing Red Dog. The first time this approach was tried was in the 1970s and the communities said 'no' to mine development. They tried again in the early eighties. The attitude in the communities was positive because there were no jobs and the mine was seen as a way to provide more jobs for NANA members. Cominco took NANA leaders to visit their mines in northern Canada and Greenland so they could see for themselves that mining did not harm traditional values and resources.⁶⁴ The attitude was positive in the communities because there were no jobs and the mine was seen as way to provide more jobs for NANA members.

John Schaeffer, was involved in this early process as president of NANA Regional Corporation and recalls that he deliberately painted a bleak picture about the mine. He talked about few job opportunities, tearing up Mother Earth, pollution problems and the influx of trained workers in the beginning because their own members were not trained in mining. The communities were still unanimous in supporting the mine because they wanted jobs. That was in 1982. Cominco was chosen to operate the mine and mining at Red Dog began in August, 1989. Reserves are estimated at 77 million tonnes. "Red Dog has the potential to be Cominco's most profitable operation," says Bob Stone, Cominco's Vice President, Finance.⁶⁵

The key concerns for the communities were protection of subsistence lifestyles, jobs and maintaining viability of local villages. They wanted little disruption to those who chose to live on the land for part or all of the year; job training and placement were critical; and they did not want good people to be sucked out of their own community into a community that housed mining staff,

⁶⁴ *Early challenges overcome, "Red Dog Hi-Lites, August, 1990.*

⁶⁵ *Ralph Eastman and Lisa Parker, "Red Dog's Running" Orbit, Cominco's Quarterly Magazine, Winter, 1989 Vol. 19. No. 4 p6. pp4-7.*

perhaps never to return which would effectively kill the local community. They wanted incomes to benefit village people and for those who worked in the mine, they wanted sufficient time off to pursue activities on the land. John Schaeffer advises any community pursuing economic development to decide what is important to them, identify areas that can be compromised and those areas that cannot and then give the negotiation team authority to negotiate an agreement with the mining company on those terms.

John Shively, president of NANA Development Corporation said many people thought the practical and political obstacles were too numerous and too difficult to overcome. "People thought it would never happen. They thought it was too isolated, that zinc prices were too low that we couldn't build a road through a national monument and that local people didn't have the skills to do the work," Shively said. "In NANA, once we understood the tremendous economic potential, the view was that it had to happen."⁶⁶

2. Determine The Level Of Involvement When Pursuing Mining Opportunities

There are a variety of options for involvement which are open to aboriginal communities. The ones that are profiled in this paper include:

- a. SCENARIO ONE - 100% ownership of the mine and hiring a mining company to operate it (e.g. Red Dog)*
- b. SCENARIO TWO - Taking a limited ownership position and entering into a benefits agreement (e.g. Sa Dena Hes); or*
- c. SCENARIO THREE - No direct involvement in the mine except through licensing payments for granting access to their land and a benefits agreement (e.g. Gwich'in Tribal Council).⁶⁷*
- d. SCENARIO FOUR - No direct involvement in the mine except through taking an ownership position and holding equity in the mining company's operations. (This position was on the table when the Sa Dena Hes benefits agreement was being negotiated and was seriously considered by Curragh as a valid position.)*

⁶⁶ Early challenges overcome, "Red Dog Hi-Lites, August 1990.

⁶⁷ Chief James Ross, Fort McPherson, NWT (personal communication, April, 1993).

3. Negotiate From A Position of Strength

NANA was inundated with requests from every mining company operating in Alaska once it was common knowledge that they wanted to develop Red Dog. Not only did they go through due diligence described in the process followed by the Kaska Nation in negotiating Sa Dena Hes but they also considered several other areas. They wanted to work with a company that had a history of meeting the harsh environmental conditions of working in the North successfully and that had a good relationship working with aboriginal people.

Choosing one negotiating team to work for the community throughout this phase and insisting that the company provide one person who has decision-making authority representing the company was effective for NANA and the Kaska. A relationship built on trust takes time so people cannot keep changing. Decisions are facilitated when senior company people are involved in the process from the beginning. This is also a good indication of the importance the mining company places on the deal. If team members do change for unforeseen circumstances this only adds more time to the essential trust-building process but it should not kill the deal in NANA's experience. According to John Schaeffer, they built a fine relationship with Cominco then the company was sold and they had to start from scratch. It has still been a very successful relationship but that was one unforeseen circumstance.

