#	QIA Comment	Baffinland Response
	Baffinland Response to QIA Comments, Labour Market Report December 16, 2014	
1	Condition 139 acknowledges the unknown availability of labour from the North Baffin Region for the Mary River Project. As such, QIA believes that the intention of Condition 139 is to obligate BIMC to understand the local labour market, and to demonstrate how its hiring practices will prioritize training and employing the local workforce while reflecting the realistic demands of construction and operations, and the possibility that it will need to source labour outside of Nunavut. It further instructs BIMC to consider the impact of southern workers on the Inuit workforce, and the attendant workplace policies and cultural awareness initiatives.	The Labour Market Analysis focuses on the demand and supply of labour for the Mary River Project. Section 2.2 of the Labour Market Analysis summarizes the links between the Inuit Impact Benefit Agreement (IIBA) and resourcing. For detailed information on hiring practices and prioritization of training, one should refer to the Inuit Human Resources Strategy. As per the requirements of 7.11 of the IIBA, the Inuit Human Resources Strategy document has been prepared to discuss in detail topics such as Organizational Planning, Minimum Inuit Employment Goals, Inuit Hiring, Recruiting Strategy, Inuit Retention, Inuit Training, Inuit Education, Career Development, Employee Relations and Engagement. The draft Inuit Human Resources Strategy document was prepared in mid-2014 and is awaiting comments and feedback from QIA.
2	A comprehensive understanding of the local labour market, which enables informed policy and practice, has significant implications for implementation efforts associated with the delivery of positive socio-economic benefits predicted in the Final Environmental Impact Statement. In this context, the Labour Market Report should reasonably anticipate the practical application of Inuit labour force characteristics and talent availability data toward efforts to establish processes for setting minimum Inuit employment levels, and on increasing Inuit participation at the Project over time through education and training initiatives. In other words, the data produced or utilized in the Labour Market Report should be valid and useful beyond simply fulfilling the most basic and explicit obligations of Condition 139, rather this data should form the basis from which NIRB and other parties are able to monitor the extent to which the Project actually produces significant socio-economic benefits.	The setting of minimum Inuit employment levels is anticipated in Section 7.14 of the Inuit Impact Benefit Agreement. This section deals with target levels of Inuit employment and it is up to the Management Committee to calculate and the Executive Committee to establish specific Minimum Inuit Employment Goals (MIEG). Processes to increase Inuit participation in the Project through education and training are covered in the Inuit Human Resources Strategy document that is a requirement of Section 7.11 of the IIBA and is mentioned above.

As stated, the Labour Market Analysis does fulfill the obligations of Condition 139 and requirements for future socio-economic monitoring, where data is available. It is one of a series of tools that can assist in the development of the MIEG (Section 7.14) and Inuit Human Resources Strategy (Section 7.11), but at no time was it intended that the Labour Market Analysis would be a substitute for these required documents. |
| 3 | Strictly speaking, BIMC has updated the Labour Market Report to include ERP operations as well as hiring points. However, QIA contends that the report contains outdated data, that the analysis is based on a series of assumptions that call its validity into question, and that the conclusions drawn are therefore unreliable and ultimately of little utility. Briefly, this contention is substantiated in the following observations. | The Labour Market Analysis was submitted on May 30, 2013. Revisions to the original document were submitted on December 18, 2013 (Rev 2) and on September 24, 2014 (Rev 3) to address specific requests for information by NIRB. The scope of each revision was clearly explained in the notes at the beginning of the Introduction on page 3. BIM clearly represented the subsequent documents as revisions and did not undertake to re-write the Labour Market Analysis as a separate stand alone document. QIA's observations are addressed below. |

