

ASSESSMENT OF RESPONSES TO ANTICIPATED
MINE CLOSURE IN THE LYNN LAKE REGION

by
Douglas Barrett

A Practicum Submitted in
Partial Fulfillment of the
Requirements for the Degree,
Master of Natural Resource Management

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Douglas Percival Barrett

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ABSTRACT

Lynn Lake is a mining community facing the loss of its basic industry. Part of the problem any single industry mining town faces is that, the importance of regional development only became accepted as a mineral policy priority in the last decade. As such, the policies and programs necessary for dealing with mine closure are only in their infancy. This has been one of the central problems for Lynn Lake. Lynn Lake has been forced to attempt to break away from what could be referred to as the "Status Quo".

The community began its struggle to survive by holding a Community Awareness Seminar. The seminar was a success, however, it should have provided a handout of available government programs along with the information necessary to access them. The community then hired an Economic Development Officer who assumed a leadership role. Faced with an inability to evaluate the area's resource potential and the lack of government programs designed specifically for single industry mining communities, the Economic Development Officer chose a high profile confrontational approach to dealing with government. This approach combined with an effective use of the media has resulted in significant progress.

The Economic Development Officer has narrowed the focus of diversification projects from 115 to 10. Literature reviews for 6 of the 10 projects have been approved under the Northern Development Agreement. Two other significant milestones achieved were, the development of the MacLellan Mine and the approval of the Northwest Manitoba Development Corporation. The mine provides the extra time needed and the Development Corporation provides the financing and mechanism to pursue economic diversification.

As of December, 1985, little economic development had occurred, but Lynn Lake has made significant progress in terms of process. Lynn Lake has helped develop a model for single industry communities to use in order to organize themselves, develop priorities and identify diversification opportunities. In addition, Lynn Lake has helped government realize that existing programs are not sufficient for effectively dealing with distressed mining communities. Municipal, federal and provincial governments will have to continue working together in order to develop effective new policy.

ACKNOWLEDGEMENTS

I am unable to thank everyone who has contributed to this effort due to the brief space allotted. Therefore, I am forced to concentrate on the people who I have depended on the most over the past year.

First, I would like to thank my advisory committee for their much appreciated guidance, time, patience and interest. My committee consisted of: Mr. Denis Depape, Economic Consultant, Intergroup Consultants Limited; Dr. Ian Haugh, Private Consultant, ILAM Associates Limited; Professor Thomas Henley, Natural Resources Institute, University of Manitoba; Mr. Lyle Skinner, Mineral Economist, Department of Energy and Mines; and Professor David Young, Natural Resources Institute, University of Manitoba.

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I would like to express my gratitude to the community of Lynn Lake and senior management at Sherritt Gordon Mines Limited, without whose cooperation I would not have been able to complete this study. I would also like to thank Dennis R. Young, the Economic Development Officer who was of invaluable assistance to me throughout the research process.

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Chapter I

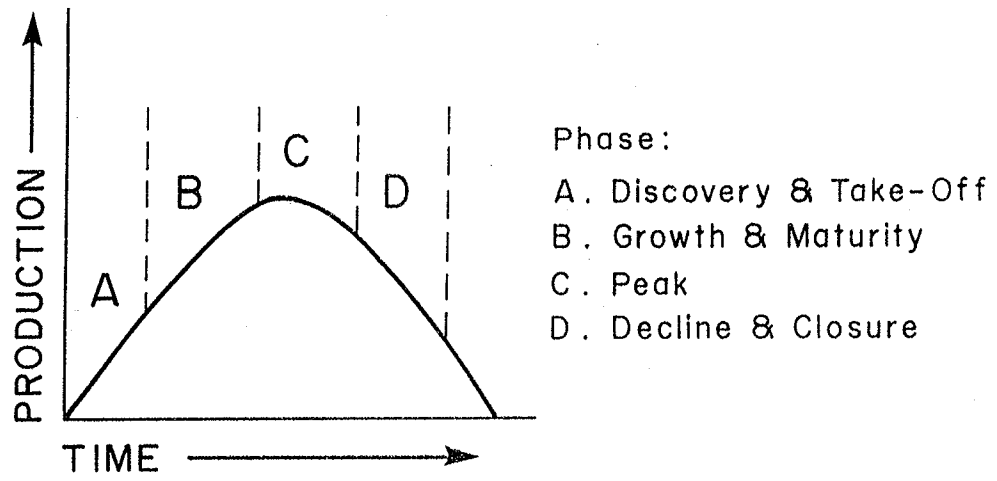
STUDY OUTLINE

1.1 INTRODUCTION

In the past four years, the mining industry in Canada and elsewhere has experienced a severe downturn as a direct result of the economic recession. Base metal prices are relatively low, in some cases, below the cost of production. A worldwide oversupply of base metals combined with reduced industrial activity has depressed the demand for mineral commodities.

Mine closure is a natural phenomenon because a mine's ore reserves are finite. Figure 1.0 illustrates this point. The recent downturn in the economy, however, has compounded problems associated with mine closure. Gyration international mineral market cycles and substitution of non-mineral materials for some industrial base metals exacerbate the problem. An example of the latter is the increased use of plastics in the auto industry.

Increasingly, government, industry, and labour are acting co-operatively. Efforts are being made to provide worker education and re-training, relocation allowances, tax incentives, and other measures to ensure a co-ordinated approach.



From: Elver (1976, P.3)

Figure 1.0 The Life Cycle of a Mine

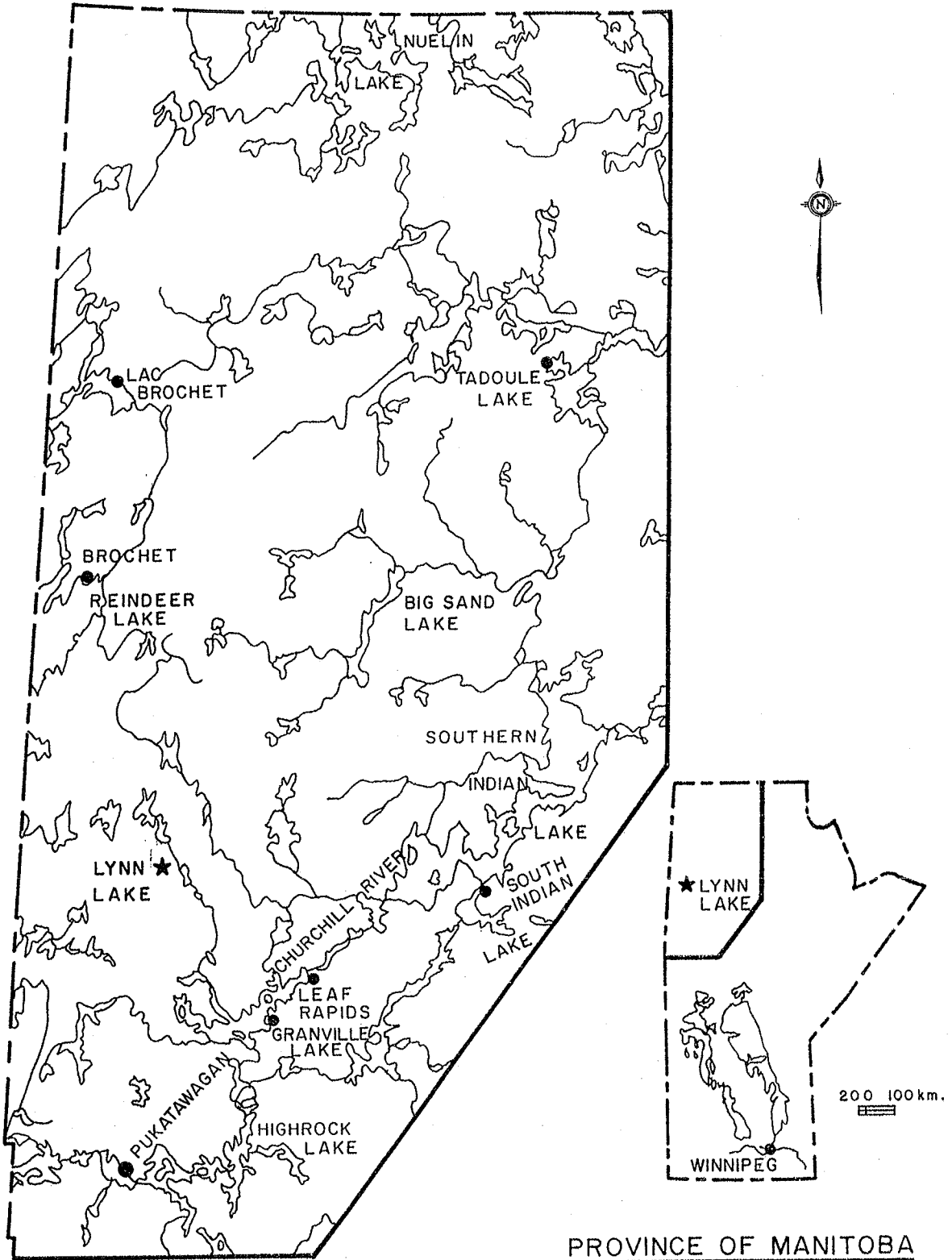
to changed levels of mining activity. Open access to information and the development of models to forecast duration of mining activity under various market conditions are also being employed.

