



Port Site remediation work at Long Harbour.

Initial work begins on Processing Plant

In April, initial work started on construction of the Long Harbour Processing Plant.

Trailers and other equipment were mobilized to the Long Harbour site on April 8, and work on the Early Works Program commenced on April 11, said Construction Manager Dan Donnelly.

The start of initial construction also heralds the implementation of a new labour agreement at the project site, which was negotiated with the Resource Development Trades Council of Newfoundland and Labrador and enshrined in law by the Provincial government.

"As of early April, there are two contracts being executed at the site involving approximately 50 employees," Donnelly said. "One contract was let to Pennecon for site clearing – mainly the cutting and removal of trees – and the other was let to NewFound Disposal for demolition and removal of old buildings, concrete foundations, pipes, cables, and other existing materials from the port site. Prior to that, we let other contracts, such as security, surveying and communications, which were necessary to enable this work to proceed."

Already, facilities at the site include a fully equipped medical centre, staffed by medical response personnel. As well, there are full-time safety representatives on the site at all times.

"Safety is important, but it has always been important," Donnelly said. "Safety and environmental protection measures have been designed into the construction plan for the plant in numerous ways."

"With this milestone, we are at an important crossroads," said Rinaldo Stefan, Project Director overseeing the construction of the Long Harbour Processing Plant. "We have done our research and development and know what we are going to build. We know how we are going to build it. We have done our planning and completed the paperwork. Now, we are strapping on our work boots and the construction phase begins."

The next major milestone will be the awarding of the Engineering, Procurement, and Construction Management (EPCM) contract, followed soon after by a decision on awarding the main earthworks contract.

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Clearing access road to Plant site at Long Harbour.

“The Earthworks contract is our first major piece of work, involving blasting, excavation, backfilling, leveling, ditching, and other earth moving work, to prepare the site for building erection,” Donnelly said. “We will see the pouring of concrete for our first process building about a year later, in Q2 of 2010, followed shortly after by steel construction. Mechanical and piping work will commence in Q4 2010, with commissioning work beginning in Q4 2012. Employment during construction will likely hit its peak of 1,600 people during Q2 of 2011 and last for about a year, before declining gradually.”

The plant is scheduled to be complete in February 2013. “The original schedule called for construction to be completed

in December 2011,” Stefan said. “However, it became clear and obvious to us last year that the overall scale of the project was much larger than our initial thinking in 2002. During the engineering design process, it became clear that the scope of work and construction complexity involved in this project had increased substantially such that it was going to take longer to construct our facilities in Long Harbour. As a result, the final project completion date for the plant was revised from December 2011 to February 2013.”

The successful EPCM contractor will quickly mobilize a substantial workforce of up to 400, including engineering, procurement and construction management teams.

“Vale Inco will have a fairly large contingent as well,” Donnelly said. “About 90 of our own people, not including the commissioning team, will work beside and interface closely with the various EPCM groups. Our own engineers will work with their engineers, our procurement people with theirs, and our construction management group will work closely with their construction group. We will have substantial involvement and input on a day-to-day basis during engineering and construction. We’ve chosen to do that because it’s a complicated project, and our people have already been through a fairly aggressive learning curve on the hydromet technology. We will be drawing upon that knowledge legacy through all phases of construction.”

Agreement paves way for labour stability

A landmark agreement between unions and employers will ensure labour stability and enhance productivity during the construction phase of the Long Harbour Processing Plant.

The agreement, struck between the Long Harbour Employers Association, Resource Development Council (representing 15 building trade unions) and Vale Inco, was recently enshrined in law by the Government of Newfoundland and Labrador as a Special Project Order.

The agreement will ensure labour stability during construction at the Long Harbour site by preventing both strikes and lock-outs. It will expire upon completion of construction.

“This is by no means a first, in terms of special project orders,” said Human Resources Manager Wayne Scott. “Previous projects have had special project orders, and we utilized them during construction at Voisey’s Bay and Argentia. However, this agreement does contain progressive measures to further enhance productivity and help achieve gender diversity.”

The agreement was negotiated simultaneously with representatives of all the building trade unions, and addresses points that are typical to all labour contracts, including rates of pay, hours of work, overtime, and so on.



Officials from Vale Inco and the Resource Development Council sign Collective Agreement for the construction phase of the Long Harbour Processing Plant.

“In order to gain employment at the site, all tradespeople will need to be a member in good standing of their respective unions,” Scott explained. “The RDC has committed that union members who reside in Newfoundland and Labrador will have first preference for hiring opportunities. The unions have agreed to accept new members in Newfoundland and Labrador, who are qualified to do the work.”

There is other contract language that allows some degree of flexibility for both employers and union members, in making hiring decisions. But Scott is most excited about the Composite Crew Committee and the Joint Diversity Fund Committee.

“The Composite Crew Committee will look for ways to use composite crews, where they make sense,” Scott said. “Composite crews could include electricians and carpenters, for example, who work simultaneously – sometimes one assisting the other – without running into jurisdictional issues. This is not quite a first, but it’s certainly a progressive approach that will enhance productivity.”

Scott applauded the cooperative approach that was demonstrated by all parties to this agreement.

“The RDC and its unions recognized the need for an approach like this, as did the provincial government,” Scott said. “I think union and management were totally committed to making this a ‘project of choice,’ and a demonstration of what can be achieved when all parties – unions, workers, owners and contractors – work together. There was joint representation on the negotiating committees, with all parties addressing and resolving issues in a proactive, rather than reactive, way. The result, we think, will be a project that stays on schedule and on budget, with good productivity.”

