

2009

Kivalliq SEMC Annual Report

12/7/2009

List of Participants

Name	Organization	Present
David Aksawnee	Mayor, Baker Lake	✓
Harry Tootoo	Mayor, Chesterfield Inlet	✓
Jerry Paniyuk	Mayor, Coral Harbour	✓
Donut Miloktok	Mayor, Repulse Bay	✓
Jackie Napayok	Mayor, Whale Cove	✓
John Hickes	Mayor, Rankin Inlet	X
Larry Connell	Agnico-Eagle Mines	✓
Steeve Parent	Agnico-Eagle Mines	✓
Barry McCallum	AREVA Resources	✓
John Witteman	Comaplex Minerals	✓
Laura Mackenzie	GN, Department of ED&T	✓
Francois Picotte	GN, Department of ED&T	✓
Dan Carlson	GN, Department of Finance	✓
Kerry Anglidlik	GN, Department of Human Resources	✓
Richard Mackenzie	GN, Department of Education	✓
Ron McMahon	GN, Nunavut Bureau of Statistics	✓
Harry Niakrok	GN, Department of Health and Social Services	X
Ralph Ruedigar	GN, Department of CG&S	X
Amanda Hanson	Nunavut Impact Review Board	✓
Scott Liard	Nunavut Liquor Board	✓
David	Nunavut Arctic College	X
Leonie Duffy	Keewatin Chamber of Commerce	X
Seth Reinhart	Indian and Northern Affairs Canada	✓
Jackson Lindell	Kivalliq Inuit Association	X
Graeme Clinton	Impact Economics	✓

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Letter from the Chairperson

The third meeting of the Kivalliq Socio-Economic Monitoring Committee brought together representatives of industry, government and the communities on November 3, 2009 in Rankin Inlet. This meeting was an important one for the Committee. It was the first time we heard from Agnico-Eagle on their performance in hiring and retaining local labour and in purchasing goods and services from local business and the first time we were able to review socio-economic indicators for the Kivalliq region.

Committee members continue to improve in their ability to communicate with one another and our collective understanding of the socio-economic landscape of the region is growing. Working with industry, communities and government, we are able to share perspectives on the impact of industrial development in the Kivalliq region. We are certain this will improve how the local population interacts with industry, improving participation levels and increasing our successes.

We are eager to see Agnico-Eagle's Meadowbank Gold Project move from construction into operations. It will mark the return of mining to the Kivalliq region, where it has been absent for almost 50 years. We are also keen to watch and measure the progress of

AREVA Resources and Comaplex Minerals in their exploration and development activities that could bring a better quality of life for Kivalliqmiut through more jobs and more business.

We understand that there will be challenges along the way. Kivalliqmiut will have to adapt to the changes that economic growth brings to the region and to society. The Kivalliq has not seen economic growth in the wage economy of the magnitude proposed since first contact. It will expose some vulnerability our society has in moving more fully into the wage economy. The Kivalliq SEMC is an important tool for monitoring our progress, reporting on the pressures within communities, and working collectively to manage change, and ultimately improving the quality of life for all.

As Chairperson of the Kivalliq SEMC, I look forward to the opportunity of working with Committee members to understand and report on socio-economic change and to shape the future growth and prosperity of Kivalliqmiut.

Sincerely,

Laura Mackenzie
Chairperson, Kivalliq SEMC

Introduction to the Kivalliq SEMC

The Kivalliq Socio–Economic Monitoring Committee (herein referred to as the “Kivalliq SEMC”) is made up of industry, government and community representatives. This Committee has a mandate to monitor and report on industry’s performance in hiring local labour, supporting local business, and otherwise contributing to Kivalliq society. It is also responsible for reporting changes in socio–economic conditions throughout the region.

Specifically, industry is responsible for reporting the direct contribution of Kivalliqmiut to its development projects. Communities and other regional representatives are to provide information on socio–economic changes seen within their jurisdiction. Government is responsible for reporting regional impacts. It also acts as an intermediary between industry and communities and through this link is given the opportunity to improve its use of public finance to better the quality of life of Nunavummiut.

Outline of the Report

This is the third report produced by the Kivalliq SEMC and the first to provide statistical information generated by the industry and by the Committee. Industry was represented by Agnico–Eagle Mines, AREVA Resources, and Comaplex

Minerals, who provided statistical data from their projects and reported the progress–to–date on their respective developments. The highlights from these presentations follow this outline.

Each presentation from industry was followed by a question and answer session and general discussion. Representatives of the Kivalliq communities were afforded the opportunity to initiate these discussions and often times used it to make value statements based on their communities’ perspective. The key issues raised and the discussions that followed are highlighted in this report.

Summaries of the presentations from Nunavut Impact Review Board and Indian and Northern Affairs Canada follow the community highlights. These presentations focussed on roles and responsibilities and future expectations.

The final presentation was on the socio–economic indicators that were selected previously by the Committee. Information on all but one or two of these indicators was available and was presented to the Committee. The results are provided in this report.

The report ends with a look forward to next year’s activities and perspectives on the Kivalliq SEMC.

Highlights from Industry Reports

Meadowbank Gold Project

Agnico–Eagle Mines Ltd (AEM) presented an update on its Meadowbank Gold Project. The principal message delivered was that the Project is on schedule and will enter into production as planned. This means construction activities are nearing their end, with some mine commissioning already underway. Expectations are for an initial gold pour to take place early in the first quarter of 2010. Some construction activities related to pit development will continue alongside operations throughout the upcoming year. With the two activities taking place simultaneously, the overall workforce will grow in 2010 to accommodate the two activities.

Once the final construction activities are completed, average employment requirements will fall to 476. Operations

are expected to last approximately ten years, producing 3.7 million ounces of gold.

Employment

Workforce

Data was presented on overall employment and business expenditures as well as the participation of Nunavummiut in these areas (see Table 1). Data as of September 30, 2009 was available at the time of the SEMC meeting. Over that nine-month period, the total workforce rose to 1,205 employees. This number can be separated into categories, including contract staff versus AEM employees, temporary versus permanent employees, Nunavut-based employees (AEM Local) versus those residing elsewhere, and those jobs located at Meadowbank or Baker Lake (local) versus those located elsewhere (Canada).