In Manitoba, the federal and provincial governments have recently signed a \$24.7 million mineral development agreement to stimulate exploration, mining and mineral processing, and productivity improvement. In addition, the Province of Manitoba has provided a Mining Community Reserve fund of \$5 million to help mitigate the impacts of mine closure.

1.2 LYNN LAKE BACKGROUND

Lynn Lake is located 500 miles northwest of Winnipeg (see Figure 2.0 and Plate 1). The basic geological formation of interest is "Volcanic rocks, with basic and ultrabasic intrusions and some sedimentary rocks, deformed and metamorphosed" (Canada, 1981). Sherritt Gordon Mines Limited (Sherritt) has been mining nickel, copper, zinc and silver in the area. In addition, Sherritt should be producing gold from the MacLellan Mine near Lynn Lake in the third quarter of 1986.

Lynn Lake came into being in 1951 when Sherritt exhausted its mine at Sherridon, 120 miles to the south and moved north to develop the Farley nickel Mine at Lynn Lake. During the period extending from 1951 to 1953, Sherritt hauled



PROVINCE OF MANITOBA

Figure 2.0

208 buildings from Sherridon to Lynn Lake. This movement comprised dwellings, a bank, a post office, and all the mining equipment (Manitoba Business Journal, 1969). A picture of one of the tractors used for the move is provided in Plate 2.

In 1969, Sherritt decided to develop the Fox copper zinc Mine which is 28 miles southwest of Lynn Lake. The Fox Mine was developed at a cost \$24.7 million (Manitoba Business Journal, 1969).

The population of Lynn Lake has fluctuated greatly over the years. The population increased to a peak of 3,624 in 1971 but had already declined to 2,732 by 1976 due to the Farley Mine closure (Energy & Mines, 1985). A reduction in mining activity at the Fox Mine in 1982 resulted in 143 Sherritt layoffs and a further reduction in the population of Lynn Lake (Energy & Mines, 1985). In September, 1984, there were approximately 1,800 people residing in Lynn Lake (Marowitch, 1984).

These large population fluctuations have been due to changes in the level of mining activity in the area. Lynn Lake is almost totally dependent on Sherritt for the largest portion of its economic base. As of August, 1984, 426 residents of Lynn Lake were employed by Sherritt, (Marowitch, 1984). This figure comprises 54% of the total number of full time employees in Lynn Lake. In 1981, revenues for the

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PLATE 1: AERIAL VIEW OF LYNN LAKE



PLATE 2: TRACTOR USED FOR MOVE FROM SHERRIDON

Local Government District (LGD) of Lynn Lake amounted to \$1.2 million. of which approximately 1/3 came from Sherritt as a grant in lieu of taxes (Skinner,pers.com). Lynn Lake can be considered a single industry community because of its overwhelming dependence on Sherritt. This dependence creates a greater problem for the community. Large fluctuations in mining activity will have spin off effects on employment opportunities in other sectors. This spinoff effect exaggerates the impacts of reductions in mining activity or personnel.

The economy of Lynn Lake is geared to service the mine and its employees. Lynn Lake has a 5000 foot paved airstrip and a 25 bed hospital. The local school offers the primary grades through to grade 12. Lynn Lake has most services generally found in small towns including sewer and water. Recreational opportunities range from bowling and hockey to fresh water fishing. Plates 3 and 4 provide a view of Lynn Lake's urban nature. The present decline of the mining sector in the Lynn Lake region, threatens Lynn Lake's ability to meet the financial requirements of these services.

In December, 1981, Sherritt announced it would be closing the Fox Mine in October, 1985, because of an exhaustion of ore reserves. The announcement was not a total surprise to the local population. The Mayor of Lynn Lake stated, "Contrary to what the news media has indicated, we are not stunned at the intended closure of Fox Mine in 1985 or 1986"

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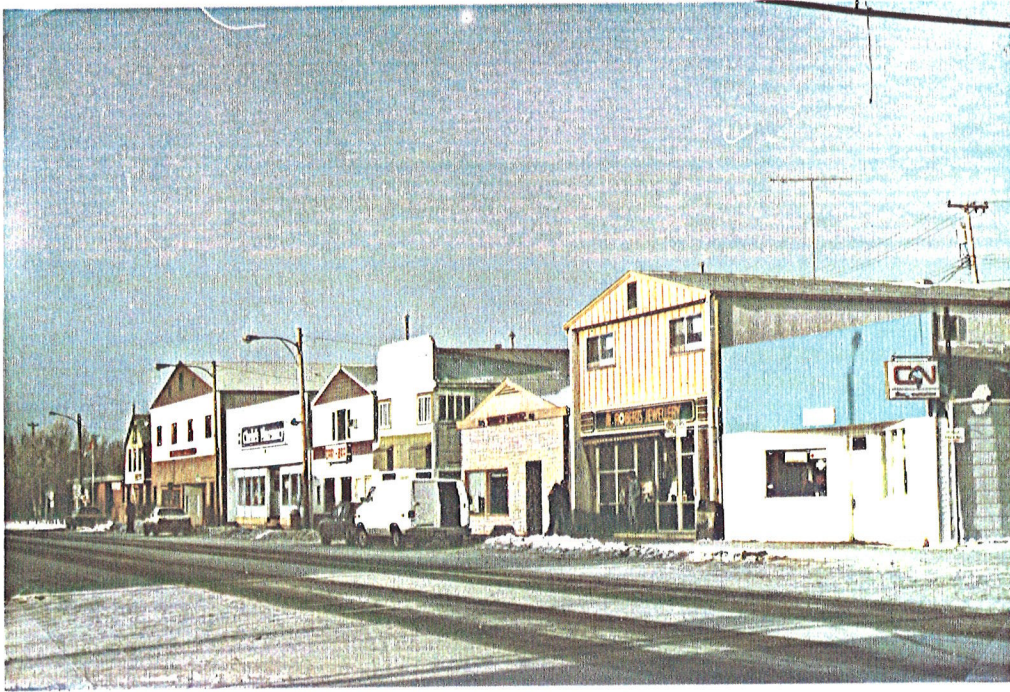


PLATE 3: LYNN LAKE'S BUSINESS SECTOR



PLATE 4: LYNN LAKE'S MAIN STREET

(Perepeluk, 1983). This statement indicates an understanding of the finite nature of ore deposits.

The provincial government has become involved due to the foresight exhibited by the Minister of Energy and Mines and various members of his staff. For example, the Mining Community Reserve was identified as a vehicle which could be utilized to help the people of Lynn Lake plan and make adjustments for the impending mine closure.

The closure of the Fox Mine and the potential impacts on the community of Lynn Lake are a commonly accepted reality for people who live in remote single industry towns. The present combination of an emphasis on regional development in mineral policy and mine closure in Lynn Lake creates a rare opportunity for study. Research done simultaneously with mine closure ensures the availability of involved parties and information. The analysis of the Lynn Lake case study may make dealing with mine closure less difficult for other communities in the future.