Committed to local procurement

The construction of the Long Harbour Processing Plant is a massive undertaking by any measure, creating numerous opportunities for businesses in Newfoundland and Labrador. Vale Inco is committed to ensuring that qualified local businesses have access to the full range of opportunities the project presents in the supply of goods and services.

“Right from the earliest days of this development, our company has delivered on its commitments to provide optimal industrial benefits to local business,” said Rinaldo Stefan, Project Director. “We continue to uphold that commitment with construction of the Long Harbour Processing Plant. Vale Inco will provide full and fair opportunity to qualified provincial suppliers. They will be given first consideration to participate in all phases of this project.”

A number of local businesses are already benefiting from contracts that have been let at Long Harbour, such as site security, medical services, tree clearing, and port site remediation.

“We have been working proactively to maximize benefits for local business,” said Miles Lippett, Procurement and Contracts Manager. “We have already compiled a database of potential bidders, and included in that database are local companies who we know have the capacity to bid on contracts and deliver the work, safely and competitively. We have been making contact with new companies by participating in information sessions in the community. For example, in recent weeks, we’ve spoken to the Chambers of Commerce in Marystown and Placentia about business opportunities associated with this project.”

Vale Inco has been working in a number of ways to build a strong local supplier base, Lippett explained. “In addition to identifying provincial supply capabilities, we’ve been encouraging smaller companies to consider joint venture activities which would enable them to pursue larger contracts,” Lippett said. “To that end, we’ve been making potential bidders aware of all construction, fabrication and assembly services that exist in the province.”

Careful consideration has also been invested in the way contracts are packaged. “In planning our contracts, we spent a lot of time striking a balance between large contracts and small ones,” Stefan said. “On one hand, large contracts are easier to manage and execute, because you are dealing with fewer but larger companies. On the other hand, large contracts can reduce the number of companies who are able



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to bid on that piece of work, because companies must demonstrate, through past experience, that they can perform a scope of work of this size. When you break the work into smaller pieces, you are able to generate more market interest in it. You are basically opening up those packages to smaller contractors, and giving local businesses a much better opportunity to become competitive. So when we say we are trying to maximize local content, there is more to that than just issuing tenders. You have to make sure the packages of work are appropriately sized to enhance local opportunities.”

To find out more about doing business with Vale Inco, please visit www.vinl.valeinco.com and click ‘Procurement’.

United Nations invites Vale Inco to present at international conference

Vale Inco is a leader in its commitment to industrial and socioeconomic benefits for aboriginal people who live in the areas in which it operates.

That commitment has been recognized in a big way with an invitation from the United Nations to bring Vale Inco's story to an international audience in Russia.

In October 2008, Vale Inco Newfoundland & Labrador received an invitation from the United Nations High Commissioner for Human Rights, to participate in an international workshop on indigenous peoples and human rights.

"In view of your knowledge and practical experience on the issues under discussion... we believe that your contribution to the discussions will prove invaluable to the other participants," wrote Julian Berger, of the UN Indigenous Peoples and Minorities Unit.

Isabella Pain, Superintendent of Aboriginal Affairs with Vale Inco Newfoundland & Labrador, attended the conference in Moscow and delivered a paper that described Vale Inco's experience in, and knowledge gained from, negotiating agreements with the indigenous peoples of Labrador.

The paper provided context to the discussion, explaining that aboriginal rights are entrenched in the Canadian constitution and further rights have been defined by court cases, especially regarding land and resource development in traditional territories of aboriginal people. In Labrador, two aboriginal groups – the Innu and Inuit – were negotiating unresolved aboriginal claims when the Voisey's Bay resource was discovered.

Before development could proceed, interim agreements were necessary that reconciled the interests and rights of governments, aboriginal peoples and the company, laying out rules for exploration, development and benefits sharing.

The Impacts and Benefits Agreements (IBAs) set objectives that were meaningful to aboriginal people, including training, employment and business opportunities, as well as involvement in environmental issues. "The winter shipping issue was a particular concern," Pain said. "The company worked directly with Nunatsiavut Government to develop

a Winter Shipping Program that addressed their concerns, while ensuring safe passage for those people who are using the ice and also for company vessels."

Other factors included broad and intensive communication and consultation with aboriginal peoples, fair financial compensation and mechanisms to secure sustainability of this compensation for future generations, a recognition that certainty was essential for all stakeholders, and the building of skills capacity for aboriginal people through education and training. The resulting IBAs – with the Innu Nation and Nunatsiavut Government – were based on mutual respect, co-operation, trust and good faith. They established measures to protect the environment, support social and cultural values and provide significant benefits and fair compensation to Innu and Inuit peoples.



Isabella Pain and Rafael Benke participating in the International Seminar on Natural Resources Companies, Indigenous Peoples and Human Rights, Moscow, Russia.

There were many lessons learned through the seven-year process of negotiating the IBAs, Pain said. "They have to deliver tangible benefits for all involved," she said. "The communities have to be empowered and their voices must be heard. Capacity must be built to strengthen communities. This, in turn, is good for the company. Honesty and transparency are critical, open communication is essential, and credibility for all parties must be earned. Time and effort must be invested in maintaining these relationships. Benefits must be delivered through local operations – not a distant corporate entity. Environmental and social costs have a different currency but are equally as relevant as monetary costs. Perhaps most importantly, aboriginal hiring commitments have to be a critical success factor – not just a desirable outcome."

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