Table 1

2009 Workforce	Temporary	Permanent	Total	Nunavut-based
Contractors	750	0	750	69
Agnico–Eagle Mines				
Local	109	330	439	189
Canada	3	13	16	0
Total	862	343	1,205	258

Notes: Workforce is as of September 2009.

Source: Agnico–Eagle Mines Ltd.

The distinction between temporary and permanent employees is an important one for AEM. Temporary jobs are those associated with construction and will disappear once this phase of the Project is concluded. All contract positions are designated temporary. In total, there are 862 positions that are temporary, of which contractors employ 750 of them. AEM employs the remaining 112.

AEM also employed 343 permanent workers as of September 2009. The majority of these (330) were located at the Meadowbank site or in Baker Lake. It is also important to note that AEM does not employ people on a part-time basis.

Workforce over Time

The statistic of most interest to the Kivalliq SEMC is the local participation

figure. Nunavut-based workers made up 21% of the current workforce, of which 69 were employed by contractors and were temporary positions while 189 work for AEM.

The overall number of people working on the project in Nunavut has grown over the past two years as the construction phase grew (see Table 2). In October 2008, AEM reported a total construction crew of 591 including contract and AEM employees. At that time, Nunavut-based staff represented 20.1% of the total. By February 2009, these numbers had grown to 612 and 21.6% respectively, and now sit at 1,189 and 21.7%. It is an important observation to see that as the workforce has grown, local workers have maintained their relative representation.

Table 2

2009 Meadowbank Workforce	October 2008	February 2009	September 2009
Nunavut-based Employees (percent of total)	121 (20.5)	132 (21.5)	258 (21.7)
Non Nunavut-based Employees (percent of total)	470 (79.5)	480 (78.5)	931 (78.3)

Notes: Data is as of September 2009.
Source: Agnico-Eagle Mines Ltd.

Distribution of Local Workforce

AEM reports its local hiring by community (see Table 3). The majority of AEM's Nunavut-based staff (141) resides in Baker Lake which is in line with its agreement to make that community its

priority. However, all Kivalliq communities qualify as "points of hire".

A recent contract signing with First Air to use charter services will improve the transportation schedule to and from the Project site. This could have a positive

impact on the number of employees residing in communities outside Baker Lake.

Table 3

Kivalliq Workforce	Number of Employees
Arviat	18
Baker Lake	141
Chesterfield Inlet	4
Coral Harbour	1
Rankin Inlet	24
Whale Cove	1

Notes: Data is as of September 2009.
Source: Agnico-Eagle Mines Ltd.

Income Distribution

The Kivalliq SEMC is also interested in the share of wealth captured by the local workforce through their participation in the Project. It is recognised that Nunavut-

based employees will find most of their employment in the lower-paying unskilled and semi-skilled positions within the Project. This means they will capture a smaller percentage of the overall income generated from the project.

AEM reports that the person days worked in 2009 as of September 30th totalled 45,016 with a payroll, including overtime, equal to \$21 million (see Table 4—these statistics are for AEM direct hired employees only (both Permanent & Temporary)). Nunavut-based employees worked 40.1% of the person-days, capturing 23.6% of the total payroll worth \$4.9 million.

Table 4

2009 AEM Employment and Payroll	Person Days	Person Days (%)	Payroll (\$)	Payroll (%)
Nunavut-based Employees	18,056	40.1	\$4,962,917	23.6
Non Nunavut-based Employees	26,960	59.9	\$16,085,427	76.4
Total	45,016	100	\$21,048,344	258

Notes: Data is as of September 2009.
Source: Agnico-Eagle Mines Ltd.

Turnover

It was anticipated that the local workforce would go through a period of adjustment when taking full-time employment with the Project resulting in a high rate of turnover. The two-week on/two-week off rotation, the general lack of work experience, and interest in pursuing traditional land-based activities were

seen and the most common reasons for turnover.

In 2009, AEM reports 157 new hires and 118 terminations of Nunavut-based personnel. The reasons given for these terminations include voluntary resignations (91), end-of-contract (25), dismissal (1) and deceased (1).

The average length of employment for local employees was 93.3 days. There are some staff members that have been employed with the Project from day one.

Among the common reasons for voluntary resignations, departing employees have cited

- Problems at home, homesick and family wanting them home,
- Did not like the job or found it too hard,
- Returning to school, and
- Higher wages causing an increase in rent.

Training

Nunavut-based employees have received 4,554 hours of training in 2009. Included in the list of training activities are 36 staff members who completed Haul Truck upgrade training and another 9 who received Mill Operator training. Other programs offered include security, mine rescue, first aid, air traffic control, driving, confined space entry, WHIMIS, Cat D9 Dozer, fall protection, water truck, skid steer loader, kitchen, school bus and others.

Business Expenditures

To date, AEM has spent \$749 million for the construction of the Meadowbank Gold Project (see Table 5). Businesses registered with Nunavut Tunngavik Incorporated (NTI) as Inuit-owned have

captured \$273 million of this total.

Another \$2.4 million has been spent on Nunavut-based suppliers not registered with NTI. Northern businesses from the Northwest Territories have received \$37.5 million worth of this business. Businesses located in Baker Lake have attracted \$17 million worth of these expenditures.

Table 5

Business Expenditures	\$millions	%
Baker Lake	\$17	2.3%
NTI Registered	\$273.1	36.4%
Nunavut-based	\$2.4	2.4%
NWT-based	\$37.5	5.0%
Non-Northern	\$436.2	58.2%
Total	\$749.2	100%

Notes: Total Expenditures from Q2-2007 to Q3-2009. NTI Registered includes the Baker Lake amount. Source: Agnico-Eagle Mines Ltd.

The largest Nunavut-based suppliers, including those registered with NTI as Inuit-owned firms and those located in Baker Lake include:

- NTCL-Nunasi Corporation
- Nuna M&T Services
- Toromount Arctic
- BLCS
- Arctic Fuel
- Peter's Expediting & BBE-Nunasi Corporation
- Qamanittuaq Sana

The latter two businesses are newly-formed joint ventures. AEM will continue to work to identify outsourcing

opportunities and develop small businesses locally.

