

# Dominion Diamond Corporation

Developer's Assessment  
Report – Technical  
Sessions, April 2015

**Maximizing Benefits and  
Minimizing Impacts to  
Communities**



# Introduction

This presentation focuses on socio-economic topics of discussion stemming from the DAR Adequacy Review, and the MVEIRB Information Request process.

## Outline

- Methods
  - Economic Modelling Update
  - Approach to Cumulative Effects
- Socio-Economic Agreement Hiring and Procurement Targets
- Community Wellbeing Social Issues
  - Migration and Population
  - Education
  - Income Inequality
  - Vulnerability
  - Employment of Women
  - Language
  - Crime
- Closure



# Economic Modelling Update

The **Economic Model** has been updated to include:

- Additional information from the Jay Project **Pre-Feasibility Study (PFS)**.
  - **Small changes to assumptions around employment and production – no change to timing.**
- Further details from the mine plan for the **A21 Pit at the Diavik Mine**.
  - **Additional details on labour requirements, production – no change to mine life.**
- Updated publicly available information used as inputs to the model.
  - **Largely updates to baseline labour force conditions against which Project effects assessed.**

The update changes specific values associated with GDP (a measure of economic activity), employment and population, but does not change the overall trends discussed in the DAR.

Therefore, the socio-economic effects assessed in the DAR, and the associated residual impact classification, do not change.

# Approach to Cumulative Effects

The DAR examines multiple scenarios to understand the effect of the Project in conjunction with other developments.

- **Baseline** Environment (2014 and prior) – context in which the Project will be developed
- **Future** (beyond 2014, **without the Project**) –
  - a. **Current Scenario** (No New Growth) – includes current mine plans for the Ekati, Diavik (added A21) and Snap Lake mines
  - b. **Base Case Scenario** – Current Scenario + Gahcho Kué
- **Project Case** (beyond 2014, **with the Project** and the Base Case)

The approach to Socio-Economic Assessment is inherently cumulative, considering the Project's effects in conjunction with other developments that are advanced enough to be reasonably assumed to move forward.

The Sable Pit is not advanced enough to include in the model, but is considered in the cumulative effects assessment. Sable does not represent any additional employment or procurement, and would not increase production values beyond current levels.

# Socio-Economic Agreement Targets

The original Ekati Mine Socio-Economic Agreement (SEA) was drafted in 1996, and outlines hiring and procurement targets by priority group.

These targets are based on the original predictions from the 1995 Environmental Impact Statement (EIS) for the Project.

Tabled in the 4<sup>th</sup> session of the 13<sup>th</sup> Assembly

## SOCIO-ECONOMIC AGREEMENT BHP DIAMONDS PROJECT

THIS AGREEMENT is made as of the 22 of October, 1996.

### BETWEEN:

GOVERNMENT OF THE NORTHWEST TERRITORIES as Represented by the Minister of Resources, Wildlife and Economic Development  
(hereinafter referred to as "the GNWT")

### OF THE FIRST PART

-AND-

BHP DIAMONDS INC., a body corporate, incorporated pursuant to the laws of Canada and having its place of business in the City of Yellowknife in the Northwest Territories, on behalf of itself and its joint venture partner the Blackwater Group  
(hereinafter referred to as "BHP")





# Socio-Economic Agreement Targets

## Employment Targets

Priority Group	Construction	Operations (<18,000tpd)
Northern - Total	33%	62%
Northern - Aboriginal	14.5% (44% of total Northern)	31% (50% of total Northern)

- Northern employment target met in 1999, 2000, 2001, and 2004
- Northern Aboriginal employment target met in 1999, 2000, 2004, 2005, 2006, and 2007

## Barriers to Employment of Northerners and Northern Aboriginals

- Conflicting family commitments (e.g., caring for children, dependents)
- Lack of appropriate education and training in the available labour force
- Rotational work is unattractive to some would-be candidates
- Drug and alcohol dependency issues can prevent applicant success