1.3 PROBLEM STATEMENT

Sherritt Gordon Mines Limited closed its Fox Mine in November 1985, following depletion of the orebody. The potential economic and social impacts on the community of Lynn Lake, are staggering. There are also many other single industry dependent communities which may be faced with a situ-

ation similar to that of Lynn Lake. It is increasingly apparent that, a better understanding of the economic and social impacts of mine closure or interruption of mine production is necessary if effective action is to be taken by government, industry, and labour.

The activities taking place in Lynn Lake provide a unique opportunity to study developments. The actions taken by government, industry and labour will be of the utmost importance in minimizing these socio-economic problems. The result will be a better understanding of the responses government, industry, and labour can undertake here and in other areas, to mitigate the negative impacts of mine closures and to provide alternatives.

1.4 RESEARCH OBJECTIVES

The primary purpose of this study is to identify the actions taken by various groups in an effort to ameliorate the impacts of mine closure on Lynn Lake and to show which actions had a positive effect and which had a negative effect. The contributing factors, which led to success or failure, will also be discussed in order to make the study conclusions useful in the future. Specific objectives are:

1. to create a chronological reconstruction of actions taken by parties involved in the planning and implementation process at Lynn Lake;

2. to identify the objectives and opinions of each of the various players;
3. to document what seems to have worked and what has not worked;
4. to document the contributing factors that have led to the success or failure of actions taken; and,
5. to develop guidelines useful to decision makers faced with mine closure in other areas of the Province.

1.5 METHODS

Three primary methods have been used in the course of this study. These primary methods are:

1. a comprehensive literature review on the socio-economic impacts of mine closure;
2. a review of files held in the Department of Energy and Mines concerning mine closure in Lynn Lake, and also files held by other involved groups; and,
3. structured interviews with various individuals who have been involved in the Lynn Lake situation or who have a particular interest in the subject of mine closure and/or northern development.

Pertinent information has been gathered, synthesized and analyzed. The closure of the Fox Mine and the impacts on Lynn Lake and the surrounding region, along with actions taken to lessen the impacts, have been compiled in the the form of a case study.

Chapter II

METHODS

This chapter identifies specific objectives and the methods utilized to fulfill them.

2.1 SPECIFIC OBJECTIVES

2.1.1 Literature Review

1. To provide a brief history of single industry towns.
2. To identify the common problems that affect mining communities when faced with mine closure.
3. To identify solutions proposed for preventing the recurrence of these problems in the future.
4. To identify the changes in mineral policy in Canada which have had an effect on single industry communities.

2.1.2 Lynn Lake Case Study

1. To identify the commonly held opinions and attitudes of the various groups involved as they pertain to their own objectives, to Lynn Lake's situation and to actions taken to help ameliorate the problems.
2. To document the changes in levels of economic activity and demographics in Lynn Lake.

3. To identify and assess the relative success or failure of action taken by any of the involved parties. (ie. the federal government, provincial government, municipality, local business, community residents, labour force and Sherritt Gordon Mines Limited)
4. To identify any and all contributing factors that affected the relative success or failure of any of the actions taken.

2.1.3 Overall Objective

Develop guidelines that will make the lessons learned in Lynn Lake useful to other communities in the future.

2.2 METHODS EMPLOYED

2.2.1 Structured Interviews

Structured interviews were utilized where possible, with actively involved business owners, community leaders, the economic development officer, other professionals and representatives of labour and Sherritt. A follow-up via telephone was used to acquire additional information after the initial interviews.

2.2.2 Field Studies

Approximately two weeks were used to gather information in Lynn Lake. During that time the researcher sat in on

committee and council meetings. Documented information was gathered from committee members. Sherritt was approached to provide any information which could describe Sherritt's role in the general situation. Business owners were approached and interviewed along with other interest groups.

The field studies were undertaken during two visits. The first visit was in late June, 1986. The second visit was organized so as to coincide with a seminar concerning mining community stabilization in Sweden, which was conducted by two Swedish professors in Lynn Lake on October 17, 1985. The seminar attracted a wide variety of concerned people and provided a valuable opportunity to update information and contacts.

2.2.3 Analysis of Files at Energy and Mines

Analysis of the files at the Department of Energy and Mines permitted a reconstruction of the events that have occurred in Lynn Lake. These files are particularly important in terms of providing documented verification of actions taken to minimize the problems resulting from mine closure in Lynn Lake. Files held by other individuals or groups have been utilized to provide a more holistic overview.

2.2.4 Analysis of Statistical Information

Much of the statistical data on Lynn Lake was derived from various censuses and also from a study done on the impact of the closure of Sherritt's Fox Mine on employment and population levels in Lynn Lake (Marowitch, 1984). The latter study provides information on the financial impacts of mine closure on real estate and documents many of the commonly held opinions of the residents. The study is available from the Department of Energy and Mines.

2.2.5 Review of Media Publications

A general review of newspaper coverage pertaining to Lynn Lake and the closure of the Fox Mine was made.

2.2.6 Literature Review

A literature review was conducted in an effort to identify the history of single industry communities, the characteristics of communities in distress, the possible alternatives to prevent this situation from reoccurring in the future and the gradual evolution of mineral policy over the last few decades.

2.2.7 Synthesis and Analysis of Information

Once the events of the past few years in Lynn Lake had been reconstructed, an analysis of responses was made. The performance and actions of the various players was examined in a social and economic context. The opinions of the various groups was also employed in an effort to identify the perceived responsibility of each group.

Conclusions evaluating the success of the various actions were drawn. A comparison of the intended and actual impacts of actions was used as a criteria for determining the extent of success or failure. In some cases, peculiar local characteristics contribute to the success or failure of a particular response and therefore, are included. Actions resulting in failure due to one or more key contributing factor were evaluated in order that they not be unnecessarily overlooked in the future.

Chapter III

LITERATURE REVIEW

3.1 INTRODUCTION

This chapter will provide a discussion of four topics necessary for understanding the problems and implications of mine closure. First, a brief history of single industry towns will be provided. Second, the evolution of mineral policy over the last few decades will be discussed. Third, the characteristics of distressed single industry communities will be elaborated upon. Fourth, alternatives to prevent the problems caused by mine closure will be identified and discussed.

3.2 HISTORY OF SINGLE INDUSTRY COMMUNITIES

The rise and fall of single industry communities has been typical of early settlement in Canada. In general, the life of these communities has been inextricably tied to the life of the industry. One of the famous examples is the Klondike area where settlement has continued to the present day but is much reduced in comparison with the communities of the Klondike Gold Rush era.

The life of a community has been divided into four periods (Lucas, 1971). The contribution phase marks the initial development of the community. The recruitment phase occurs when potential employees are attracted to the new community. The third phase is the transition stage where control of the community is gradually transferred from the company to some forms of local government. The community begins to transform into a form that more fully reflects the sociological needs of the inhabitants. It is at this stage that individuals begin to invest in the community and is where our problem primarily begins. The fourth period is maturity. In this stage the community is still practically totally dependent on the mine for its economic base, but it is no longer strictly oriented to the mine in terms of services.

The fifth stage, the period of decline is not identified by Lucas. This period is characterized by a reduction in mining activity. The economic reality of the situation becomes apparent to everyone, prosperity turns to depression and the community begins to wither and die.

In terms of Canadian resource towns, three distinctive time periods can be identified (Stelter & Artibise, 1978). The first is the pre-1920 period primarily characterized by industry having total control. Timmins, Ontario is an example. Private companies did all the planning and development of service towns. Since industry had total control, the communities provided minimal services and were oriented strictly to the mine.

The second period is the inter-war years. This period marks the beginning of government involvement in resource town planning. The communities began to more fully reflect the needs of the inhabitants. Sherridon, Manitoba was established in this era.

The last period is the post World War II era. This period is characterized by comprehensively planned towns. Industry was playing a significantly reduced role in the establishment of towns. Federal and provincial involvement was expected. Uranium City, Saskatchewan is an example.

These different eras are of utmost importance. The level of government involvement correlates with the complexity of the problem. Industrial control of the community linked the maintenance of services with mining activity, but this linkage is not necessarily present in a self governing community. Government planned towns have services comparable to most towns of similar size, representing considerable public investments and seem to attract greater numbers of people to the area. These investments may serve to coerce politicians and civil servants into spending more money in an attempt to revive or preserve a dying community. Therefore, the potential for sending good money after bad develops.