a	The Labour Market Report is limited to an estimated workforce of 410 employees required for ERP Operations beginning in 2015. It does not include the estimated workforce requirements for ERP Construction (750) in the third and fourth quarters of 2014, or for the Approved Project Construction Phase (570 – 1,800) from 2015 to 2019, as described in the Addendum to the FEIS submitted in June 2013. As such, the Report is immediately of limited utility in advancing the understanding of local versus southern/international labour force requirements, and certainly does not meet even the basic intention of Condition 139 in this instance.	The Labour Market Analysis reflects the Early Revenue Phase, which began operations in September, 2014. As outlined in the notes, this Phase of the project also included the staff required to self-perform the construction activities necessary to prepare the site(s) for regualar mining operations: *Note (December 2013): The initial Labour Market Report was prepared in the first half of 2013, prior to the decision to manage the project on a self-perform basis. Since that time, the report has been updated with estimated workforce numbers that reflect the new operating structure and the fact that construction of the Project will be done in-house and not through an EPCM Contractor.* This workforce would then transition over to regular operations when the construction work was complete, thereby reducing the need for a larger workforce in Q3 and Q4 2014. Baffinland will update the analysis for the overall Mary River Project, at such time that the other components (the "Rail Project") are slated for construction. As the QIA is aware, these components are effectively on hold subject to the Company obtaining financing. The scope of the revisions to each document was clearly outlined in the "Note" section of the Introduction on Page 3 of each revised document. For example, Revision 3 contains a note stating that "Note (September 2014): At the request of the Nunavut Impact Review Board, this report was updated to include information regarding the Inuit and non-Inuit living in Nunavut outside of the Local Study Area as potential sources of employment. Statistics for the amended report were obtained from the Statistics Canada 2006 Census of Population (Catalogue #94-579-XCB2006001)-File prepared by the Nunavut Bureau of Statistics, March 2, 2008 and the Statistics Canada 2006 Aboriginal Population Profile for Nunavut – Educational Attainment of the Aboriginal Identity Population (ages 25 – 64). Tables 3, 4 and 5 of this Labour Market Report have been updated to include the additional information".
b	The Report makes heavy use of Mining Industry Human Resources Council (MiHR) data from 2011 to project demand for workers in the mining industry in various regions across Canada, including the North (YK, NWT, NU) over a 10 year period. There are more recent versions (2013, 2014), and it may be reasonable to expect that an updated Labour Market Report would use the most recent available figures. Moreover, these more recent reports also include an estimate of available talent from northern Canada that the 2011 Report does not.	The Labour Market Analysis was submitted on May 30, 2013. Revisions to the original document were submitted on December 18, 2013 (Rev 2) and on September 24, 2014 (Rev 3) to address specific information requested by NIRB. The scope of the revisions to each document was clearly outlined in the "Note" section of the Introduction on Page 3 of each revised document. For example, Revision 3 contains a note stating that "Note (September 2014): At the request of the Nunavut Impact Review Board, this report was updated to include information regarding the Inuit and non-Inuit living in Nunavut outside of the Local Study Area as potential sources of employment. Statistics for the amended report were obtained from the Statistics Canada 2006 Census of Population (Catalogue #94-579-XCB2006001)-File prepared by the Nunavut Bureau of Statistics, March 2, 2008 and the Statistics Canada 2006 Aboriginal Population Profile for Nunavut – Educational Attainment of the Aboriginal Identity Population (ages 25 – 64). Tables 3, 4 and 5 of this Labour Market Report have been updated to include the additional information".

c	The MiHR sources used in the Labour Market Report predict supply and demand for 66 different occupations, which it acknowledges represents only about 60 percent of mining-related jobs. This may exclude certain positions that are currently part of BIMC's organizational chart and potentially filled by Inuit candidates. In fact, BIMC does not make any explicit links between its own workforce requirements and those occupations upon which the MiHR projections are based.	For the purposes of the Labour Market Analysis, Baffinland Iron Mines linked the occupational requirements of its operations workforce to HRSDC's Occupational Categories and Skill Levels. These skill levels included: Skill Level A (Occupations usually require university education); Skill Level B (Occupations usually require college education or apprenticeship training); Skill Level C (Occupations usually require secondary school and /or occupation-specific training); and Skill Level D (On-the-job training is usually provided for these occupation). This method; 1) emphasizes the hiring and on-the-job training of employees who may have the basic education requirements, but may not have any previous mining related work experience; and 2) Recognizes that while potential employees may not have worked in a specific mining-related occupation, they may have transferrable skills from another industry or employment.
d	MiHR uses an econometric model which is not adequately explained to develop different scenarios (contractionary, baseline and expansionist) for mining sector demand, based on a combination of retirement, production, mineral price indices and labour productivity; it uses these to make hiring projections for certain mining-related occupations. Other MiHR reports suggest that the baseline scenario is based on a constant "product mix" of resources extracted in each region across the country, with Nunavut's being 100% gold. This is the first suggestion that BMC has not accounted for the impact of its own operations on the labour market, though doing so would only serve to strengthen the overall conclusion that there is a significant labour gap in the mining sector.	The Labour Market Analysis contains a snapshot of third party research and papers that discuss the demand for a skilled mining workforce and the anticipated shortage of employees in the future. While specific data and research methods may vary, there is a consistent belief, as outlined in the Labour Market Analysis, that "in order to successfully recruit, retain and motivate a productive workforce, it will be necessary to engage what would traditionally be considered under-represented group and make training, of both new and existing employees, a priority".
e	BIMC further cites Conference Board of Canada (CBC) data which states that 350 Nunavummiut were employed in mining in 2011, a number that is projected to reach 790 by 2020. This takes into account CBC's 2009 understanding of the Mary River Project, and serves to reinforce the conclusion that it will be important to look to additional sources of labour like Aboriginals, women, immigrants and people "poached" from other industries, etc. to fill the gap.	

