



FEM
NORTH
NET

RESOURCE DEVELOPMENT IN NORTHERN COMMUNITIES; LOCAL WOMEN MATTER

Fact Sheet #6

MODERN RESOURCE EXTRACTION

This fact sheet looks at how modern resource extraction industries in Canada's north affect women, their families and communities. We explore the political and economic forces behind resource extraction, and focus on how this has played out in Thompson, MB, Labrador West and Happy Valley-Goose Bay, NL. Often, northern communities are built around extracting resources. Global corporations benefit through profit, but may have little commitment to communities.



Deforestation occurring near the Muskrat Falls hydroelectric dam site to make room for power lines – Photo by Michelle Cohen (2014)

This is one in a series of ten fact sheets on women and resource development and extraction. All of the fact sheets are available at www.fnn.criaw-icref.ca and include additional resources on these topics.

CRIAW-ICREF acknowledges its presence and work on Indigenous Territories. We respectfully recognize the legacy of colonization upon Indigenous Peoples.

This publication was created by CRIAW's Feminist Northern Network. For the full list of contributors refer to our website.

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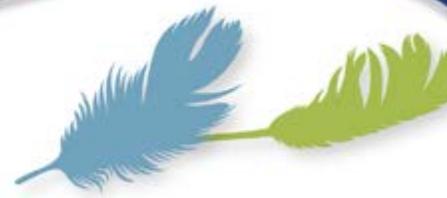
By resource extraction we mean the process of removing natural resources from the earth or otherwise transforming them for economic profit or to meet human needs. Examples of extraction and development include:

- hydroelectric dam construction
- oil and natural gas drilling
- fracking (hydraulic fracturing)
- mining
- mineral processing
- forestry, and
- fisheries.

The economics of resource extraction in northern Canada

Extracting and exporting natural resources have driven Canada's economy from the time of colonization to today. In 2010 the energy, forest, agriculture and mining sectors made up 61 per cent of the country's exports. Total exports accounted for about 30 per cent of the country's Gross Domestic Product.





Will resource extraction in Canada's north secure the country's future economic growth? According to former Prime Minister Harper, Canada's north "holds the potential to be a transformative economic asset for the country...with immense deposits of valuable natural resources... Canada's future is inextricably linked to our northern frontier, and we too have a dream to unleash the region's vast potential."

In 2007 the Harper government announced its northern development strategy. In 2009 it created the **Canadian Northern Economic Development Agency** (CanNor) to encourage economic development of abundant resources in Nunavut, the Yukon and the Northwest Territories. At first, the federal government focused on the importance of keeping Canada's northern borders strong. Then the emphasis shifted to investments needed in infrastructure (roads, deeper ports, better communications systems) and power to support new industries like mines. The focus on job creation often neglected impacts on women, communities and the environment.

Women involved in FemNorthNet, and others, question whether benefits will "trickle down" to those not working in resource-based industries. We also want to know whether the environment will be destroyed and whether local traditions related to the land will be lost. Who will get jobs, and how long will those jobs last? Without answers to these questions, how can anyone decide whether the

costs of resource extraction outweigh the benefits of economic growth?

Governments and resource extraction

In 2010 the Newfoundland and Labrador government's crown corporation, Nalcor Energy, proposed to build a hydroelectric dam at Muskrat Falls.

- New sources of power were needed for Inuit communities along the north coast of Labrador to replace old and unreliable diesel generators.
- Power blackouts across the province in the brutal winter of 2014 showed the need for more reliable power to heat peoples' homes.

But the main reasons the province gave for the new dam were:

- to generate power to expand mining in Labrador
- to sell power to Nova Scotia to replace coal generation there, and
- to also sell power to the northeastern part of the United States.

Many citizens have complained bitterly about the dam. They say it is not replacing diesel in the north coast, that consumers will have to pay too much for the power, and that Nova Scotia will get power for less. Some indigenous groups protested that they were not consulted about the use of their land and said they were owed benefits because they were losing access to the land, water and what these provide.

Despite public opposition, provincial and federal governments have provided the funding and loan guarantees needed to build the dam. It is a global project, in the sense that private companies and workers from around the world will build the dam.

Short-term Jobs

Since work began in 2013, most construction jobs for dam building have been short term. At the peak of employment in 2015, 5,000 people had jobs.

Only a few hundred people will be needed to run it. Nalcor Energy has issued monthly reports on employment noting the percentage of workers from Newfoundland and Labrador (about 80 per cent), with about 30 per cent of them from Labrador and about 40 per cent of them identified as a member of a Labrador Aboriginal group. Women account for about 15 per cent of the workforce.

Who benefits?

The local Innu community negotiated an agreement with Nalcor Energy to ensure their members received benefits like jobs, business opportunities and a share of revenue. Innu people will be hired first, then Labrador and Newfoundland residents, and then others.