3.3 MINING POLICY IN TRANSITION

This section of the literature review serves to identify the various stages through which mineral policy has evolved. This evolution is of particular importance because it helps one to understand the predicament with which mining communities are faced.

Over the last 40 years, mineral policy has gone through distinct phases. A policy of growth dominated from 1945 to 1970. Then from 1970 to 1978, a policy of redistribution came to the forefront. The period from 1978 to 1982 was characterized by an economic development policy. Finally, post 1982 policy has resulted in the emergence of managing maturity (Yudelman, 1985).

The policy of growth has been described as an ad hoc approach to policy that resulted in laws, regulations, practices, programs, and agreements supportive of the mineral industry and its development. Growth was the dominant policy objective (Patton). This growth policy was achieved by providing various inducements to both Canadian and foreign companies in order to get them to invest in the Canadian mining industry (Yudelman, 1985).

The 1950's witnessed a gradual movement away from pure growth to an emphasis on growth and Canadian participation. Some of the suggested objectives were (Yudelman, 1985):

1. increased Canadian participation in foreign mining companies operating in Canada;
2. more training for Canadians by these companies and more executive positions for Canadians;
3. more information to be supplied by foreign companies to the federal government;
4. greater freedom for Canadian based subsidiary companies to export to markets not of its parent company's choosing;
5. more research and development to be conducted in Canada with local management being given more autonomy in directing it; and,
6. a greater degree of further processing of minerals by both Canadian and foreign companies prior to exportation.

Federal and provincial governments largely avoided the kind of intervention that would have been necessary to achieve these goals. Instead, government concentrated on providing the incentives necessary to encourage growth (Yudelman, 1985).

One of the primary mechanisms used to generate incentives was taxation policy. Mining industry had traditionally been afforded lower taxation, first to enable stabilization in the Depression and then as part of the war effort. This policy continued until it was officially challenged in 1962 by The Royal Commission on Taxation. This Commission chal-

lenged the very foundation of the mineral policy of growth (Yudelman, 1985). Besides a favourable taxation policy, the mining industry benefited from government's willingness to develop infrastructure which was the other principal form of financial assistance.

In the 1960's, the policy of growth still seemed to be intact and unchallenged. The basic objectives of the mineral policy continued to be:

1. stability of the legislative environment;
2. provision of information;
3. taxation incentives allowing for the high risk of mining;
4. ensuring an adequate supply from domestic sources to the domestic market; and,
5. promotion of industry growth to reinforce national development policies.

Most of these five objectives were seen, by Energy, Mines and Resources Canada, to be adequately served by the mineral policy of the time (Drolet, 1967).

In the late 1960's and early 1970's, the old policy of growth, though never entirely destroyed, was eroded and supplanted with the policy of redistribution (Yudelman, 1985). Canadians sought to obtain optimum benefit from what was considered to be a mature mining industry. The traditional goals of growth, employment and price stability

remained on the agenda, but increasingly governments gave at least equal priority to such other objectives as income distribution and quality-of-life concerns (Harrison,1983). Growth was no longer placed first (Harrison,1983).

During this period, government's role shifted from one of being custodian to one of being a manager (Yudelman,1985). The management status meant a shift from a passive or regulatory role to that which sought to optimize the return to the economy from the use of minerals (Yudelman,1985). Twelve policy goals were developed in this period of mineral policy development. These goals and objectives were (Yudelman, 1985):

1. minimize adverse effects of development on the environment;
2. relate mineral development to social needs;
3. strengthen knowledge base for national decision-making;
4. contribute to orderly world mineral development and marketing;
5. ensure national self-determination in mineral development;
6. harmonize multiple resource development;
7. improve mineral conservation and use;
8. realize opportunities for further mineral processing;
9. increase the return to Canadians from exportable mineral surpluses;

10. ensure mineral supply for national needs;
11. strengthen the contribution of minerals to regional and national development; and,
12. foster a viable mineral sector.

This period indicates the first acceptance of the importance of regional development by government. The strengthening of regional economies and diversification were actually accepted as policy objectives during this time period (Yudelman, 1985). Efforts to stabilize local economies however, were restricted to an attempt to stretch-out development when the stability of Canadian communities was threatened by too rapid mineral exploitation.

Changes in tax treatment had drastic effects on the mining industry under the mineral policy of redistribution. The favourable tax treatment of the previous regime had been incorporated into industry's long term plans. When provincial and federal government altered this tax advantage, the results were devastating for the mining industry. In the period 1969-75 the effective tax rate on manufacturing declined by 16% (from 38.6% to 32.5%) while that for mining increased by 101% (from 20.7% to a peak rate of 41.8% in 1975) (Caragata, 1980). In 1976/77, both the provincial and federal governments realized that revenues from the mineral sector must be reduced and shared. The result was dramatic rollbacks in tax payable.

In 1978, a concern for the health of the mining industry emerged and mineral policy entered another stage. The Canadian government basically returned to the traditional policy of resource-led economic development (Yudelman, 1985). There were, however, significant differences compared with the former growth policy. Mineral policy was dominated by resource policy, industrial strategy and regional policy after 1978 (Yudelman, 1985). This period is characterized by the lack of a formal development policy. In effect, it represents a transition period between the policy of redistribution and the policy of managing maturity.

One of the major challenges for effective mineral policy was the avoidance of transportation bottlenecks which created impediments for Canadian exports and for frontier economic growth (Yudelman, 1985). The acknowledgement of the problems of frontier communities and the need for their growth represents the first time that regional development became one of the primary objectives of mineral policy. Furthermore, this gradual realization along with the need to support the mining industry vaulted mineral policy into the latest stage, the policy of managing maturity.

The two central policy elements of this period are (Yudelman, 1985):

1. the enhancement of productivity, innovation and competitiveness; and,

2. the cultivation of synergistic linkages to other areas in the economy and polity.

These two policy elements can be broken down further. The first policy can be subdivided into research and development along with trade and competition. The second element of the policy can be subdivided into diversification and procurement along with regional policy. For the purposes of this paper, further discussion will concentrate on regional policy.

Since 1982, a vacuum has existed in the provinces with respect to regional development (Yudelman, 1985). In order to fill this vacuum, Energy, Mines and Resources Canada has pushed Cabinet in hopes of receiving extra funding with which to address the problems of single industry communities. Three options that could fulfill the need for regionally focussed policy have been identified and are (Yudelman, 1985):

1. development of mineral strategies specific to each region, in cooperation with the provinces, to be implemented through federal / provincial agreements;
2. development of a national mineral strategy to be unilaterally and equally applied through the regions by the federal government; and,
3. responding to requests for assistance on a case-by-case ad hoc basis.

The federal government has sought to develop and deliver programs in conjunction with the provincial governments. The federal government has concentrated on exploration and research and development, where it has some authority. The new regional policy will attempt to encourage resource-led diversification, strengthening the existing economic base, and preserving jobs in the mining areas (Yudelman, 1985).

In conclusion, the evolution of mineral policy has been a gradual process. Regional development has only become a priority in the late 1970's and 1980's. Prior regimes concentrated on rapid growth and redistributing the profits of the mining industry. The recent emergence of regional policy as a primary policy objective explains in part, the reasons that threatened single industry mining communities exist.

3.4 MINE CLOSURE

There are basically two reasons for mine closure. The primary reason is usually the depletion of the ore reserves. This reason requires no further discussion. Clearly, if no other self-sustaining industry can be established the community must be allowed to die. This was the recommendation of the Steering Committee with respect to Uranium City (Report and Recommendations of Steering Committee, 1982).

A second reason for mine closure results from declining metal prices. These prices are worldwide and effectively make all mineral suppliers interdependent (Soganich, 1984). Thus, a competitive advantage in Peru impacts on the profitability of Sherritt in Lynn Lake. Canadian mining companies are extremely vulnerable to third world competition (Chambers and Reid, 1976), which utilize much cheaper labour. Many national governments also subsidize their mining sector (Chambers and Reid, 1976).

Interest groups often view shutdowns brought about by price fluctuations, as being only temporary. This view rests on a major assumption. The world price of copper has fallen from a high of \$1.40 U.S. in 1981, to \$0.58 U.S. in October, 1984 on the London Metals Exchange, but has recovered slightly to \$0.65 as of March, 1986. At 58 cents most copper producers were losing money. Furthermore, the price may not increase appreciably if worldwide production continues to increase faster than demand. The impact is clear. Government could be maintaining a community for a company that had no chance of returning to profitability in the foreseeable future.