# Socio-Economic Agreement Targets

## Procurement Targets

Priority Group	Construction	Operations (<18,000tpd)
Northern - Total	28%	70%

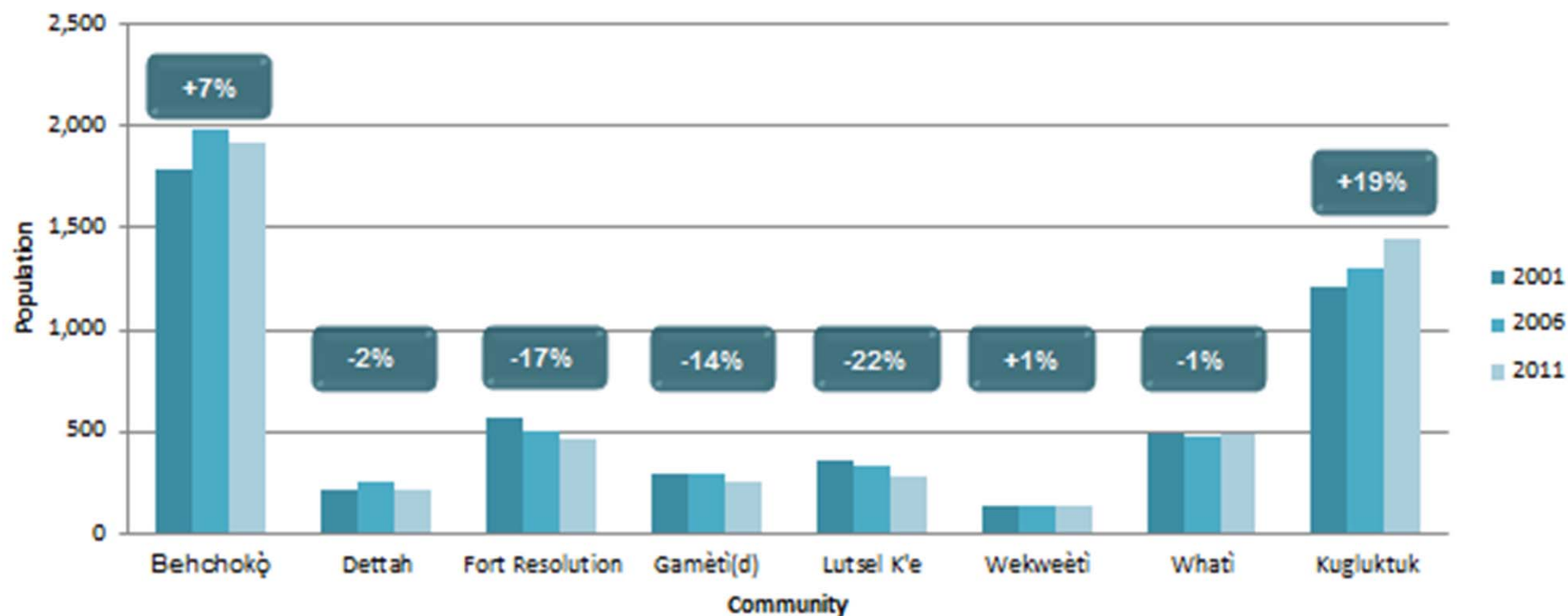
- Where possible, Dominion Diamond procures from Northern sources.
- Many procurement categories are sourced 100% from Northern vendors.
- 70% target met in all years from 1999-2008.
- From 2009 onward, fuel was reported as a southern expenditure, so target not met.
- Some goods/services are available in the North (i.e., fuels and lubricants).
- Fuel is the largest procurement cost for the Ekati Mine, accounting for nearly a quarter of all spend.
- In 2013, over 60% of goods and services were sourced from the North.
- If the cost of fuel is removed from the total, Dominion Diamond procured over 78% of goods and services from Northern Vendors in 2013.

# Community Wellbeing and Social Issues

## Migration and Population

- Out-migration from rural LSA communities to Yellowknife
- To a lesser extent, migration from the North to the South