Community Engagement

AEM participates in numerous activities throughout the Kivalliq, with most centred in Baker Lake. A list of projects is provided in Table 6.

Table 6

Community Engagement Projects

- GEMS Program
- Kivalliq Science Camp
- Summer Student Employment Program
- Printmaker's Co-operative
- Elder's Oral History Gathering
- Community Liaison Committee
- Site Tours for Baker Lake Residents

Source: Agnico-Eagle Mines Ltd.

Upcoming Initiatives

In the coming year, the Meadowbank Gold Project will begin producing gold. In addition, plans are underway to expand the fuel tank farm at Baker Lake, expand the Meadowbank airstrip and initiate a green energy project that will look at the feasibility of installing wind turbines on site.

Kiggavik Project

AREVA Resources provided the Kivalliq SEMC an update on activities related to their Kiggavik Project. This is a uranium deposit that is located 80 kilometres west

of Baker Lake. Current resources are estimated to equal 52,000 tonnes.

The project schedule shows a lot of work is required before Kiggavik can become a producing mine. AREVA Resources submitted a project proposal on November 14, 2008 and is now conducting a feasibility study of the project. This study will provide a confirmation of the project's design and confirm process optimisation.

Currently, field work is underway to improve knowledge of the mineral reserves, access hydrogeology, complete environmental baseline studies and continue exploration. Throughout this process the Project proponent will continue public consultations at the local and regional levels.

As the project progresses, a decision on an access road will be needed. Currently there are three options being investigated. Two options are all-weather roads, one from Baker Lake the other from the south side of the lake. The third option is a seasonal road. The transportation of the processed uranium, referred to as 'dried yellowcake', will be via air or trucked to Baker Lake and moved south by barge.

The current schedule shows a draft Environmental Impact Statement completed by the end of 2010 with a

project certificate to follow by the end of 2012. Another two years for licensing and additional economic analysis would result in construction activities starting by 2015, mining by 2017, and uranium production by 2019.

At the moment, the project has received a Part IV screening by the Nunavut Impact Review Board (NIRB). On March 13, 2009 NIRB sent a recommendation for an environmental assessment under Part V or Part IV to the federal government Minister of Indian and Northern Affairs Canada. The project is awaiting the Minister's decision.

Employment

The current operations are providing for local employment opportunities. In 2009, 35 Inuit from the Kivalliq region were employed. This number has been relatively stable over the past few years. Inuit are working in the areas of camp construction and operations, wildlife monitors, and archaeological assistants.

Meanwhile the project proponent has contracted \$8.5 million worth of business to northern companies over the past three years. These contracts include that for fuel, expediting, camp construction, aircraft, groceries, materials, meals and accommodations, vehicle rentals, and baseline studies.

The construction phase would span four years and require an average of 600 employees each year, though it was noted that the experience of other developers suggest the actual number of workers needed for construction ends up being higher than is projected.

The operation phase will require a total workforce of 400 to 600 people working a two-week on/two-week off rotation. Current resources suggest that operations can continue for a minimum of 20 years, followed by decommissioning and several years of monitoring.

Community Engagement

AREVA Resources has maintained an office in Baker Lake since 2006, and has established a community liaison committee since that time. A regional liaison committee has been active since 2007. Updates are provided to communities, hunter/trapper organisations and schools on an ongoing basis.

AREVA Resources offers high school awards in Baker Lake and across the Kivalliq region. It contributes to homeland visits (63 since 2006, and 20 in the last year). It is a sponsor of the Kivalliq Science Camp. Additional sponsorships are listed the Table 7.

Table 7

Community Sponsorship

- Printmaker's Co-operative
- Arviat High School
- Hamlet Days in Baker Lake
- Sporting Events
- Northern Youth Abroad
- Mianiqsijit Project, Baker Lake
- Rankin Inlet Bowhead Whale Hunt

Source: AREVA Resources Ltd.

As a part of the ongoing community engagement and the socio-economic impact assessment, AREVA Resources has hired Golder and Associates. As a part of its work, the contractor has been employing numerous methods to gather information regarding social, economic and traditional knowledge issues, opportunities and concerns. The results of their work will be tested at the community level prior to being made public.

Meliadine Gold Project

Comaplex Minerals Corporation provided an update on its exploration activities currently underway at its Meliadine Gold Project situated 25 kilometres north of Rankin Inlet.

A history of employment and spending on the project was presented. In 2008, local employment equalled 18 jobs, which is the largest number since 2000 when the number reached 27. Peak employment

was 1998 with 45 locals participating in the exploration activities. Comaplex is working to provide locals with on-the-job training in skill areas that are easily transferable to other mine sites and other industries.

Since 1995, the property has attracted \$130 million in development expenditures of which \$21 million has gone to companies in the Kivalliq region.

The company is now entering into a feasibility study of the Meliadine Gold Project, which is anticipated to be completed in late 2010. Earlier this year, the Comaplex completed a Preliminary Assessment on the property that showed the potential for a 3,000 tonne per day open pit and underground operation, producing upwards of 2.23 million ounces of gold over 10 years (based on current indicated resources).

Comaplex's goals in its regulatory process include submitting a Preliminary Project Description to the Nunavut Impact Review Board and, upon receiving its guidelines, beginning work on a draft Environmental Impact Statement.

It has mapped out some important first steps, including the location of an all-weather road that will run through Rankin Inlet municipal land and then onto land owned by the Kivalliq Inuit Association. This road will provide access to Meliadine

Lake where a number of Rankin Inlet residents have cabins. Plans are underway to construct a bridge to cross the Meliadine River. This will bring the road to within 25 kilometres of the proposed main mine site.

The company is also looking for the construction of a fuel tank farm in Rankin Inlet and to negotiate the location of a fenced lay-down area. The close proximity of this property to Rankin Inlet facilitates the possibility of staging materials and fuel there, with delivery on more of an ‘as needed’ basis. It also offers employees living in Rankin Inlet the potential to commute on a daily basis rather than remaining on site for their rotational schedule.

Comaplex noted that the project will be a conventional gold mine with open-pit and underground operations using a conventional milling process. The construction phase will span three years, followed by 10 years of operations. A processing facility will be located on-site. Processed gold will be flown out. The operations workforce will average 430 when including all management and office staff. There will be 230 people working on-site at any time on a rotational basis.