Ronald Anderson summarized this problem, noting that state managed and often subsidized metal production in the third world creates problems for Canada (Anderson, 1984). Canada may have to place less reliance on metals as a principal export, the primary reason being, labour costs and the costs of mining in isolated northern areas (Anderson, 1984).

If Anderson's predictions turn out to be true mining communities could bear the brunt of the impacts. Marginally profitable ore reserves could be closed without prospects for reopening in the near future. The community would be faced with diversifying or dieing and government will have to have a developed policy to cope with the situation. Communities should not depend completely on government because there have been communities that have experienced mine closure and death without major government investment.

Echo Bay Mines Limited is a prime example. Echo Bay Mines Limited was operating a mine in the Northwest Territories and advised the employees two years in advance that it would be closing. Researchers found the employees were satisfied and fully aware it was time to move on. The townsite was closed with a minimum amount of socio-economic difficulties (Scott, 1984).

There are numerous private companies who have acted honorably with respect to the treatment of their employees. However, every mine closure is not handled with such foresight. The most obvious example is Uranium City. There is an ironic aspect to this situation. The mining company involved is Eldorado Nuclear Limited, a crown corporation. The provincial and federal governments pumped money into Uranium City until just two weeks prior to the closure announcement. Local businesses and individuals were still investing. The socio-economic problems that ensued are not

difficult to envisage. Uranium City is an example of confusion, mismanagement and a cavalier attitude towards people.

3.5 DISTRESSED COMMUNITIES

Mining communities in distress share six commonalties (Canada, 1982). First, the community will have a single non-renewable resource base. Second, the mine is the main employer and there is no alternative employment in the community. Third, the miners have specialized mining skills which cannot be used in another trade or job. Fourth, the miners are mobile. This is an assumption based on the fact that these people moved to the community for the work. Fifth, when the mine moves out, the housing and real estate becomes worthless. Sixth, there is widespread small business bankruptcy resulting from the erosion of the town's economic base.

A mining community is classified as distressed when it exhibits the above characteristics. Generally the community organizes and approaches government for financial aid and consultation. Most communities and mines are located in remote areas, and therefore they have definite competitive disadvantages when compared to more conveniently located settlements. The community needs some other type of industry that will bring outside capital into the community. The two most logical answers are forestry and tourism.

"The Atikokan Story" depicts Atikokan as a good example of a community which has withstood mine closure. Atikokan is located in the southern wilderness of Ontario, near the United States border. Residents were able to attract both tourism and forestry along with major investments by Atomic Energy of Canada Limited and Ontario Hydro. This diversification has provided some stabilization for the community following mine closure. However, Atikokan has suffered from a shrinking population base and is still experiencing financial difficulties. The resulting economic base is insufficient to maintain the public works and services Atikokan had developed (Brown, 1983).

The greater level of services provided, in part by government, has enabled mines to attract a more desirable type of employee. Typically, this employee is a young married man with a couple of young children. The medical and educational services, provided largely by government, are the most important determinants for the young couple. In general this type of employee remains longer, thus, reducing the high turnover costs. Without such services, the workforce would consist largely of younger unattached males. Studies show that these younger men go north for the higher wage rates. They also consider this isolated employment as temporary (Canada, 1982).

Greater development occurs as a result of shared costs between industry and government. Plates 5 and 6 are two

such examples. This increased development is the source of most of the socio-economic problems. The greater supply of services induces more people into settling in what appears to be a prosperous community. The result is a mine closure, leaving a larger community without the financial capability to sustain itself.

The Report of the Task Force on Mining Communities identifies a number of problems that emerge with mine closure and their possible solutions. The first concerns employees. When a mine closes, miners lose a portion of their pension plan, because of vesting and non-portability. If an employee is forced to terminate employment before reaching the point when benefits are vested he may lose all, or a major portion, of his accrued pension benefits. In general, there is little or no transferability of credits from one employer to another because of the reluctance of plan sponsors, to accept the pension liabilities of new employees. To overcome these problems government is seeking to alter the vesting regulations and to make pension plans more portable (Canada, 1982).

The loss of seniority is also a problem an employee faces. The mining industry does not have standardized skill levels. Mining is not a journeyman occupation. Many mines require peculiar inputs. Each mine may have various levels of technology, therefore, a skill in one mine is obsolete in another.

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PLATE 5: LYNN LAKE HOSPITAL

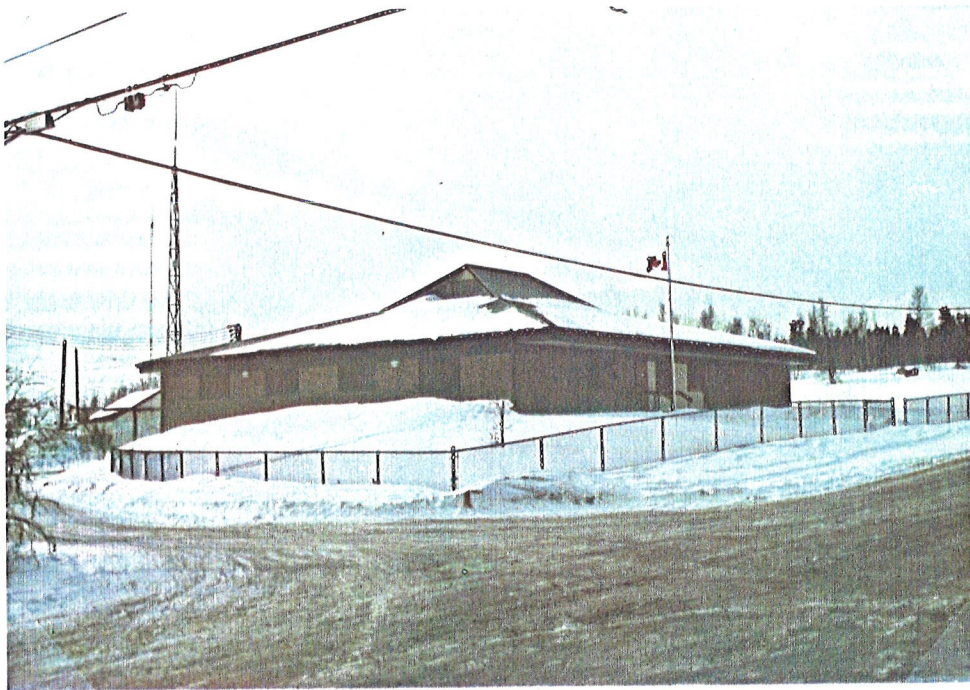


PLATE 6: LYNN LAKE RCMP DETACHMENT

The next problem, arising from mine closure, concerns housing. Generally, after a mine closure, housing becomes virtually worthless. The homeowner is left with a comparatively large investment, no income and no option of liquidating (Canada, 1982). One should note, prior to government involvement, housing was provided by the company.

A number of solutions have been proposed to reduce the economic impact of mine closure on homeowners. These solutions range from subsidized housing, which has already occurred in most cases, to buy back funds, sinking funds and commercial insurance.

None of these solutions significantly reduce the negative impact on homeowners. To begin with, subsidies must be negotiated at the onset of development. The same can be said for buy back provisions and sinking funds. Sinking funds tend to assume that individuals are not able to handle their own financial matters. A sinking fund does not change the overall cost to the homeowner. Monthly deductions may involve transaction costs that exceed a lump sum loss. Sinking funds that involve government and company contributions are the only funds that make a realistic difference. The impact of such a program is much the same as a subsidy.

In a 1982 study, Roberts and Fisher make a significant observation that most of the mining communities surveyed offered housing subsidies, the average subsidy being 11 per-

cent (Roberts & Fisher, 1982). Kitimat, British Columbia had an 11 percent subsidy and residents were basically satisfied. When questioned, residents stated they would like slightly larger homes, but they expected to pay a little more money. Leaf Rapids, on the other hand, is just the opposite. Residents in Leaf Rapids received 68 percent subsidy, six times the average. When surveyed, the residents of Leaf Rapids were less satisfied. These residents wanted better housing for less money.

