



**THE HARRIS
CENTRE**
Memorial University





The Development of the Francophone/Bilingual Community of the Labrador West Region

Mike Clair, MBA, Leslie Harris Centre of Regional Policy and Development

Dr. Tom Cooper, Faculty of Business Administration

Dr. Heather Hall, Leslie Harris Centre of Regional Policy and Development

Memorial University of Newfoundland

March 2013

About the Labrador West Region

The Labrador West region of the province of Newfoundland and Labrador comprises the towns of Labrador City and Wabush, with a combined population of 11,089 according to the 2011 Census. The Labrador West region is situated on the Quebec plateau, located near the border of Northern Quebec. Other than Fermont, another mining community located about 25 kilometres west of Labrador West in the Province of Quebec, the nearest communities (Happy Valley-Goose Bay to the east and Baie Comeau to the south) are several hundred kilometres away by (mostly unpaved) road.

The Labrador West region straddles the Labrador Trough, an iron ore belt about 1,600 km long and about 160 km wide, which is one of the world's largest iron ore reserves. The region was settled in the early 1960s when the Iron Ore Company of Canada and Wabush Mines began exploiting the resource. The workforce for the mines came primarily from the island of Newfoundland and from southern Quebec. As early as 1964, both English and French radio stations have been operating in the region.

In Newfoundland and Labrador, there are three generally recognized Francophone regions; Labrador West (Labrador City and Wabush), St. John's (the provincial capital), and the Port-au-Port Peninsula (a traditionally Acadian region near Stephenville). In Labrador West, approximately 300 people claim French as their mother tongue and about 1,100 have knowledge of both official languages.

Labrador West is experiencing an economic boom based on the demand for iron ore primarily for markets in China and India. The three existing iron ore companies in the region have recently been purchased by multinational corporations (the Iron Ore Company of Canada by Rio Tinto of London, Wabush Mines by Cliffs Natural Resources of Cleveland, and Québec Cartier Mining Company in Fermont by ArcelorMittal of India). Despite the current dip in commodity prices and the slowing of some operations, all three companies have long-term expansion plans. As well, additional mining companies have indicated the intention of establishing operations in the region including New Millennium Iron Corporation, Labrador Iron Mines, and Alderon Iron Ore Corporation.

As these expansions and new developments occur, it is anticipated that the population of the region would more than double in the next five to ten years. It is inconceivable that this workforce would come solely from Newfoundland and Labrador, given the province's aging population and the many other mega-projects taking place in the province: Muskrat Falls hydroelectric development, Hebron offshore petroleum platform, White Rose Expansion offshore oil development and Long Harbour hydrometallurgical plant. It is generally agreed that workers will need to come from other parts of Canada and the rest of the world.

Contrary to most mining developments taking place today – which are generally a fly-in/fly-out workforce – the Labrador West region is a mature community with well-developed municipal and transportation infrastructure and public services (e.g., healthcare, education and recreation). Community and union leaders in the region insist that the workforce be permanently established and are allowing companies to utilize the fly-in/fly-out model as a temporary stop-gap measure only. Therefore, it is expected over the long-term that the workforce required in the region will become permanent residents. It is also anticipated that Labrador's closest neighbour, Quebec, would supply a

large portion of this workforce, with those moving to the Labrador West region being primarily Francophones. As a result, it is anticipated that workers (including their families) moving to the region will further increase the Francophone population.

These factors have led to a unique situation in both Labrador and Canada as whole. With the depopulation of rural areas across the country over the past several decades and recent immigration patterns, the percentage of Francophone Canadians outside Quebec has been plunging. In Labrador, however, the economy of the region is expected to grow significantly over the coming years as is its population (including the number of Francophones). Given the policy of the Government of Canada to promote the sustainability of minority language communities in Canada and the desire to undertake positive measures, Industry Canada and the Atlantic Canada Opportunities Agency (ACOA) have targeted the region as holding special potential, primarily focusing on supporting the growth of Labrador West's Francophone business community.

Methodology

Industry Canada and ACOA jointly approached Memorial University of Newfoundland's Leslie Harris Centre of Regional Policy and Development (the Harris Centre) to conduct a needs assessment of the Francophone business community of Labrador West. The Harris Centre has expertise in public policy and in regional development, and its Associate Director, Mike Clair, is a Francophone originally from New Brunswick. Mike Clair was assisted by Dr. Tom Cooper, Associate Professor in the Faculty of Business.

The review consisted of secondary research on population, history, the demand for iron ore, supply chain management, cluster development and entrepreneurship in a rural/remote setting. In addition, two consultation sessions were held, the first with the Francophone community and the second with leaders and stakeholders of the community as a whole. One important caveat to note was the difficulty in recruiting entrepreneurs and business people to attend the two consultation sessions. Because the region's economy is booming and the supply community is working at capacity, relatively few business people attended. Therefore, the consultations were complemented by telephone interviews with selected influential business people in Labrador West.