Comaplex will be actively seeking potential partners in the supply of goods

and services for the Meliadine Gold Project.

Highlights from Committee Members

Five of the six Kivalliq communities were represented at the November SEMC meeting. Representatives provide insight into socio-economic change at the community level through their valued statements and are in a position to confirm or refute what the developer is reporting from its employees regarding impacts at the community level. This section presents the discussions that followed each Industry presentation.

Meadowbank Gold Project

The Meadowbank Gold Project is currently the largest among active resource developers, and thus was the focus for the community representatives. The following is a list and description of the issues or concerns that were raised.

Rental Rates for Public Housing:

Community representatives were able to confirm the challenge Inuit will face when taking employment with a mining company. These individuals will see their rent rise beyond \$800 from current rates below \$50 as soon as their personal income exceeds the threshold amount. For some, this is a disincentive to work which is not the goal or purpose of the

rental rate program. This will affect current and future developments.

AEM has brought the observed impact up with representatives of the Government of Nunavut. This is a subject that has garnered attention for several years but a workable solution has not yet been developed.

Turnover: The results presented by AEM on turnover came as no surprise to community representatives. In addition to the stresses of the wage economy and being away from family, friends and the community for extended periods, the especially high turnover rate observed in late spring was the result of a desire to return to traditional Inuit hunting and fishing activities.

This observation is likely to become a trend which represents an issue that should be addressed. To date, AEM has been lenient toward those who have missed shifts or have requested leave, however, at some point the company will take actions to ensure a full workforce is in place at all times. Knowing in advance that these turnover pressures will rise at certain times of the year could help in determining how the developer and communities take action in advance to leave all parties better off.

Language: English is the official language of work at the Project site for safety and

practical reasons. However, AEM and the construction contractors employ people from throughout Canada. A large portion of this workforce hails from the province of Quebec. French is the first language for most of these people. And of course, most of the Inuit staff members speak Inuktituk. Tensions at the mine site can rise when language is used to exclude people from the on-site community, whether it is those that do not understand French or Inuktituk that are being excluded.

The developer makes cultural training mandatory for its employees, but admits that it cannot always control bad behaviour of this nature. It is their belief that these occurrences will dissipate once the Project enters its operational phase and the majority of people on site are employees of AEM creating a more cohesive and friendly environment.

Jobs Lost after Construction: The overall workforce at the project will shrink once the construction phase has ended. Anyone whose current job is classified as “temporary” will become unemployed at that time. Anyone working for a construction contractor would be in this position. This has local workers worried about their future.

AEM will attempt to mitigate this negative impact by employing as many of those

individuals who are laid off as possible. The company has a stellar record for employee retention. However, the company has already signalled that in some instances the job requirements for production work are technical and thus not all local employees will be able to make this switch.

An important mitigation strategy has been to offer training that develops skills that are easily transferred. In some cases, the transfer would be to other mining or resource development activities, but in others, the skills are useful in numerous applications at the community level.

AEM did express concern that some programs offered by Nunavut Arctic College are not preparing students for work at a mine. It hopes to discuss this issue with the college in the near future.

Kiggavik Project

With the Kiggavik Project, input from the committee was more focussed on information gathering and project timing.

Users of Uranium: Should the Kiggavik Project proceed, it will become the first uranium mine in Nunavut. There are questions related to the specific uses and safety of this product.

AREVA Resources is owned in part by the Government of France. It is their intent to use the uranium from Kiggavik to fuel

nuclear reactors in that country. As much as 70 percent of this mine's resource will go to that use. The remaining 30 percent will be sold internationally. It is most likely to feed nuclear reactors in the United States or in other European countries.

Site Safety: At the end of Kiggavik's mine life, there will be several years of decommissioning and monitoring. AREVA have produced as a part of their project description a schedule that will have them monitoring the site after decommissioning until such time as to be assured that there is no potential for future environmental impacts. Buildings and other capital that is re-usable will be removed from site with strict contamination control measures in place. Much of the decommissioned material will be buried on-site.

Transportation: There are several transportation issues. All or most of the uranium concentrate product will be flown out. Materials coming into the mine site will likely be marshalled out of Baker Lake with Chesterfield Inlet possibly handling the transfer and taking on an emergency response role. The specifics of these transportation issues have not yet been finalised.

Communications: The Kiggavik Project is moving forward with its submission of a

draft Environmental Impact Statement and work continues on site to clarify and confirm the resource. Communities are eager to understand the details of this project, including its likely schedule, hiring activities, and future requirements for goods and services.

For instance, Southampton Island has been identified as a potential source of limestone. Residents of Coral Harbour are interested to stay abreast of any developments near their community and to know whether this is a viable resource.

The committee encouraged AREVA to develop a communication strategy that better informs the region's communities of its activities and schedule.

Meliadine Gold Project

This project is five years from becoming a producing mine under a best-case scenario. Thus, the comments and questions were of a general nature.

Most discussion was related to the project's location and its proximity to Meliadine Lake and Rankin Inlet. The current plan is use a nearby lake as a tailings impoundment area. Water discharged from the tailings impoundment area will be tested and, if necessary, treated before being released to the receiving environment. This will ensure the water downstream is safe for fish and other uses.

The Meliadine Gold Project has been the site of caribou migration in the past. However, the paths created by this migration are overgrown suggesting infrequent use by caribou as of late. Nevertheless, the possibility does exist that caribou would pass through again in the future.

Because the project is close to Rankin Inlet, the proposed all-weather road will present an opportunity for the local population to have access to Meliadine Lake where a number of cabins already exist. Comaplex is eager to see the road constructed and is working with the community of Rankin Inlet and the Kivalliq Inuit Association on how that construction might proceed.

Highlights from Additional Presentations

The Kivalliq SEMC heard presentations from Nunavut Impact Review Board and Indian and Northern Affairs Canada in addition to the reports from developers, the input from community representatives and the committee's report on socio-economic indicators.

Nunavut Impact Review Board

This was the first time the regulators have participated in the Kivalliq SEMC meetings. A presentation was given regarding the role of the Board and its expectations for the developers and how that relates to the SEMC.