f	BIMC uses 2010 data from the Mining Association of Canada and Statistics Canada to estimate a range of between one in 55 and one in 78 working-age Canadians being employed in the mining industry. BIMC then uses these statistics to estimate labour markets and talent availability for the Mary River Project. Such analysis does not consider that there are unique characteristics of the North or of the Inuit labour market that may be different from aggregated Canadian data.	The Labour Market Analysis assessed the talent availability in the LSA, the rest of Nunavut, the fly in/fly out hub of Waterloo and the Greater Toronto Area. Therefore, the method used had to be based on objective data and not on subjective measures such as perceived interest in a mining career, ability to work a two week rotation, successful living in a camp environment, preference for alternate employment/activities etc.
g	Then, using 2006 Census data, BIMC presents the number of people in each labour market (local Inuit and non-Inuit, non-local Inuit and non-Inuit, Toronto, Waterloo) by Human Resources and Skills Development Canada (HRSDC) Skill Level. Finally, applying the ratios established by the national data, BIMC estimates the "actual" number of potential employees according to labour market.	The Mining Association of Canada data was used because it includes information from mines across Canada, including fly in/fly out operations and operations in the North and the ratios could be applied objectively to all of the potential labour markets. As a result, the Labour Market Analysis was able to predict that "after preference is given to local Inuit and local non-Inuit employees, there will be a requirement to source talent from the rest of Nunavut. After this, it will be necessary to source talent from a broader region. The remainder of the talent required can be sourced from the fly in/fly out hub of Waterloo, Ontario and from additional locations across Canada, if necessary".
h	This model suggests that BIMC can reply on an Inuit workforce (local and non-local) of between 87 and 109 (21-27%) of the total estimated project workforce for ERP Operations. At best, this approach assumes that the labour market scenarios can be translated to the North Baffin/Baffin labour market, and for example, that in a given community only one in 55 people would be interested in employment with the Mary River Project. This is symptomatic of an approach that does not account for specific labour market characteristics such as unemployment, demand, etc. It further assumes that competing industry is similar to southern labour markets.	The Socio Economic Report was used as a reference for the Labour Market Analysis and in Section 2.4 of the Labour Market Analysis, key points from the Project Definition Phase were outlined. While BIM considered this information, it could not be relied on in it's entirety because the nature of the work and the working conditions were substantially different. For instance, the employer, type of work (sampling vs operations), nature of the work (temporary vs permanent) and camp (tent vs permanent) changed over this period of time. While job seekers claimed that they were interested in employment at BIM, during the Project Definition Phase, between one in five and one in eight workers did not manage to complete one full rotation. This represents a high attrition rate and may highlight that "interest" in employment and actual employment may be significantly different.
i	The above is noteworthy given BIMC's admission in this report that during the Project Definition Phase (2007-2009) it found a high level of interest and was not able to "tap out" the labour market in the study area. In fact, there are few if any links drawn between the Socioeconomic Baseline Study (2010) information noted and the talent availability data being presented here.	

4	Included as Annex B is a compare document highlighting for readers the differences between Labour Market Report Rev. 2 (December 2013) and Labour Market Report Rev. 3 (September 2014). As this document will demonstrate modifications to the most recent document were not extensive and therefore draw into question why the proponent requested an extension to the 90 day reporting period associated with Condition 139.	The Labour Market Analysis (Rev 3) was submitted within the timeframe approved.
N/A	QIA further recommends that an amended Labour Market Report contain the following elements in order to ensure compliance with Condition 139: a) An account of the Project workforce requirements for the entire Construction Phase as described in the FEIS, broken down by year; b) Use of the most recent data available, and an account of data source methodologies, and limitations of any data used (e.g. econometric scenarios); c) Identification of any gaps between the data sources used in the Report with the specific Project workforce requirements, supplementing the analysis accordingly with additional data and analysis (BIMC and/or third party); d) HRSDC Skill Level classifications for each occupation associated with the Construction Phase; e) A discussion of the Project's overall impact on the local labour market over the entirety of the Construction Phase; f) A discussion of the Inuit labour market in comparison and contrast with the labour market in southern regions that includes specific considerations associated with employment demand as well as barriers to employment with the Project (e.g. education); and g) A discussion of the practical application of the analysis in the context of employment targets and associated policies and programs over the course of the Construction Phase, including maintaining updated labour market information. h) Discussion upon how the Labour Market Report will be employed by the proponent to monitor the accuracy and validity of impact predictions over time including plans for scheduled update/revisions.	In their letter dated January 22, 2015, NIRB stated *"The NIRB would like to clarify, for the information of the Proponent and the QIA, that the requirements of the LMA as set out within revised Term and Condition 139 of the Mary River Project Certificate have, in the Board's opinion, now been met. Furthermore, while the NIRB does not have a mandate with regard to the establishment of socio-economic benefits, the details required within the LMA pursuant to Condition 139 are adequate to inform the NIRB's understanding of the labour market as it relates to the Mary River Project at present."* A rewrite of the Labour Market Analysis will not be completed at this time.