The impact of this massive subsidy seems to have had a negative effect. The residents seem to have developed unrealistic housing demands, resulting from the sheltering effect of the subsidy (Roberts and Fisher, 1982). It seems the perceptions of people are even more dependent on their environment than one would imagine.

Commercial insurance has been proposed to help protect homeowners from a loss of home equity should the local housing market collapse. This has already been done, to some extent by the Central Mortgage and Housing Corporation (CMHC).

CMHC has insured homes in various mining communities (Mulvihill, 1983). This practise is being curtailed because one mine closure can practically bankrupt any company. No company would insure a home for lengthy periods. Mine closure is a commonly accepted reality. Ore deposits are nec-

essarily finite, therefore, the cost of insurance may be prohibitive.

The last problem area is small business. Small business is usually attracted into the community, but ceases to be viable once the mine closes. Government proposes little to help local entrepreneurs, the reasoning being, business should take the risk into account.

The only means of attaining prolonged life for the community is through continued mining or diversification. Diversification has been studied intensely but as noted elsewhere, possibilities are few.

3.6 ALTERNATIVES FOR THE FUTURE

DePape has identified a number of alternatives to single industry resource towns, along with their strengths and weaknesses, ranging from establishing regional service centres, to utilizing existing communities, to fly in camps (DePape, 1983). Different situations may require different solutions.

Utilizing existing communities would be the lowest cost method of mining nearby reserves. Environmental impact would be minimized also. At present, however, mining companies are pushing into more remote areas, where few communities exist (DePape, 1983). Government has attempted to increase the probability of new mines near existing

communities such as Lynn Lake, which is suffering a mine closure.

A second alternative involving the establishment of regional centres has a great deal of appeal (DePape, 1983). A regional centre would have a longer life span and the inhabitants would develop a sense of permanency. A larger population would influence social and economic conditions, and would also be cheaper to service on a per capita basis.

A third alternative, is the establishment of temporary camps, with employees transported in and out on shifts (DePape, 1983). This has become a common practice in certain mining areas of the north. Employees are flown in for an agreed upon period and then flown out for a rest period. The length of stay would logically depend on the remoteness of the work camp. The more remote the camp, the more expensive transportation would be, hence, the longer the work period. There are two advantages to such a system. First, families could live in more stable permanent communities. Second, a new community would not have to be developed, thus avoiding potential environmental, social and economic problems.

The Task Force on Mining Communities identified three disadvantages (Canada, 1982). First, weather is unpredictable in the north and transportation can often be delayed for extended periods. This problem is gradually being minimized

with employment of better navigational aids in the north. The second disadvantage is the separation of the employee from the family. Sociologists feel that prolonged separation has definite negative impacts on the family unit. Lastly, fly in, fly out organizations usually require longer working hours. Employees commonly put in 12 hour days. Unions feel this causes worker fatigue and increased incidence of injuries. The danger is magnified because temporary camps seldom have extensive medical services.

Another important distinction is that fly in and out arrangements are financed entirely by the mining company. The only subsidies such a company would receive are the general tax breaks that any mining company in Canada receives. The possible occurrence of mining communities in distress is removed because no community is developed. This alternative seems far superior when the ore deposit is remote and could work well in conjunction with existing communities.

3.7 SUMMARY

Distressed mining communities present two basic problems for all levels of government and the mining industry. First, to minimize the socio-economic problems in distressed communities. There are two ways to achieve this objective. The life span of the community could be prolonged, through diversification and/or government supported exploration in the area. The second alternative is the use of subsidies, sinking funds, and portable pensions.

The second objective is to prevent the recurrence of this situation in the future. Three methods have been suggested. They are;

1. utilization of existing communities;
2. development of regional centres; and
3. utilization of fly in and out camps.

Chapter IV

RESPONSES TO THE FOX MINE CLOSURE ANNOUNCEMENT

This chapter will serve to identify responses of various groups with respect to mine closure in Lynn Lake. All data is collected from the file reviews and interviews previously described.

4.1 EXPLORATION ACTIVITY

There has been a large amount of exploration and exploration related activity in the Lynn Lake region. The primary participants are the federal and provincial governments, Manitoba Mineral Resources Limited and Sherritt. A summary of expenditures on exploration and exploration supporting activity is provided in Table 1.

4.1.1 Sherritt's Exploration Activity

In the face of poor financial health Sherritt has maintained exploration activities in the Lynn Lake area. On average, Sherritt has spent less than \$750,000 on local exploration in each of the four years prior to 1984 (Energy & Mines, 1983). In 1984, Sherritt spent in excess of \$1 million on exploration in the Lynn Lake region (Lowery, 1984). Sherritt plans to spend approximately \$1.2 million on explo-

ration in the Lynn Lake/Leaf Rapids area in 1985 (Plummer, pers.com.).

4.1.2 Government Activity Supporting Exploration

Since the closing of the Farley Mine in 1976, both the federal and provincial governments have been actively involved in programs supporting exploration in the Lynn Lake region. Under the Department of Regional Economic Expansion, the Nonrenewable Resources Evaluation Program, the Northlands Agreement and the provincial government, expenditures totaling \$2.5 million were made during the period from 1975 to 1983 (Energy and Mines, 1985). During the 1983/84 fiscal year a further \$700,000 was devoted to the Lynn Lake region via an interim Mineral Development Agreement between the federal and provincial governments (Energy and Mines, 1985). In the 1984/85 fiscal year \$1.5 million was allocated from the Canada/Manitoba Mineral Development Agreement. Another \$500,000 is earmarked for the 1985/86 fiscal year from this agreement (Energy & Mines, 1985). The provincial government provided the bulk of this money along with an additional \$4.5 million made available between 1975 and 1984 through the Mineral Resources Division, Department of Energy and Mines (Energy & Mines, 1985).

Through these expenditures the provincial and to a lesser degree the federal government, have sought to increase the probability of further mining development in the area. Some

of the specific activities these monies funded are as follows:

1. detailed geological and mineral deposit mapping, mineral deposit studies, airborne electromagnetic surveys, magnetic interpretation and gradiometer surveys;
2. conducting field trips in areas of specific interest around Lynn Lake for Sherritt personnel;
3. undertaking, at the request of Sherritt, studies of specific deposits and discussing with Sherritt's geologists the findings and implications for further exploration and program implementation; and,
4. joint planning with Sherritt, concerning the thrust of the Manitoba Resources Division 1984 program.

4.1.3 Manitoba Mineral Resources Limited's Activity

Manitoba Mineral Resources Limited spent \$3.5 million in joint venture exploration activities during the three years prior to and including 1984 (Energy and Mines, 1985). Manitoba Mineral Resources Limited plans to spend another \$1,514,000 (51% of budget) on projects in the area in 1985 (Energy and Mines, 1985).

Joint venture participants will contribute \$258,000, thus increasing the total expenditure in the area (Energy and Mines, 1985). In addition, to this planned expenditure on

current ongoing projects, Manitoba Mineral Resources Limited has budgeted \$700,000 for new joint venture projects (Energy and Mines, 1985). Proposed projects in the Lynn Lake area will be given a priority (Energy and Mines, 1985).

Exploration work will include:

1. line cutting;
2. ground geophysical surveys;
3. geological mapping and prospecting;
4. geochemical surveying; and,
5. diamond drilling.

4.2 THE MACLELLAN GOLD MINE

A decision to develop the MacLellan Mine (the former Agassiz gold deposit) was made in July, 1985 (Northern Times, 1985a). The Agassiz deposit had been known to be a potential gold mine for some time and both government and Sherritt have been involved in defining the extent of mineralization. Plates 7 and 8 are pictures of the MacLellan Mine under development.