The Nunavut Impact Review Board's mission statement is "to protect and promote the well being of the environment and Nunavummiut through the impact assessment process." Its responsibilities including those related to socio-economic monitoring are detailed in the *Nunavut Land Claims Agreement*—specifically in Article 12.2.2, 12.7.1, 12.7.2 and 12.7.3.

As a condition of AEM's operating license, the company is required to meet with representatives of the Kivalliq communities to discuss the socio-economic impacts of its project and to hear from the communities on any related issues and concerns. The company has a

similar responsibility through its agreements with the territorial government. In an effort to streamline the consultation process, AEM has asked the regulators to allow its commitment to the Kivalliq SEMC to meet the conditions of its licensing; to which the regulators have agreed.

AEM's reporting requirements to the Nunavut Impact Review Board do not change as a result of this arrangement, however. It is still responsible to report the results of project-specific monitoring. But the company can benefit from the contributions of the regional and cumulative monitoring carried out by the committee.

Indian and Northern Affairs Canada

The federal government presented an outline of its roles and responsibilities and commitments to the Kivalliq SEMC. Indian and Northern Affairs Canada mandate includes

- Improving socio well-being and economic prosperity;
- Developing healthier, more sustainable communities; and
- Participating more fully in Canada's political, social and economic development – to the benefit of all Canadians

In specific reference to the regional SEMC, the federal government department's role

is to offer support, information, and insight that will help the committees become established as effective regional socio-economic monitoring bodies. Indian and Northern Affairs Canada will work to support the Kivalliq SEMC through direct participation, data collection and analysis, and continued support of the lead agencies involved in regional socio-economic monitoring.

Committee Report on Selected Indicators

During the second meeting of the Kivalliq SEMC, committee members selected indicators it would use to help measure changes in socio-economic conditions in the Kivalliq region and at the community level. The committee's second report that followed the selection process highlights the rationale and the challenges associated with these indicators.

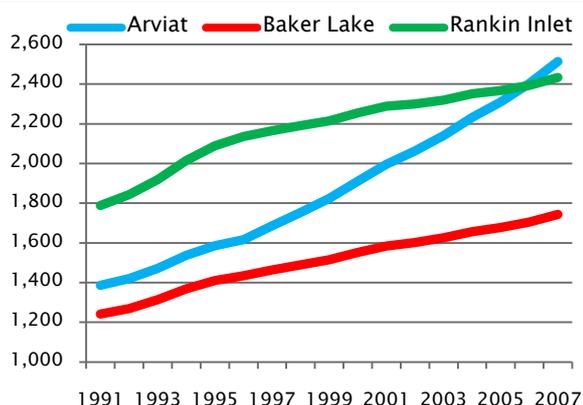
In this section, the results from the initial data collection are presented. These data represent the initial baseline or starting point for future analysis. It is important to understand where the region is at in terms of its socio-economic development and recognise some of the trends in place prior to the Meadowbank Gold Project's start-up. In the coming years, one must also be cognisant of factors external to resource development that are influencing socio-economic change.

Population

The population growth has varied between communities in the Kivalliq over the past 20 years. Arviat is now the largest community with a population estimated at 2,513 in 2007 (see Figure 1). This is slightly higher than the population in Rankin Inlet that was estimated to equal 2,433. Baker Lake’s population has grown at a steady pace since 1991, growing from 1,241 to 1,744 by 2007.

Figure 1

Population Movements, 1991 to 2007



Source: Statistics Canada, Demography Division, CANSIM Tables #51-0005, #51-0036, and special tabulation. Prepared by Nunavut Bureau of Statistics, May 30, 2008. Note: Statistics Canada considers these population estimates “non-official” since they are not based on the components of population growth. Caution should be exercised when interpreting these data.

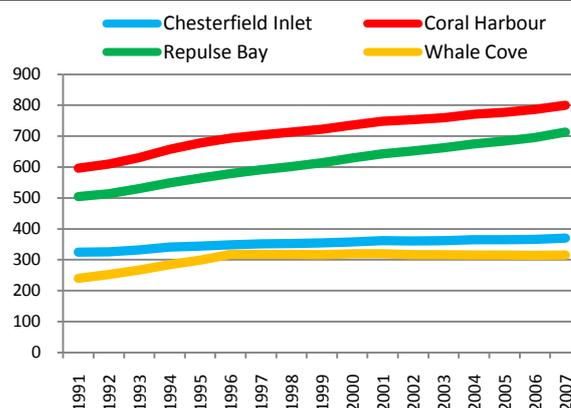
The estimated growth in the populations of Repulse Bay and Coral Harbour follow similar patterns, both growing by approximately 200 people since 1991 and now standing at 713 and 800 respectively (see Figure 2). Meanwhile, the two smallest communities in the Kivalliq are not growing. Populations

there stagnated starting in 1996.

Chesterfield Inlet’s population is currently estimated at 370, while that of Whale Cove is estimated to equal 315.

Figure 2

Population Movements, 1991 to 2007

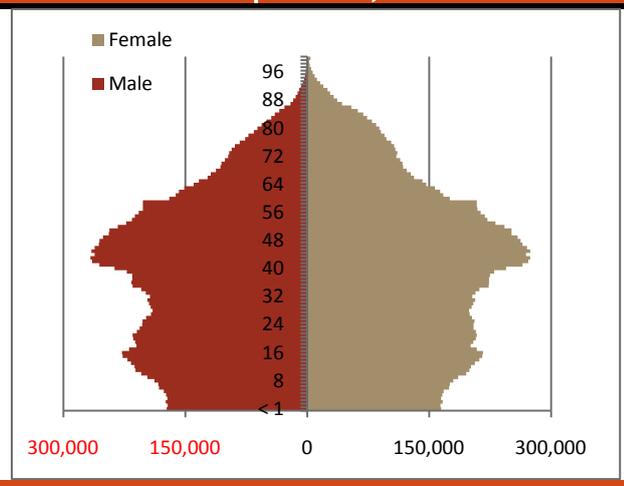


Source: Statistics Canada, Demography Division, CANSIM Tables #51-0005, #51-0036, and special tabulation. Prepared by Nunavut Bureau of Statistics, May 30, 2008. Note: Statistics Canada considers these population estimates “non-official” since they are not based on the components of population growth. Caution should be exercised when interpreting these data.