Two other local Indigenous groups who have used the area affected by the dam have taken legal action.

- The Nunatsiavut government, which represents the Labrador Inuit, wants governments to address concerns that the dam will put mercury into Lake Melville. President Sarah Leo has said the mercury will negatively affect “our people, our land, and the fish and wildlife we depend on.”
- The NunatuKavut Community Council (NCC), which represents southern Inuit, argues there was no consultation with them, or compensation for the major and permanent impacts on wildlife, fish and their habitats, the general ecosystem and on the people who use the land.
- Happy Valley-Goose Bay sought money for new problems – strained social services, damage to roads, unaffordable housing, loss of access to land... – related to building the hydro dam nearby. The province put up \$250,000 a year for three years to address these issues, in a capacity agreement with the municipality. In 2015, Nalcor Energy denied the Mayor’s request to fund the town’s new wellness center, saying, “...it is not Nalcor’s mandate to invest in infrastructure and/or operating expenses for any municipality in the province.”

Vale mining in Canada

Brazil-based Vale is one of the largest and most profitable mining and metals companies in the world. It is the world’s largest producer of iron ore and pellets, and the second-largest producer of nickel in the world. It also operates nine hydroelectric plants.



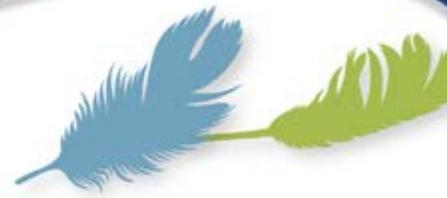
“Looking North”, an aerial image of the Vale nickel operations in Thompson, MB by Timothy K. (2008, licensed under [CC BY-SA 3.0](https://creativecommons.org/licenses/by-sa/3.0/))

In October 2006, Vale bought the International Nickel Company of Canada (INCO), Canada’s second-largest nickel company. It was one of the largest foreign takeovers in Canadian history. Vale got:

- a mine and smelter in Thompson, MB
- a nickel mine in Sudbury, ON and the smelter that refines that ore in Port Colborne, ON.
- one of the richest nickel deposits in Canada at Voisey’s Bay, NL (north of Nain), and
- a \$2.8 billion smelter and refinery to process ore from Voisey’s Bay in Long Harbour, NL.

Federal government support for Vale

By law, the federal government must review and approve each foreign corporate takeover to ensure it provides net benefits to Canada. Details of its 2007 agreement with Vale, which is supposed to provide guarantees of investment and job creation for example, were not made public.



In 2010, the federal government again supported Vale by giving it a \$1 billion loan through the Export Development Corporation—one of its biggest loans ever. This loan included \$250 million for the nickel processing plant in Long Harbour, NL. Meanwhile, in the previous year, workers there were on strike for months over wage cuts.

Shortly after getting its \$1 billion loan, Vale announced layoffs of 500 workers in Thompson, MB, due to the shut down of its refinery and smelter, which had been operating there since the 1950s.

Vale's history in Manitoba and Labrador

- 1961—INCO opened the world's first integrated nickel smelter and refinery operation in Thompson, MB.
- 2006—Brazilian company Vale bought Inco Limited in a foreign takeover approved by Canada's federal government a year later.
- October 2010—Canada's federal government provided a \$1 billion loan to Vale.
- Nov. 2010—Vale announced it would close its Thompson, MB smelter and refinery by 2015.
- October 2012—Vale announced a possible one-year extension for the Thompson smelter and refinery, up to the end of December 2015, dependent on federal approval for its sulphur dioxide emissions.
- September 2014—The federal government and Vale agreed in principle on emission standards, which extended the smelter's operations to 2018.

Boom and bust economies

Northern communities set up around a single, resource-based industry are extremely vulnerable to cutbacks or shutdowns. A few of these communities, like Thompson, MB, have tried to diversify their local economies to withstand the ups and downs of resource extraction. However, most northern communities of this type suffer from the companies' "rip and ship" philosophy. The goal is to extract resources at a rapid rate and ship them elsewhere, often overseas, for processing and manufacturing. A community's fate is tied to global demand that it has no control over. Without a plan for the future, these communities are at risk.

Labrador West, NL is an example of a northern, single-industry town based on resource extraction that is struggling to survive. It has been on an economic rollercoaster as its local economy went from boom to bust in the five years between 2010 and 2015.

Lab West includes the twin towns of Wabush (population 1,900) and Labrador City (population over 9,000). Since 2010, mines in Lab West have extracted iron ore at a rapid rate to meet high demand, especially from China. Many people in the area have had jobs with good pay (\$100,000 and up).

When the boom part of the cycle began, FemNorthNet documented the challenges it created for diverse women in Lab West.

- Affordable housing became scarce as people poured into Lab West to work in the mines.
- Despite building new housing at a rapid rate, the town could not keep up with demand.