On February 14, 1983, Sherritt applied to the Canadian Employment and Immigration Commission for a \$2 million program of exploration and development work. The proposal called for the provincial and federal governments to contribute 37.5% each while Sherritt would put up the remaining 25%. The LGD of Lynn Lake supported Sherritt's proposal and

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PLATE 7: MACLELLAN MINE SITE

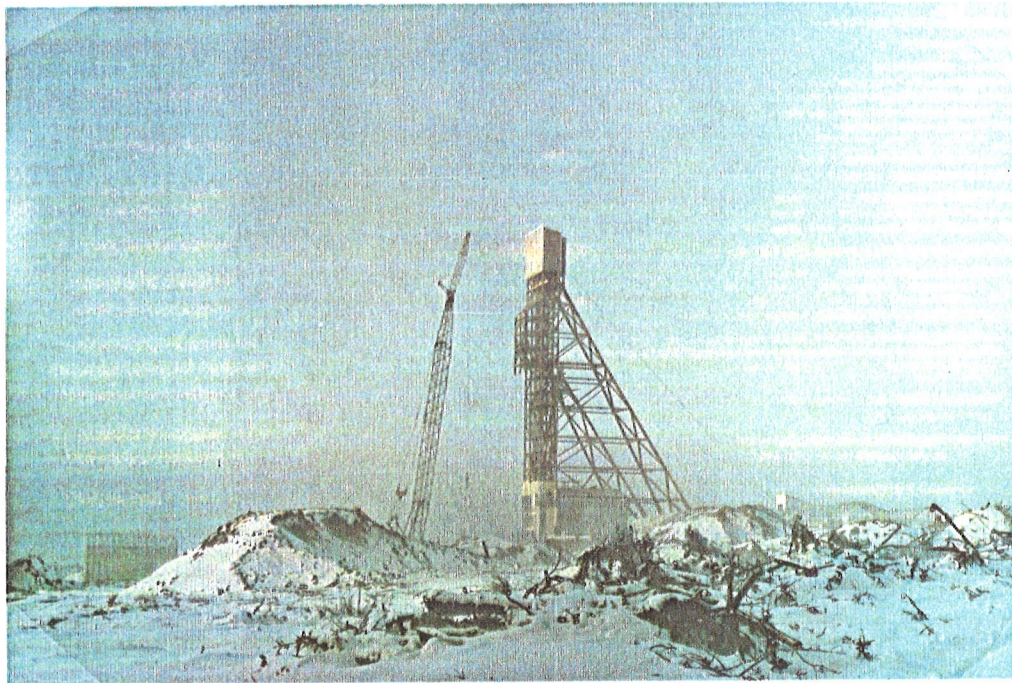


PLATE 8: MACLELLAN MINE UNDER CONSTRUCTION

made their support known to the Minister of Energy and Mines (Perepeluk, 1983).

The provincial government turned down the proposal because it did not meet the program criteria (Parasiuk, 1983b). However, the Provincial government did offer to enter into a joint development arrangement which was turned down by Sherritt (Parasiuk, 1983b). A revised proposal was made and accepted by both the federal and provincial governments. From August 12, 1983 to August 31, 1984, exploration activities were jointly funded by the two levels of government and Sherritt (Energy and Mines, 1985). Funding was made available under the NEED program. The federal government contributed \$992,000, the provincial government allocated \$567,000 and Sherritt invested \$1,737,000 into the project (Energy and Mines, 1985). In October, 1984, Sherritt approved expenditure of a further \$6.9 million on the development work (Energy and Mines, 1984).

The announcement to proceed with the MacLellan Mine in late July was welcome news to the community. Sherritt announced the MacLellan Mine would be operated by Sherrgold Limited, a subsidiary of Sherritt. Sherrgold Limited would raise \$30.8 million through a public share offering in order to finance development. The MacLellan Mine has been given an operating life of approximately five years (Brown, 1985b). The mine is supported by a \$4 million investment by the federal

TABLE 1
EXPLORATION RELATED EXPENDITURES

ACTIVITY	INVOLVED PARTY	PERIOD	DOLLARS
Exploration	Sherritt	1980-1985	5,200,000
Joint Venture Exploration	Manitoba Mineral Resources Limited	1982-1985	5,700,000
	Joint Venture Participants	1985	258,000
Activity Supporting Exploration	Federal & Provincial Government: Joint Programs	1975-1985	5,200,000
	Provincial Department of Energy & Mines	1975-1984	4,500,000
MacLellan Mine Development	Federal Government	1983-1984	992,000
	Provincial Government	1983-1984	567,000
	Sherritt	1983-1984	8,637,000
	Sherrgold	1985-1986	30,800,000
Retraining for MacLellan Mine	Federal Government	1985	4,000,000
Loan for MacLellan Mine	Provincial Government	1985	2,000,000

government for retraining Fox Mine employees and a \$2 million forgivable loan from the provincial government (Brown, 1985b). If the mine proves to be profitable, the \$2 million loan will be repaid to the community for use as a diversification fund (Energy & Mines, 1985).

The MacLellan mine will employ 200 labourers during the construction phase and will require a workforce of 160 during regular operations (Brown, 1985b).

4.3 A TAX BASE SUBSIDY

Sherritt pays \$300 per employee in 1971 constant dollars to the LGD of Lynn Lake in lieu of taxes (MacLellan, 1980). On January 6, 1982, Sherritt laid off 373 employees, some of whom were employed in Leaf Rapids, resulting in a reduction in tax revenues for Lynn Lake. In order to maintain services in Lynn Lake, the provincial government approved payments of \$102,000 in fiscal 1982/83, \$68,000 in 1983/84 and \$34,000 in 1984/85 to the community from the Mining Community Reserve (Manitoba Legislature, 1982). The amounts paid were based upon a 3:2:1 formula designed to enable the community to adjust.

4.3.1 Maintaining Necessary Services

On March 20, 1985, the Premier of Manitoba announced funding for a study into maintaining the level of services

(Pawley, 1985). On April 16, 1985, \$15,000 was allocated to the LGD for the hiring of a consultant to carry out the study requirements. The funding was made available through the Mining Communities Reserve (Manitoba Legislature, 1985).

4.4 COMMUNITY INVOLVEMENT SEMINAR

The Honourable Wilson Parasiuk announced the possibility of a Community Involvement Seminar in October, 1983 (the Northern Breeze, 1983). On January 11, 1984, the community requested \$28,625 from the provincial government to hold a public awareness seminar (Geddes, 1984d). The proposed seminar included representatives from labour, industry, various government departments, consultants and individuals who had experienced mine closure in other areas (Energy & Mines, 1983). The LGD also stated they wanted to form an Economic Development Committee and hire a full time economic development officer to coordinate it (Enns, 1983).

On January 24, 1984, the provincial government authorized a sum, not to exceed \$30,000, from the Mining Community Reserve. The money was meant to enable the LGD to arrange and conduct an economic development and planning seminar (Manitoba Legislature, 1984b).

The community responded to the approval of funding by initiating the plans necessary for holding a Community Awareness Seminar. A consultant was hired to help organize the

seminar on behalf of the community. The consultant arranged for speakers, while a local person expedited arrangements within the community (DePape, 1984a).

4.4.1 Seminar Objectives

One of the primary objectives of the Community Involvement Seminar was to get the local population more involved in planning for mine closure (Energy & Mines, 1983). The specific objectives of the seminar were (DePape, 1984b):

1. to increase public awareness of the impacts of mine closure on single industry communities;
2. to inform the local population of any government programs that could be accessed to help cope with mine closure;
3. to establish the value of an early mine closure announcement and the importance of utilizing this lead time effectively; and,
4. to establish the need for economic diversification and the difficulties associated with development.

These objectives are reflected in the agenda developed for the Community Involvement Seminar. The agenda and a list of speakers is included in Appendix C.

4.5 INTERDEPARTMENTAL COMMITTEE

In response to the announcement of the Fox Mine closure, the Minister of Energy and Mines made a submission to the Economic Resource Investment Committee (ERIC) which outlined Lynn Lake's situation and made two principal recommendations (Parasiuk, 1983a). He recommended, government encouragement of exploration in the Lynn Lake / Fox Mine area. Secondly, he recommended an Interdepartmental Committee be formed to plan for the eventual adjustment of the town. This committee was to include representatives from the Department of Energy and Mines, the Department of Municipal Affairs, the Department of Northern Affairs and the Department of Labour and Employment Services.

The Department of Energy and Mines was designated as the lead agency in the Interdepartmental Committee. This was a result of the original initiative coming from within the Department of Energy and Mines. The Assistant Deputy Minister of Energy and Mines was named Chairman of the Committee. The Interdepartmental Committee was formed primarily to study the Lynn Lake situation and make recommendations for Cabinet consideration and therefore, required that senior government officials represent the various departments (Haugh, pers.com.).