Chief George Johnson recalls a bad experience with a mining company that began in 1984. The mine never opened and was effectively quashed because of the poor strategy used by the mining company. George recalls that First Nations were never consulted on the location of the mine. There was some consultation with First Nations requirement set by Yukon Territorial Government (YTG) so eventually the presidents of the companies descended upon the community to meet this requirement. George and his council presented ten questions they wanted answered by the company. Neither president gave one straight answer. Halfway through the meeting, George wanted to walk out because of the poor quality of answers. His counselors were scared that if they walked out that the company presidents could represent to YTG that they had 'consulted' with their community. It did not matter if the companies listened to their concerns and they worked together. Meaningless talk with the communities meant the companies had fulfilled their obligation to consult with First Nations.

Four years later the companies needed money to develop the mine and wanted to raise it on the

stock markets. George had never liked where they wanted to operate the mine because of the negative impact on the environment at that particular location, the influx of strangers into their communities that would only contribute to their serious social problems and the clear fact that the limited life of the mine, meant that plans for five new mines in the area would only worsen the situation. George decided to fight the company in the newspapers. He talked about his experience with the company, the money could not be raised and the mine died.

George and Mark Wedge would like to see mining companies work together with aboriginal people to minimize the negative impact of the exploration phase. Target areas for exploration based on traditional indigenous knowledge of the area and share information with the industry to minimize environmental impacts. Use a mapping system to identify sacred and traditional uses of the land in order to decide which areas may be developed. Use a computer to provide a visual model of the impact of any work proposed by a mining company on the area.

Consultants can be used successfully in this part of the process as evidenced by the Kaska people's experience. However, they also had consistent involvement by Jean Gleason, a band member throughout the whole process. As a result, she has a great deal of insight and experience to bring to negotiations for any other economic development projects that the Kaska people pursue.

4. Aboriginal/Mining Company Joint Venture Agreements⁶⁸

a. OWNERSHIP

NANA's experience as owner of Red Dog is a model for structuring an agreement that benefits its communities in the way they decided. When asked if he would recommend mine ownership as the best option for Canadian aboriginal communities? He replied, "No." He says that it is a very complex business and as owner the full risk of the mine is borne by NANA. Mineral commodity prices are very low and no profits have been generated since the mine officially opened in August, 1990.

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⁶⁸Appendix B contains agreements between Neptune Resources and the Dogrib Tribal Council; Cominco and GNWT; unnamed- Federal Government and Cominco (Nanisivik); and GNWT and Echo Bay Mines Ltd. There is also a copy of a check-list of components of a variety of socio-economic agreements entitled IT CAN BE DONE.

A formula for sharing the proceeds from the mine allows Cominco to recoup its investment, with interest, before royalty increases to NANA come into play. NANA also takes an increasing profit percentage from the operation of the mine over time. With ownership comes risk but that is upside and downside risk. One hundred per cent ownership means 100% of the profits are retained but also 100% of the losses are carried by the owner.

In the Kaska people's experience, they negotiated an option to purchase 5% ownership. It is possible that this option might be worked into the deal without cost to the aboriginal community. The joys of ownership can be achieved without cost to the community. Thought should be given to phasing in this ownership over time even while the mining company is recouping its expenses in the early years, especially if commodity prices are stable and costs do not have to be kept low for the very survival of the mine. An ownership position could be built up in time to take advantage of royalties. Another strategy may be to negotiate a small ownership position (remembering that no major mining project requires aboriginal money to go ahead), maximize royalties and invest those royalties in a developmental trust fund (with matching dollars from the mining company) to support other economic development activities that are less intrusive on the lifestyle of the community. Before negotiating an equity position with the mining company, make sure all the community's requirements have been met first.⁶⁹

b. PROTECT TRADITIONAL LIFESTYLES/ VILLAGES

NANA/Cominco's agreement required a subsistence committee be struck made up of elders from the two communities closest to the mine and Cominco representatives including the president of Cominco Alaska. Regular meetings are held where local concerns are addressed. The elders oversee the operation to ensure minimal environmental impact and protection of subsistence resources.