An interesting fact regarding the Kivalliq’s population is the proportion of residents under the age of 25. Figure 3 and Figure 4 contain images of the distribution of the populations in Canada and Nunavut. One can see the dominance of the baby boomer generation in the Canadian figure, while the Nunavut figure shows the great number of young people and the absence of a senior generation. Over the next decade, this large cohort will be entering the labour force, putting pressure on the Nunavut’s economy to perform.

Figure 3

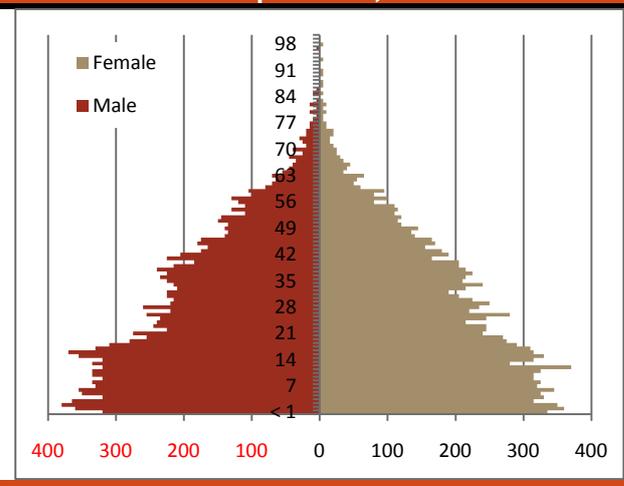
Distribution of Population, Canada



Source: Statistics Canada, 2006 Census

Figure 4

Distribution of Population, Nunavut



Source: Statistics Canada, 2006 Census

Income

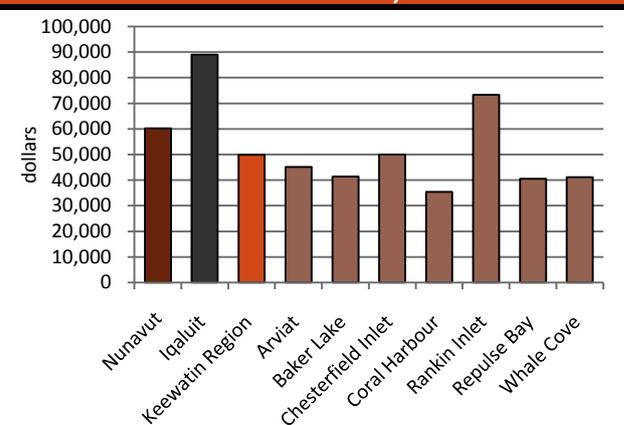
The Kivalliq SEMC is interested in the income status of its residents and will track this over time. The presence of industrial developments should result in more employment and hence, greater personal and community financial wealth.

Figure 5 contains data on the median household income throughout the Kivalliq taken from the 2006 Census. It shows all but one community in the region is below the territorial average which is heavily-influenced by the wages and salaries earned in Iqaluit. While not shown in this figure, one should also view these income levels from the perspective of their purchasing power. Knowing the amount of goods and services this level of income represents given the high cost of living in Kivalliq’s communities would provide a

true picture of the financial well being of the communities.

Figure 5

Median Household Income, 1996



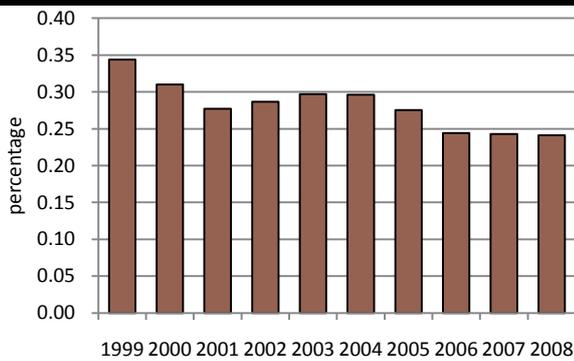
Source: Statistics Canada, 2006 Census

Figure 6 depicts income support as a percentage of total financial wealth. There has been a gradual decline in the dependence of Nunavummiut on income support. Beginning in 1999, 34 percent of all personal income in Nunavut came in

the form of social assistance. By 2008, that figure dropped below 25 percent.

Figure 6

Income Support as a Percentage of Household Income, Nunavut, 1999 to 2008

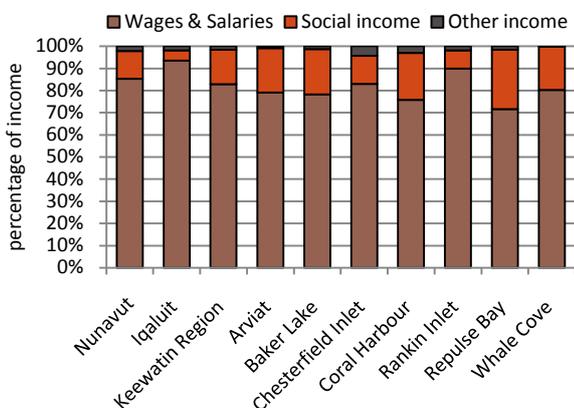


Source: Statistics Canada, CANSIM Table #384-0012

To see the dependence on social income in the Kivalliq, one must rely on Census data (see Figure 7). This survey is different from the one used to calculate the numbers in Figure 6. Figure 7 shows that within the Kivalliq region, Repulse Bay has the greatest dependence on social income, while Rankin Inlet has the lowest.

Figure 7

Sources of Income, 1996



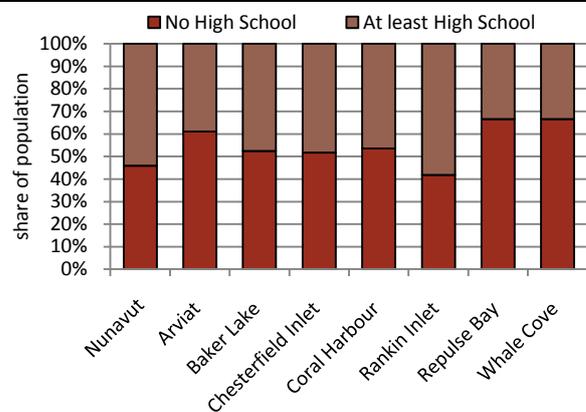
Source: Statistics Canada, 2006 Census

Education

The Kivalliq population aged 25 to 64 has relatively low levels of education (see Figure 8). Depending on the community, the percentage of this age cohort with less than high school education ranges from 42 percent in Rankin Inlet to 68 percent in Repulse Bay.