**Rural LSA Community Population, 2001-2011**

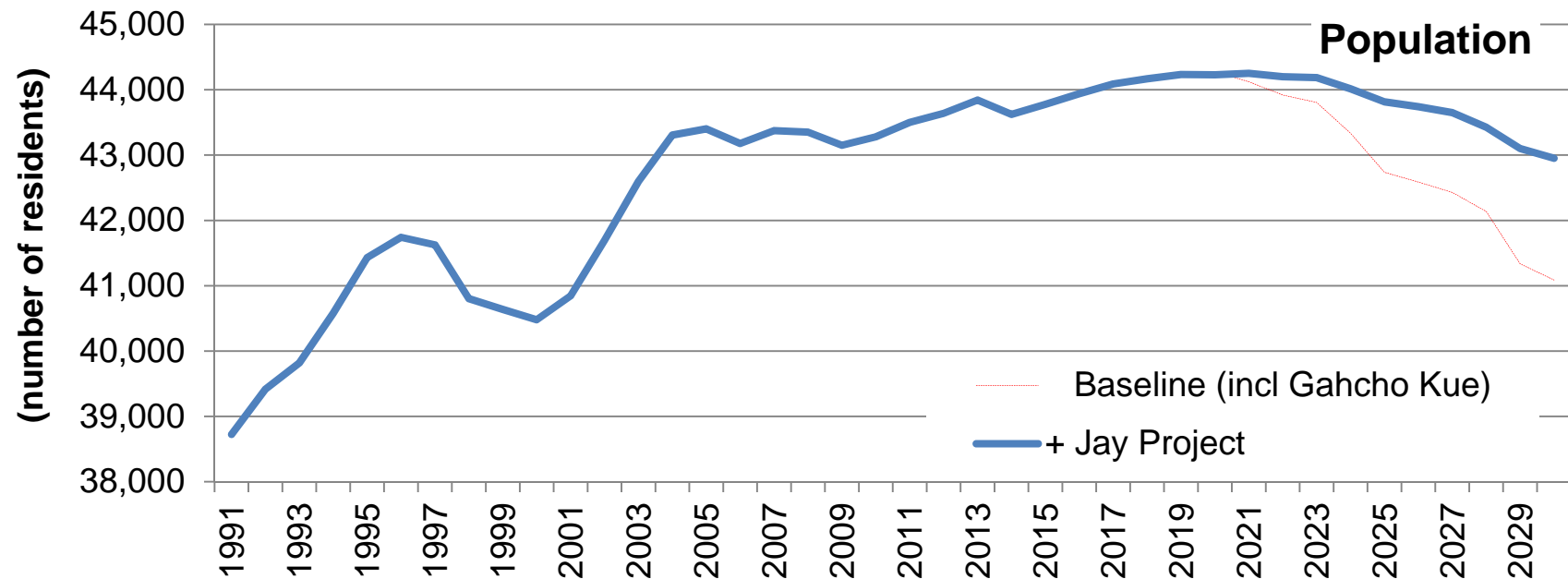




# Community Wellbeing and Social Issues

## Project Effect on Population

- By extending the life of Ekati, there is enough economic activity and job opportunities to mitigate the out-migration effect of Diavik's closure
- Dominion Diamond's focus on hiring Northerners and Northern Aboriginals, plus pick-up or fly-points in Northern communities, can encourage people to remain in home communities.



# Community Wellbeing and Social Issues

## Education

- Demand for educational services can maintain the need for programs (e.g., MTS).
- Project creates demand for trained, Northern labour as existing employees transition to new roles and as positions become available through attrition.
- Mining-related training and education are applicable to other sectors (e.g., safety boot camps, cook training, heavy equipment operator, and general construction) are transferable to oil and gas, construction, and tourism industries.
- Dominion Diamond will extend on-the-job training opportunities to IBA communities (e.g., Workplace Learning Program, Adult Educator position, Aboriginal Workplace Advisor, Supervisor Training Program, apprenticeships)

## Income Inequality

- Income inequality has decreased in rural LSA communities since 1994 (overall).
- The number of middle and higher income earners in rural LSA communities is increasing and the number of lower income earners is decreasing (at a slower rate).

# Community Wellbeing and Social Issues

## Vulnerability

- Vulnerability is considered in the DAR in terms of ability to benefit from the Project (e.g., wage employment), and the propensity to experience the downside of economic development (e.g., new market for drugs and alcohol due to incomes).
- Vulnerable members of society include: single-parent families, people with low education levels, elderly people and people with disabilities, people with addictions or mental health issues, and children of affected families.
- The Project will not generate substantial employment, or change the existing employment/income scenario in the NWT.
- Dominion Diamond is committed to preferentially hiring women and Aboriginal people to build capacity among these groups and provide employment, thereby reducing their vulnerability to poverty.

## Employment of Women

- Rotational work and conflicting family commitments, such as caring for small children.
- Women represent 15% of the Ekati workforce (Canadian mining industry rate: 16%).
- Case-by-case, alternative shift options evaluated for women (e.g., 3 on, 4 off).





# Community Wellbeing and Social Issues

## Language

- The DAR notes that there has been a decline in the number of people with knowledge of, or who use, an Aboriginal language in the NWT.
- Dominion Diamond acknowledges this trend, and cultural priorities have been included in community development plans and in social programming in development with and support of IBA communities.
- Ekati Plus program has and can provide funding for cultural programs.
- Aboriginal language use is allowed in the workplace where there is no conflict with health and safety.

## Crime

- Rate of property crimes and mischief (linked to alcohol abuse) increasing.
- Rural LSA communities have suggested that higher disposable incomes are related to increased access to alcohol and drugs, which is in turn associated with violent, property, and traffic crimes and other criminal code offences.
- Dominion Diamond will contribute to initiatives that deal with substance abuse, and will continue to provide access to counselling for employees and their families through an EFAP.



# Closure

**SEA commitment:** provide reasonable levels of assistance for the education and re-training of Northern employees, and will support employment transition and relocation counselling to Northern employees in the event of closure.

**Closure and Reclamation Activities:** draw upon the skills of existing labour force and maintain some operations employment into the final stage of the Ekati Mine

- 1,132 FTEs annually during operations
- 282 FTEs during closure and reclamation
- Earth moving, truck driving, facility maintenance, equipment operation, environmental monitoring positions
- Less demand for professional and managerial positions

**Post-Closure Transfer of Skills:** skills and training are transferable to other industries and sectors (e.g., corporate services, transportation, health and safety training, trades)



# Questions?