One of Red Dog's most abundant residents is the caribou. These migratory herd animals are always on the move, and between 1,000 to 8,000 winter in the Red Dog area.

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⁶⁹Based in part on a discussion with Bob McPherson. Developmental trust funds may be modeled on the highly successful state of Alaska Permanent fund which is more fully described in "Beyond the Yukon Claim." Council for Yukon Indians: March, 1991. Briefly, royalties are invested in safe investments by qualified investors. The principle is inflation- proofed and the residual flows back to the community in annual dividend payments. It is totally out of the hands of the politicians. Many small businesses have started since dividend payments began. The fund has been extremely successful compared to others like the Alberta Heritage Trust Fund.

The caribou are part of the Arctic caribou herd, the second largest in Alaska, numbering over 300,000. When development of Red Dog was first planned, Cominco contacted Dames and Moore, an Anchorage based firm, in 1980 to determine how wildlife could be least impacted by the mine's construction and operation. Cominco proceeded to develop the mine following the firm's recommendations and NANA has retained them for continued monitoring of the area.

"I hold up Cominco as a model for our clients as how to work in the Arctic," says Jim Hemming, partner, Dames and Moore. Through a formal monitoring program, caribou are protected when they migrate. Unusual movement of the animals is reported to NANA in Kotzebue, and an alert is issued to control traffic and allow the animals to pass.

"There was a lot of activity last summer and the mine personnel did exactly what they were supposed to do," Hemming said. "They shut down the road for a short period, allowing several thousand caribou to pass through. Everything went smoothly without a hitch. Responsible development is a must for protection of the environment and preservation of residents' lifestyles. In Red Dog's case, Hemming is happy to report, "The impact of the mine has been virtually nil."⁷⁰

Although it has never been necessary, if the elders had an environmental concern that was not being addressed properly at any time they have the right to shut down mine operations immediately. There is no other known precedent where an aboriginal group can carry such weight but Cominco obviously is committed to making this venture work.

NANA has undertaken to facilitate the process of obtaining all required government approval regarding environmental standards for Red Dog. All standards are met but by taking control of the process, NANA is able to take advantage of the government's positive attitude to quickly processing any type of document where aboriginal people are involved.

In order to protect the integrity of the surrounding villages, the decision was made to build a base facility for employees to fly in to and not create a permanent community. This allows people to work in the mine and then return home to their communities and trap or hunt. Currently, Red Dog has several different rotations including a four week in and two week off rotation. For the aboriginal employees, three weeks on and three weeks off is the best according to John Schaeffer but it is also the most expensive. It allows enough time for employees to hunt and provide meat for the village.

c. EMPLOYMENT AND TRAINING

For NANA, employment and training opportunities are an essential part of their Red Dog operation.

NANA was one of two native American groups to receive a grant for vocational training from the US. Department of Education this year. The grant is being used by Cominco to train members of NANA for jobs at Red Dog. The grant provides necessary funding for extensive pre-training and on-the-job training for all Native employees entering into technical position. They include: mine operators, mechanics, welders, mill operators, electrician helpers and powerhouse operators.

Ed Headly, maintenance foreman and trainer, has 12 trainees in his department and says the program is working well. "They are easy to train, receptive and it is a pleasure to work with them." One factor that increased the chances of NANA receiving the grant was that the funds are being used to train employees for positions they are already in, not for jobs "they hope to get." This is not the case for many other Native Americans.⁷¹

Since operations began, employment of NANA members at Red Dog has ranged from 50% to 60% of the total 365 member labor force. NANA has approval of the personnel officer and John Shively notes that the current personnel officer is a NANA member who recently gave notice after five years.

Scholarships and training assistance are keys to assisting aboriginal people as they seek to enter the mining industry workforce. Another idea to help aboriginal business people who might have great ideas but access to little capital is creating a revolving business loan fund supported by the revenues of the mine. It could be operated by a group for aboriginal business people and interested mining company staff. Loans at reasonable rates could be made available to business people with good business plans. Loans are repaid and money is available for any other new businesses. There are examples of this in the oil industry in Alberta.⁷²

Alaskan and Canadian aboriginal communities face the same obstacle of low standards of educational achievement. NANA's experience is a model for Canadian aboriginal communities

71 ⁷¹"NANA is awarded grant," Red Dog Hi-Lites, June, 1990.