Figure 8

Education Status, Residents Aged 25 to 64, 2006



Source: Statistics Canada, 2006 Census

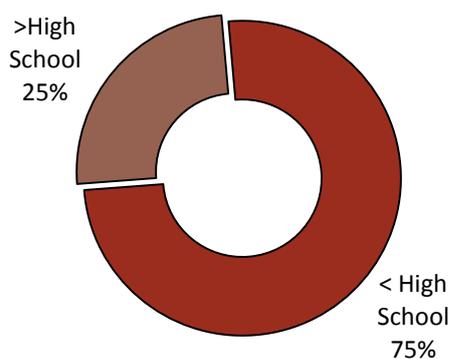
But the statistics are actually worse for the 20 to 24 age cohort (see Figure 9). Amongst these individuals, 25 percent have graduated from high school.

These are important statistics. The Kivalliq SEMC is interested in the employment results flowing from mining developments. A high school diploma is a minimum qualification for most of the jobs found at a mine site, and a prerequisite for any of the skilled positions. Improving levels of participation over the life of these

industrial projects will require better results in education.

Figure 9

Education Status, Residents Aged 20 to 24, 1996

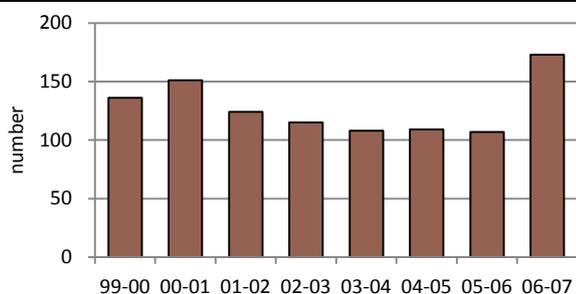


Source: Statistics Canada, 2006 Census

Figure 10 shows the number of registered apprenticeships increased by approximately 50 percent in 2007. This is the result of several industrial developments that were ramping up at that time and the increased housing construction that came as a result of Nunavut Housing Trust.

Figure 10

Registered Apprenticeships, Nunavut, 1999 to 2007

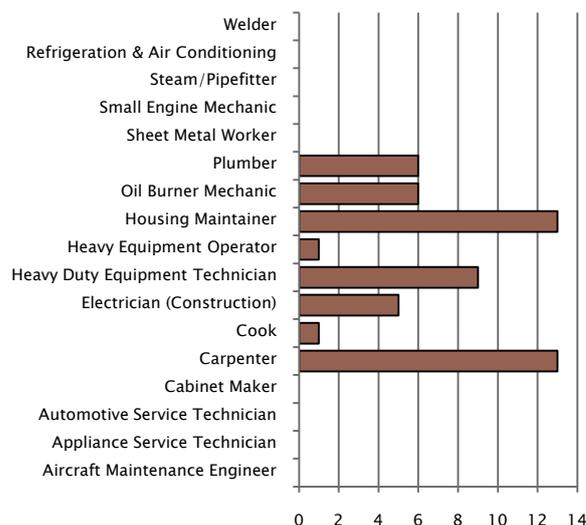


Source: Government of Nunavut, Department of Education

In the Kivalliq region, the majority of apprenticeships is in the areas of housing maintenance, carpentry, and heavy duty equipment technician (see Figure 11). Again, this is a direct result of the types of opportunities present and a result of the specific programs being promoted by the Government of Nunavut.

Figure 11

Apprenticeships by Trade, Kivalliq, 2007

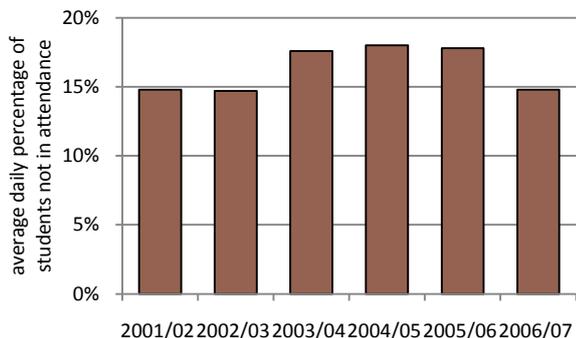


Source: Government of Nunavut, Department of Education

The Department of Education publishes the truancy rates from each region of Nunavut. Figure 12 shows those rates for the Kivalliq. They follow a similar pattern found across the territory—most notably that the rates are high. The figure shows that on any given day, 15 percent of students are absent from class.

Figure 12

Truancy Rates, Kivalliq, 2001 to 2007



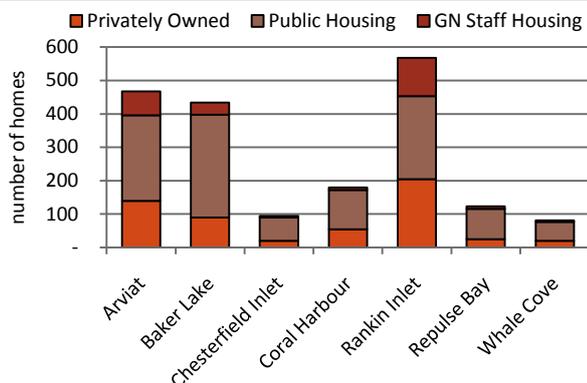
Source: Government of Nunavut, Department of Education

Home Ownership

The number and percentage of privately-owned homes might be expected to increase as a result of the increased financial wealth that will flow from industrial developments. Figure 13 contains some baseline data for home ownership in the Kivalliq region. Most of the homes—over 70 percent—in the Kivalliq are public housing units or government staff housing.