The Harris Centre wishes to thank all those who participated in the consultations, and especially the Iron Ore Company of Canada, representatives of which helped organize the project and attended the two sessions.

Issues Facing the Community as a Whole

There are a number of factors which will affect the development of Labrador West, including the growth of the Francophone business sector:

- **Housing:** The availability of housing, and especially the availability of affordable housing, is probably the greatest impediment to growth in the region. The high cost of transporting building materials North, the relatively short construction season and the shortage of construction trades are the main factors limiting the growth of the housing stock. The shortage

of housing has bid up the cost of both home ownership and rental, making it unaffordable to workers earning minimum wage and even to professionals not in the mining industry (e.g., healthcare workers, teachers, government and non-for-profit employees). The housing issue is further compounded by the cyclical nature of commodities pricing with remote mining communities vulnerable to boom and bust cycles, making investors (both commercial and residential) think twice about entering into long-term mortgages.

- **Managing temporary growth:** Exacerbating the housing shortage is the need for the two municipalities as well as the mining companies, in Labrador West, to provide services to a larger population of workers during the construction/expansion phases versus when normal operations are underway. While the fly-in/fly-out model is being utilized as a stop-gap measure, temporary workers still require access to services and basic infrastructure.
- **Availability of land:** The two municipalities of Labrador City and Wabush are surrounded on all sides by existing and future mining operations. As a result, land available for expansion of residential, commercial and recreational developments is limited and municipal leaders are cautious as they proceed with municipal planning and design.
- **Policy capacity:** The region is facing robust growth brought on by the developments led by multinational corporations. While the Government of Newfoundland and Labrador actively negotiates benefit agreements with these companies and deals with environmental issues there still is a great deal of negotiation at the local level. This is a particular challenge for small municipal entities with limited expertise and capacity.
- **Evolving population numbers:** One of the unexpected challenges facing the municipalities is their ability to provide services to their population; specifically, it is difficult to effectively determine how many people actually live in the communities of Labrador City and Wabush. There is a great deal of “churn” in the population, caused by: the presence of fly-in/fly-out workers; an influx of new permanent employees; the use of temporary foreign workers; and reluctance to declare residency status (brought on by unregulated and undeclared rentals, violations of fire regulations, etc.). With the inability to accurately determine current numbers and the difficulty of projecting future population growth, major uncertainties for policy-makers exist as they try to anticipate needs in healthcare, education, welfare, recreation, etc. For example, it is anticipated that the new hospital, yet to be opened, has already been deemed inadequate to meet the needs of the anticipated population growth.
- **Air transportation:** In providing service to the entire Labrador West region as well as to Fermont, Quebec, the Wabush Airport is challenged in meeting the continuously growing demands placed upon it. With the volume of fly-in/fly-out personnel coupled with increased traffic from federal & provincial government and mining officials, the airport lacks many of the services of similar-sized airports found in other regions of Canada and is hard-pressed to process all the passengers that use the facility. In addition, the availability and frequency of flights in and out of the area has led to bottlenecks and congestion.

A notable step forward in addressing some these issues was the creation, in 2011, of the Labrador West Regional Task Force, an ad-hoc committee composed of representatives of the mining industry operating in Labrador West, the two municipalities and representatives of the federal and provincial governments. Their mandate is to coordinate efforts in order to mitigate any negative impacts caused by the development and expansion of the mining sector and, where possible, to maximize opportunities for the region.

Supply Chain Opportunities Facing the Business Community as a Whole

The growth of the population and mining operations in Labrador West creates many opportunities for suppliers of goods and services to mining companies, as well as for entrepreneurs in hospitality, food services, retail, personal services, etc. Although some goods and services are not available in situ, where possible, every effort should continue to be made to maximize local procurement.

Potential supplier opportunities related to mining operations include:

- The provision of construction materials, engineering services and labour for the construction of new mines and the expansions of existing mines. Given the volume of work on the horizon, the construction/expansion phase of various projects will take several years, but still remains temporary in nature.
- The provision of goods and services for the ongoing operations of the mines after the construction/expansion phase. This phase is long term in nature with several of the developments anticipated to have a life span in excess of 20 years.

Supplier opportunities related to an increase in the population include:

- The provision of goods and services to consumers.
- The provision of goods and services to schools, hospitals and other public institutions.
- Business-to-business transactions.

Opportunities Facing the Francophone Business Community

There exists within the region long-established enterprises founded and led by Francophone business leaders. The Réseau de Développement et d'Employabilité de Terre-Neuve-et-Labrador (RDÉE TNL), which currently serves the existing minority language community, is a mechanism through which Francophone/bilingual entrepreneurship can be fostered and encouraged. As mining operations in Labrador West expand and as the population increases, it is likely that the Francophone population will also increase, possibly at an even faster rate than that of the overall population. This provides opportunities for Francophone entrepreneurs to set up shop or to expand in order to serve the needs of this larger pool of Francophone consumers in general and to address the needs of the mining sector.