72 ⁷²Native Venture Capital Corporation is funded by a number of businesses including banks and oil companies with a fund of \$10 million available. Syncrude Oil also encourages and supports native-owned businesses.

facing the same decisions. Statistics for education levels of northern aboriginal and non-aboriginal people give an indication of the challenge faced by aboriginal leaders.⁷³ Data is based on the 1986 Canadian census for the territories, Nouveau Quebec and Labrador.

Level of Education	Aboriginals (percent)	Non-aboriginals (percent)
Less than grade 9	53.9	17.5
Secondary school certificate	3.3	12.9
Trades certificate	1.7	3.1
Non-university post-secondary certificate	7.7	14.6
University degree	0.5	9.7

According to Johnson, the requirement for resources training emphasizes mathematics and sciences. Few aboriginal students are pursuing university degrees which require these skills. He suggests that the reasons for this is the lack of highly skilled and motivating science teachers at the elementary and secondary school level; a preference to earn degrees which will allow them to participate in constitutional and land claims negotiations; and "differing cultural perceptions as to what constitute the basic concepts and constructs of science and mathematics."⁷⁴

Indians view science as holistic, cyclical and spiritual while for non-Indians it is atomic and secular.⁷⁵ The following cultural differences in assumptions regarding mathematics are noted:⁷⁶

73 ⁷³Daniel Johnson. March, 1993 "Northern Aboriginals, Education and Resource Development in Canada," CRS Perspectives, Kingston: Centre for Resource Studies, Number 43, pp15-21.

74 ⁷⁴Daniel Johnson, p18.

75 ⁷⁵Pam Colorado, "Bridging Native and Western Science," Convergence, Vol. XXI, No. 2/3, 1988, International Council for Adult Education quoted in Daniel Johnson. March, 1993 "Northern Aboriginals, Education and Resource Development in Canada," CRS Perspectives, Kingston: Centre for Resource Studies, Number 43, p18.

76 ⁷⁶Gina Cantoni, Applying a Cultural Compatibility Model," Journal of Navajo Education, Fall 1991, Vol. IX, no. 1, p 39 in Daniel Johnson. March, 1993 "Northern Aboriginals, Education and Resource Development in Canada," CRS Perspectives, Kingston: Centre for Resource Studies, Number 43, p19.

Western cultures

Aboriginal Cultures

Anything can be counted

With few exceptions, things are not counted, each is unique.

Independent number names exist.

Few aboriginal languages have independent number names beyond ten.

Numbers are not necessarily related to concrete phenomena.

Precise numbers and counting are most often related to concrete objects.

An accurate system of numbers exists that can extend indefinitely.

Few, if any, traditional number systems extend indefinitely.

Operations on numbers are not related to concrete phenomena.

Numbers are not abstracted and operated upon.

Both Colorado and Cantoni suggest that students should be given the opportunity to explore both western and aboriginal conceptions. They should be encouraged to discuss differences and the reasons for them.

"In this way, neither understanding is immediately rejected and the student, through an ongoing process of exploration, can ultimately determine the extent to which the two systems may complement each other. The key is ensuring that learning takes place in an environment which is culturally sensitive and does not reject differing perspectives out of hand."⁷⁷

Sometimes aboriginal lifestyle choices are not conducive to the requirements of the regular industrial work place. An individual may prefer to work two or three days per week for three to four months of the year but this may hinder company performance objectives.⁷⁸ Either individuals must meet company schedules as NANA members did or there can be some creative solutions applied. For example, there was a small coal mine which operated a number of years ago in the Carmacks area. It shipped coal to meet

⁷⁷ Daniel Johnson, p19.