The bust happened in October 2014. Nearly 500 workers were thrown out of work when the company, Cliff Natural Resources, suddenly closed Cliff Mines in Wabush. The mine was the town's main industry and without it, Lab West struggled to survive.



Modular homes shipped into Labrador West to house workers sit waiting to be installed – Photo by Jane Stinson (2011)

At the same time it closed the Wabush mine, Cliff Natural Resources also closed a pellet plant and its Bloom Lake mine nearby in Quebec, cutting about 1,000 jobs altogether. This sudden and huge loss of jobs had a devastating effect on the region.

FemNorthNet tracked what happened next.

- Housing and rental costs fell dramatically.
- Without jobs, younger families who had bought homes when prices were high and who were forced to move to find work, lost money when they sold their homes.
- Local businesses had to cope with the abrupt change of fewer people needing their services.



Gagnon Boulevard – the main road that runs through the former mining town of Gagnon, Quebec – Photo by Mathieu Gagnon (n.d.)

In a town like Lab West, people must decide how to make ends meet and where they will they work in the future if the mine stays shut. Lab West is not far from the ghost town of Gagnon, Quebec, abandoned in 1985 when its nearby mine was shut down. Driving by this deserted town reminds people in Wabush and Labrador City that the same thing could happen to them.

The rise of fly-in, fly-out northern communities

In the past, companies and governments in the north created communities where people lived and raised their children.

These days the norm for new mining, petroleum and other resource extraction industries in the north is a “no town.” In order to make more profit, companies strive to extract resources fast and then leave. Global companies believe that if a mine is going to operate for only 20 years or so before it is depleted, why establish a community with families that will be affected by a closure in the future?

Some companies, supported by governments, have set up work camps to house and feed workers who fly in and fly out for work. They often spend only two weeks at the camp during a rotation. This is the model for workers at the Voisey’s Bay open pit mine and concentrator on the coast of Labrador, just north of the mainly Inuit community of Nain. About 450 people work there now, with another 450 workers expected when underground mining begins in 2019. Workers are given housing, a cafeteria and a sports centre. There is far less investment in infrastructure than what would be needed to support a community with families.



The fly-in, fly-out model

- creates a cost-effective way for companies to extract northern resources quickly
- allows companies to have a flexible work force that can grow or be reduced, as needed
- works best when resources are far enough from communities that daily travel to work is not feasible, and
- reduces the need for a long-term, stable workforce.

What are the benefits and challenges for women?

High-paid jobs exist and women could benefit from them. Even so, most women find they are hired into lower paid cleaning and cooking jobs. Many other challenges exist.

- Women who work at these kinds of camps find themselves in a male-dominated environment far from home.
- Women with children or elder care duties may find long absences from home difficult.
- Women with disabilities and special needs have limited health care access when at work.
- Women whose partners are flying-in and flying-out to work may feel stress, uncertainty and loneliness from being alone.

Challenges for the future

Across the North, the biggest challenges for women and communities that depend on resource extraction include:

- Do the benefits of jobs outweigh the reality of being subject to changes in a global industry?
- Who will get jobs and how long will they last?
- Will benefits “trickle down” to those not working in the industry and be enough to deal with the rising costs of living?

- Will the environment be destroyed?
- Will local traditions related to the land be lost?

More discussion is needed with local communities before decisions are made about resource extraction. The past has taught us that people must work to diversify local economies in order to survive the ups and downs of resource prices. Those who are often left out, such as women, must be included. FemNorthNet has developed materials to further this discussion. They are available at:

<http://fnn.criaw-icref.ca/en>

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ABOUT FEMNORTHNET

Economic development centered around resource extraction is changing northern communities in Canada socially, economically, and culturally. FemNorthNet (or the Feminist Northern Network) documented and shared the experiences of diverse, northern women affected by these changes while supporting them in their work to strengthen and build resiliency within their communities. FemNorthNet was initiated by the Canadian Research Institute for the Advancement of Women (CRIAW) and supported by the Social Sciences and Humanities Research Council. This network engaged over 30 researchers and community activists across Canadian universities, colleges, and northern



community organizations, with community partners in Thompson (Manitoba), Happy Valley – Goose Bay (Labrador), and Labrador West (Labrador). Learn more at www.fnn.criaw-icref.ca.

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Since 1976, the Canadian Research Institute for the Advancement of Women (CRIAOW) has been documenting the economic and social situation of women in Canada through ground-breaking feminist research. All CRIAOW activities flow from

an overarching goal to provide tools to help organizations taking action to advance social justice and equality for all women.

As a non-profit organization and charity, CRIAOW's activities depend on the support of its members and donors from across Canada. All CRIAOW members receive the CRIAOW eNewsletter directly in their inbox, along with notices of new reports, policy papers, and fact sheets – like this one.

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