It is evident that the ability to communicate in both official languages is a valuable asset particularly as it relates to activities such as procurement, customer service, recruitment and sales. There exist opportunities for the Francophone community in Labrador to engage with Francophone enterprises in Quebec as well as internationally, including Europe and Africa.

Suggested Future Actions

Should the expansion and development plans of the mining companies proceed as anticipated, this will create tremendous opportunities for businesses and families, but also exert immense stress on the community infrastructure of the region. This review by Industry Canada and ACOA has put a spotlight on a number of interesting and complex questions and has highlighted several avenues for possible further action including:

- What types of goods and services will the mining companies need during the expansion/construction phase of their projects? Where can these goods and services be procured: Newfoundland and Labrador, Quebec, the rest of Canada, or internationally? Are there supplier opportunities for local business and, in particular, Franco/bilingual entrepreneurs?
- What types of goods and services will the mining companies need post expansion/development and where can these be procured: Newfoundland and Labrador, Quebec, the rest of Canada, or internationally? Are there supplier opportunities for local business and, in particular, Franco/bilingual entrepreneurs?
- What is the anticipated size of the population during the expansion/construction phase, and what goods and services will be needed to support this growth? Are there supplier opportunities for local business and, in particular, Franco/bilingual entrepreneurs?
- What is the anticipated population of the region post-expansion/construction, and what goods and services will be needed to support the community? Are there supplier opportunities for local business and in particular Franco/bilingual entrepreneurs?
- Where will the workforce come from: Newfoundland and Labrador, Quebec, rest of Canada, rest of world? Are there immigration opportunities to sponsor Francophone skilled labour to the region? Is there an opportunity and what is the feasibility of establishing transition housing and services for Francophones (including immigrants) coming to the region? What services need to be put in place to retain incoming Francophones?
- Is there a role for intermediaries? Are there opportunities where the hiring needs of various companies, particularly SMEs, can be aggregated and marketed in the rest of Canada and internationally?
- During recruitment processes for the region, do employers perceive linguistic capacity in both official languages as an asset? Have job descriptions/profiles been developed for positions requiring knowledge of both official languages so that they can be marketed appropriately?
- What role can technology play to assist in addressing labour shortages? Can technology assist with the provision of French/Bilingual secondary and post-secondary educational services to the Francophone population of Labrador West, thereby helping to curtail the current outmigration of youth? Are there opportunities to use distance education to train rural Francophone Newfoundlanders and Labradorians, not resident in Labrador West, as well as other rural Francophone Canadians who are unemployed/underemployed for opportunities in Labrador West? Are there opportunities for the negotiation of agreements between major employers and Francophone post-secondary training institutions in Canada to allow for cooperative/

apprenticeship training opportunities on-site in Labrador West with the aim being permanent job placement?

- What activities can be undertaken to diversify the region's economy so that it is not so susceptible to the boom/bust cycle of a single industry town? Is the creation of a mining cluster/centre of excellence feasible and sustainable? Can tourism and hospitality play a role? Are there opportunities to attract Francophone tourists to the region?
- In order to expand local business capacity (including that of Francophone entrepreneurs), is there a role for enhanced supplier development seminars and workshops by banks and government agencies on relevant topics such as financing and productivity improvement? Is there an opportunity to maximize local procurement?
- Should a regional marketing plan be developed to highlight community requirements and capacity, including infrastructure, and goods and services? Can the plan be utilized to attract suppliers to locate and conduct business in the region? Could such a plan be utilized to market the capacity/capabilities of local entrepreneurs, outside the region, to the rest of Newfoundland and Labrador, Canada and internationally thereby diminishing reliance on opportunities generated solely by the growth of Labrador West?
- Are there opportunities for increased collaboration at the municipal level with the Town of Fermont re the provision of social services such as healthcare, education, recreation? Are the Provinces of Newfoundland and Labrador and Quebec working cooperatively to identify opportunities for shared services thereby maximizing efficiencies and avoiding duplication?

Answers to these questions will necessitate further research, including in-depth interviews with municipal leaders, government officials, senior mining officials, suppliers and other stakeholders. There is an opportunity for the RDÉE TNL to play a role in ensuring that the needs of the Francophone business community are heard.

The selection of Labrador West by Industry Canada and ACOA as a minority-language region requiring in-depth attention appears to be well-justified by the work undertaken to date. It is worth mentioning that the Labrador West economy is linked to the global marketplace is experiencing significant growth, and business opportunities are being created. Of particular interest is the fact that Labrador West is also unique in that it is one of the few minority language communities in Canada that has the opportunity to grow in size.

Memorial University of Newfoundland is pleased to have played a role in identifying the challenges and opportunities facing the region, and welcomes the opportunity to explore further collaborative work on maximizing the socio-economic potential of the minority language community of Labrador West.



THE LESLIE HARRIS CENTRE OF REGIONAL POLICY AND DEVELOPMENT

1st Floor Spencer Hall, St. John's, NL Canada A1C 5S7

Tel: 709 737 6170 Fax: 709 737 3734 www.mun.ca/harriscentre

THE HARRIS CENTRE Memorial University