⁷⁸ Rod Hill, Manager of Mineral Resources Program Personal Communication April 29, 1993 Energy and Mines Branch Department of Economic Development Mines and Small Business.

the needs at Faro, Yukon. Six or eight people were needed to operate it. There was no formal work scheduling but the mine operated every day. A labor pool existed of approximately 20 or 30 aboriginal people who knew the work. On any given day whoever wanted to work came in. Once in a while there was a day when no one came or everyone came. This was a situation where a community and a company can benefit from knowing the rules of the game but then breaking them creatively.⁷⁹

Other possibilities might include organizing the work schedule so that any employee can work ten months of the year and take two months off April and May or in the summer. For aboriginal people this is a critical time to live on the land and harvest food for the rest of the year. Rotation schedules could reflect the fishing, hunting and gathering seasons in the year.⁸⁰

d. OPERATIONS

Management committees with equal representation from the aboriginal community and mining company appear to be the norm. Top company and aboriginal leaders play a significant role on NANA's Red Dog Management Committee. George Tikannen was Vice President of Cominco American when Cominco began talking seriously to NANA in 1980. Now President of Cominco Resources International, Tikannen still serves as chairman of the Red Dog Management Committee. The committee meets regularly and communities are kept fully apprised of Red Dog operations. They have a chance to air their concerns to the president of Cominco Alaska who makes personal reports to every community once a year and twice a year to the two communities located in closest proximity to the mine.

In closing, Chief George Johnson shared a story that illustrates his belief that the next generation of educated leaders must be reminded of their connection to the land. He tells how one day he and his children climbed to the top of their favorite mountain and sat down at the top to enjoy the beautiful valley and lake that could be seen spread before them. He asked them, "Will your children be able to enjoy this same view with you?" They said "Of course." Then George said "Won't you let strangers come in and rip up your land? The dollar is very powerful and you might

79 ⁷⁹Rod Hill, personal communication.

80 ⁸⁰Nick Poushinsky, personal communication.

*forget what we have shared today when you are told that we are sitting on the largest ore body in the territory that extends from this mountain under the valley and the lake. I hope you do remember your ties to the land when that time comes. If you must have mines, choose somewhere else that isn't as special to our people as this spot. Better yet, put your money into investments that do not touch the land at all. Invest internationally, like in Saudi Arabia!*⁸¹

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Hans Matthews, personal communication.

Ethel Blondin-Andrew, personal communication May 13, 1993. Based on information provided by Todd Burlingame, Energy Mines and Petroleum Resources, Yellowknife, NWT.

Bob McPherson, personal communication

Chief James Ross, Fort McPherson, NWT (personal communication, April, 1993).

Rod Hill, Manager of Mineral Resources Program Personal Communication April 29, 1993 Energy and Mines Branch Department of Economic Development Mines and Small Business.

APPENDIX A

APPENDIX B

Ethel Blondin-Andrew MP

Western Arctic

House of Commons

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*cc: Rod Hill - Mgr
Mineral Resources Program*

May 17, 1993

Frances Abele
Royal Commission on Aboriginal People
Box 1993
Station B
Ottawa, ON
K1P 1B2

Sent by fax (613) 943-0304

Dear Frances:

I wanted to say what a pleasure it was to work with you and to have a chance to get to know you. I hope that the delegates appreciated the quality of insights that you passed on in your talk. I found it personally inspirational since I saw you give them what I always strive to do in my work, that is, ideas from the outside that make sense for them and presented in a way that is clearly an 'aha' experience. It ended up being a very productive experience and I am including a copy of the final recommendations.

I would like to request that letter that you and I discussed that will allow me to publish my mining paper without problem.

I have been thinking about that land claims work that you would like me to do. I would be interested in seeing your terms of reference as soon as possible. Since I don't know what holes you see need to be plugged, I am just thinking off the cuff but I would be interested in speaking to the leaders, implementers and band members of Yukon, Gwich'in, Inuvialuit and TFN claims about the hard lessons learned from their experience to date in the area of economic development and the role of culture and tradition. The topic would probably have to be a lot narrower than that and

perhaps given the tight time frame, I should profile one group who are settling the claims and one group who are implementing their settlement. I know that I would want to meet these people in person.

Let's discuss the possibilities. Ciao!

Sincerely,

*Wanda A. Wuttunee
Sponsored Research Associate*

July 2, 1993

May 17, 1993

Frances Abele

Sent by fax (613) 943-0304

Royal Commission on Aboriginal People

Box 1993

Station B

Ottawa, ON

K1P 1B2

Dear Frances:

How are you? I am thrilled with the final mining project. I feel very proud of the message and how it came out in the paper.

I am very interested in getting that letter from you regarding permission to publish, at your earliest convenience.

See you in October. I start my research for book #2 and what better place to do that than in the commission library and chatting with people at the Commission for personal recommendations on success stories with heart.