Figure 13

Home Ownership, 2007



Source: Government of Nunavut, Nunavut Housing Corporation

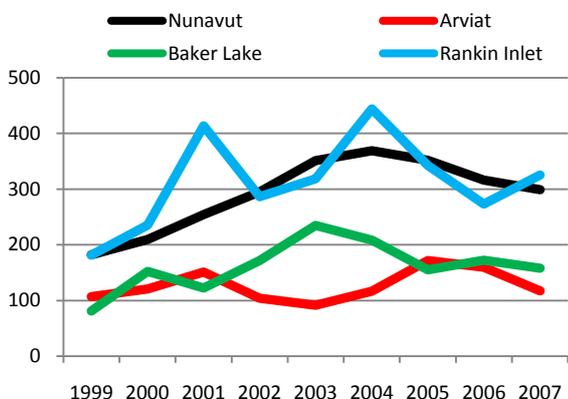
Crime

Rapid economic growth in a region unaccustomed to such things can have several negative impacts, at least initially, as the population adjusts to new lifestyles. One concern is that the increased wealth and time away from home will create pressures that can lead to criminal behaviour and a variety of abuses.

Figure 14 and Figure 15 contain baseline data on the trends in reported crimes in Kivalliq communities. Rankin Inlet is the only community in the region where crime rates follow the territorial average. The remaining communities' crime rates are considerably lower. It should be emphasised that these data are for "reported" crime, which includes family abuse. If there are differences in the likelihood of reporting crime to the RCMP, these differences would hide the actual rates of crime in a community.

Figure 14

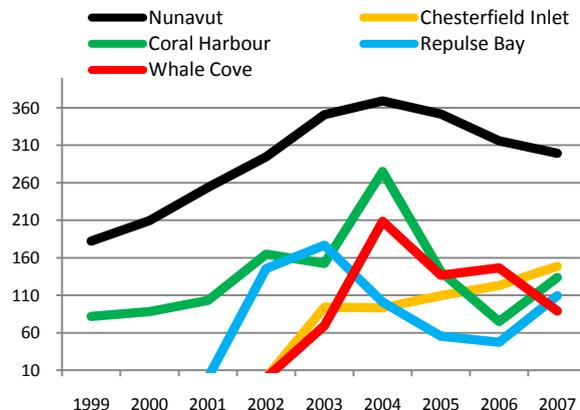
Police-Reported Criminal Code Incidents, per 1,000 persons, 1999 to 2007



Source: Royal Canadian Mounted Police

Figure 15

Police-Reported Criminal Code Incidents, per 1,000 persons, 1999 to 2007



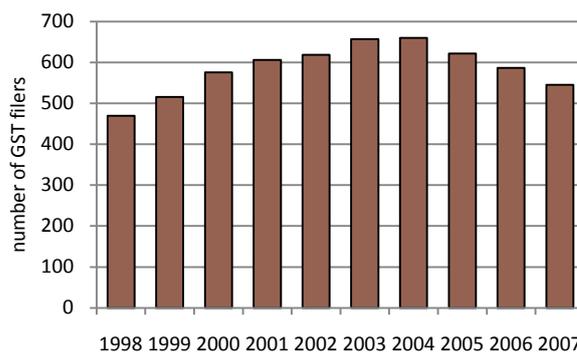
Source: Royal Canadian Mounted Police

Small Business

The increase in private-sector businesses could be one positive result flowing from the rise of mining development in Nunavut. Figure 16 contains information on the number of GST filers from Nunavut. Any business earning in excess of \$30,000 a year must charge GST. Therefore, this statistic can be used to show the changing number of businesses, or at least the number of businesses earning that minimal amount per year. The figure shows that the number of GST filers peaked in 2003 and 2004, and equalled 545 in 2007.

Figure 16

Number of Businesses (GST Filers), Nunavut, 1998 to 2007



Source: Canadian Revenue Agency

Looking forward

The Kivalliq SEMC represents an opportunity for the Kivalliqmiut. Bringing industry, communities and government together to

- monitor the progress of society as a result of private–sector activities, and
- work as a group to discuss issues, share information and ultimately recommend actions to improve the quality of life for all

is a relatively new approach to governance. But it is one that has the potential of achieving a level of success that the three groups could not achieve by working on their own.

There is great hope for the Kivalliq SEMC—that it will grow in its understanding and abilities to communicate the socio–economic realities of the Kivalliq communities, and that through working co–operatively, the lives of all Kivalliqmiut will improve.

The ultimate purpose of the SEMC is not the monitoring and reporting. Overtime, as the Committee grows in its understanding of

- the socio–economic realities of the Kivalliq,
- how society can interact effectively with industry, and
- how the proceeds from economic growth can be channelled into areas of need,

the Committee stands to become a valuable contributor to the governance of the region.

For now, the Kivalliq SEMC must set its sights on more immediate and simpler goals; improving its reporting, its communications, and its ability to work together. Success in these areas will greatly improve its chances of becoming a relevant voice in the Kivalliq— influencing how society makes choices, sets policies, and adapts to and benefits from change.

Appendix A: Meeting Agenda

Location: Siniktarvik Hotel Rankin Inlet, Nunavut

Dates: November 3, 2009

Start time: 9:00 am

Chairperson: Laura MacKenzie – Director, Community Operations
Department of Economic Development & Transportation
Kivalliq Regional Office

Meeting facilitator: Graeme Clinton, Impact Economics

1. Opening remarks/Prayer and review of agenda addition or deletions
2. Introduction of participants each and their objective/perceived outcome
3. Meeting overview –Consultant/Chairperson
 - Define the roles and responsibilities of the Socio–Economic Monitoring Committee
 - Define the benefits and challenges of socio–economic monitoring program in Nunavut
 - Next steps or follow up from the last SEMC meeting
 - Review of the SEMC report by ED&T.
4. Presentations by major development project proponents
 - Project Update – Agnico–Eagle and the Meadowbank Mine
 - Review of most recent monitoring reports
 - Questions period
 - Project Update – Areva, advanced exploration project near Baker Lake
 - Question period
 - Project Update –Comaplex project near Rankin Inlet
 - Question period
5. Indicator Selection–review and presentation by Graeme Clinton
 - Review of the current list of indicators
6. Discussion of findings, identified trends and perceptions of resource development projects
 - Round–table discussion led by the Government of Nunavut
7. Issues that require follow–up
 - Responsible parties
 - Timelines
8. Next meeting – date and location
 - Responsible parties
 - Timelines