Sincerely,

Wanda A. Wuttunee
Sponsored Research Associate

July 2, 1993

John Crump

Royal Commission on Aboriginal People

Box 1993

Station B

Ottawa, ON

K1P 1B2

Dear John:

Re: Sectoral Study: A Critical Analysis of the Effects of Mining Activity on Northern Aboriginal Peoples

I am pleased to enclose the final copy of this report.

Nice working with you. We should meet in October since I start book #2 and I want to come and visit the Commission and see what success stories in economic development I should profile.

Sincerely,

Wanda A. Wuttunee

Sponsored Research Associate

June 7, 1993

John Crump

Sent by fax (613) 943-0304

Royal Commission on Aboriginal People (Original being mailed)

Box 1993

Station B

Ottawa, ON

K1P 1B2

Dear John:

Re: Sectoral Study: A Critical Analysis of the Effects of Mining Activity on Northern Aboriginal Peoples

I am pleased to enclose the first draft for your perusal. I would interested in what Frances Abele has to say about it. Please pass a copy to her.

There are several things that I want to bring to your attention. I have not completed the Executive Summary or the Bibliography. This will be in the final product. I have not had a chance to reference the database from the Commission hearings. I will incorporate that into the final product as well as the comments from the twenty three groups or individuals who get back to me by June 21st, 1993. You should have the final product in your hands by the first week in July. I plan to finished by June 30th but since it is F.O.B to you I won't be sending it Priority Post.

What is the status of payment for my thesis? I haven't seen a thing!

I've enclosed a copy of a great article. Enjoy!

Proud To Be Indian,

Wanda A. Wuttunee

Sponsored Research Associate

PS This project has been a blast to work on and I am really proud of this paper.

cc: Dr. Nick Poushinsky

April 8, 1993

John Crump Sent by fax (613) 943-0304
Royal Commission on Aboriginal People
Box 1993
Station B
Ottawa, ON
K1P 1B2

Dear John Crump:

Re: Sectoral Study: A Critical Analysis of the Effects of Mining Activity on Northern Aboriginal Peoples

Your fax of April 7th looks fine except I would ask to shift the due dates for the outline and bibliography to April 19th and the first draft to May 28th. This will allow me time to handle three seminars that are occurring during this period.

I hope this is okay.

Sincerely,

Wanda A. Wuttunee
Sponsored Research Associate

cc: Nick Poushinsky

The headings in our document would be: history, Aboriginal and non-Aboriginal participation, nature of participation, overall contribution to the economies of Yukon and western Arctic, special features and future prospects. The paper will be approximately 3000 - 5000 words and will be presented by May 31, 1993. A draft budget is attached for \$7,650.

Sincerely,

*Wanda A. Wuttunee
Sponsored Research Associate*

DRAFT BUDGET

Sectoral Study: A Critical Analysis of the Effects of Mining Activity on Northern Aboriginal Peoples

<i>1. 10 days to Wanda Wuttunee, sponsored research associate, for literature review and preparation of draft document at \$500 per day.</i>	<i>\$ 5,000</i>
<i>2. 3 days to Nick Poushinsky, consulting associate, for initial discussion, review and editing of final document at \$500 per day.</i>	<i>1,500</i>
<i>3. 2 days to Mike Robinson, executive director, for review and editing of final document at \$500 per day.</i>	<i>1,000</i>
<i>4. Phone, fax, xeroxing and courier account.</i>	<i>150</i>
<i>Total</i>	<i>\$ 7,650</i>

September 1, 1993

Project: Sectoral Study: A Critical Analysis of the Effects of Mining Activity on Northern Aboriginal Peoples

Telephone	\$140.26
Postage	5.06
Total	\$146.32

WANDA A. WUTTUNEE CONSULTING
115 SILVER VALLEY BAY N.W.
CALGARY, AB
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INVOICE

REVISED - March 16, 1993

John Crump
Royal Commission on Aboriginal People
Box 1993
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K1P 1B2

*Competing Goals and Policies of Alaska's
Native Regional Corporations (one copy)*

<i>Photocopying</i>	\$15.30
<i>Postage</i>	4.00
<i>Sub-total</i>	\$19.30
<i>GST</i>	1.35
<i>Total</i>	\$20.65