4.5.1 Objectives of the Interdepartmental Committee

Five main objectives were established for the Committee (Energy and Mines, 1983). These objectives were:

1. to give top priority to resource evaluation programs in the Lynn Lake area;
2. to determine the types and levels of regional services provided by the town of Lynn Lake and take steps to ensure the efficiency of these services is maintained;
3. to keep members of the community fully informed;
4. to develop contingency plans for the town of Lynn Lake under different scenarios; and,
5. to develop a policy statement for government, to inform the community what is being done and what can be reasonably expected from government.

These objectives were accepted on April 28, 1983, at the first meeting of the Interdepartmental Committee.

4.6 INTERDEPARTMENTAL COMMITTEE OF DEPUTY MINISTERS

As a result of an October 10, 1985 initiative by Jay Cowan, member of legislature for the Lynn Lake area, an Interdepartmental Committee of Deputy Ministers was organized (Haugh, pers. com.). This Committee was to meet regularly, to devise responses to the requests and suggestions of Lynn Lake. The Interdepartmental Committee of Deputy Ministers

provided the ability to act on suggestions emanating from the Interdepartmental Committee.

4.7 FEDERAL COORDINATING COMMITTEE

The Federal Government Coordinating Committee was formed to facilitate communication and to ensure Lynn Lake was proceeding in harmony with federal government plans. This Committee consisted of senior representatives of federal government departments and programs, who were stationed in Thompson, Manitoba (Young, 1984b).

The primary objective of this committee was to provide Lynn Lake with a "one window" access for communication with the federal government. It was felt, utilization of this single access point would improve and coordinate federal government responses to Lynn Lake's requests.

4.8 LOCAL VOLUNTEER COMMITTEES

Three volunteer committees were formed in Lynn Lake to undertake planning necessary for coping with the impending mine closure. These three committees were the Economic Development Committee, the Planning Committee and the Steering Committee. An overview of all the committees formed is provided in Table 2.

The Economic Development Committee was established to coordinate the process of diversifying the community's economy, in an effort to reduce a decline in community size.

TABLE 2
COMMITTEE OVERVIEW

COMMITTEE	FUNCTION	MEMBERSHIP
Interdepartmental Committee	Study and Make Recommendations	Senior Administrators from Provincial Departments
Interdepartmental Committee of Deputy Ministers	Acting Upon Recommendations of Interdepartmental Committee	Provincial Deputy Ministers
Federal Coordinating Committee	Provides a Single Access Point to the Federal Government	Federal Government Officials Based In Thompson
Economic Development Committee	Pursue Economic Development	Local Businessmen, Union Representatives and Residents
Steering Committee	Coordinate Community Activities	Local Community Leaders
Planning Committee	Organize Community For Down-sizing	Local residents
Community Industrial Adjustment Committee	Provide Monies for Relocation and Job Finding Trips	Federal & Provincial Governments Local Employers & Employees
Sherritt Industrial Adjustment Committee	Provide Monies for Relocation & Job Finding Trips for Sherritt Employees	Federal & Provincial Governments, & Sherritt Employees

The Planning Committee was established to coordinate the process of preparing for adverse impacts of mine closure. The specific objectives of the Planning Committee were as follows (Young, 1984e):

1. to ensure the same level of public and private services are available as long as possible;
2. to ensure that people remaining receive the full range of benefits from programs to which they are entitled;
3. to ensure people remaining are provided with meaningful temporary work until economic development plans can be implemented; and,
4. to ensure people who decide to leave, receive the full range of government assistance programs which can be arranged and that they receive local assistance for job searching and relocation.

The third committee formed was the Steering Committee which was organized to provide overall coordination and liaison with government. The committee comprised representatives from the main interest groups, Sherritt and the two previously mentioned committees.

The committees were organized in this format to ensure a coordinated approach and to ensure that both "up side" and "down side" planning were undertaken simultaneously.

4.9 SHERRITT INDUSTRIAL ADJUSTMENT COMMITTEE

A mobility incentives agreement has been drafted for the formation of the Sherritt Industrial Adjustment Committee and involves (Mobility Incentives Agreement, 1985b):

1. the Minister of Employment and Immigration for Canada;
2. the Minister of Employment Services and Economic Security for Manitoba;
3. Sherritt Gordon Mines Limited; and,
4. the United Steelworkers of America Local 5757 and Staff Employees.

A Mobility Incentives Agreement was entered into by the Minister of Employment and Immigration as authorized under the Labour Mobility and Assessment Incentives Regulations (Mobility Incentives Agreement, 1985b). The Agreement stems from a request from Sherritt and its employees to the government for assistance, with respect to the Fox Mine closure (Mobility Incentives Agreement, 1985b).

There are two sources of funding for establishment of the Committee. The federal government will contribute \$7,500 and Sherritt will contribute \$7,500 (Mobility Incentives Agreement, 1985b). The Agreement allows for the Union to contribute but Sherritt has offered to pay the entire \$7,500 (Plummer, pers. com.).

The Committee includes provincial and federal government representatives, an equal number of Sherritt staff and union representatives (Mobility Incentives Agreement, 1985b). Representatives of the company and employees will receive their regular straight time wage plus expenses for time they spend on committee business (Mobility Incentives Agreement, 1985b).

4.9.1 Sherritt Industrial Adjustment Committee Objectives

The responsibilities and objectives of the Committee are (Mobility Incentives Agreement, 1985b):

1. to ensure the plans of adjustment have due regard for the continuity of suitable employment;
2. to research opportunities within and outside the mining industry, first locally and on a broader scale if required;
3. to analyze the present skills of the workforce and assess possible training needs of the individual workers to meet new occupational requirements;
4. to recommend to the Company and the Employees courses of action which the Committee deems to be essential in the development of an effective adjustment program; and,
5. to make the most effective use of all public services available from the Federal and Provincial governments, with the assistance of the Consultative Service and Employment Services and Economic Security.

The role of federal and provincial representatives on the Committee was to act as resource sources. Each representative would follow up on informational requirements and requests of the Committee (Mobility Incentives Agreement, 1985b).

4.10 COMMUNITY INDUSTRIAL ADJUSTMENT COMMITTEE

A Community Industrial Adjustment Committee was proposed and established by the Planning Committee. The initial proposal was made to LGD council on September 19, 1984, and shared many objectives with the Planning Committee (Young, 1984d). The Committee was a joint venture between the federal, provincial and municipal governments. A Mobility Incentives Agreement was drafted to provide funding for eighteen months of operation. The federal government contributed \$7,500 through Employment and Immigration Canada (Manpower Consultative Services), the provincial government contributed \$3,750 through the Department of Employment Services and Economic Security and Lynn Lake raised \$3,750, from within the community (Young, 1984d).

The Committee comprised people representing the diverse groups who would be affected by mine closure. There were representatives of employees, employers, residents and government. The exact composition of the committee is provided in Appendix D, in order that it may be used as a checklist for the organization of similar committees in the future.

Sherritt and the United Steelworkers Union (USWU) were not represented by this new committee. Sherritt and USWU had previously began establishment of an identical committee designed to represent Sherritt employees.

Canada Employment and Immigration Commission has authorized \$5,000 per household under the Mobility and Assessment Incentives Regulations (Mobility Incentives Agreement, 1985a). The provincial government will also provide up to \$5,000 per household from the Mining Community Reserve (Mobility Incentives Agreement, 1985a).

The funding will be administered by the community and will be used for moving to another geographical location to find employment (Mobility Incentives Agreement, 1985a). The funding can also be accessed for up to two job finding excursions (Mobility Incentives Agreement, 1985a).

4.10.1 Advantages

The Economic Development Officer identified the following advantages for forming a Community Industrial Adjustment Committee in addition to the already existing Planning Committee (Young, 1984d):

1. funding is shared among the three levels of government;
2. it involves the entire community;

3. it expands available resources by including non-local government officials;
4. it ensures government employees can access federal mobility and relocation assistance programs;
5. it improves access to government programs and resources; and,
6. it ensures the diverse concerns of the community are represented.

4.10.2 Objectives

Many of the objectives of the Community Industrial Adjustment Committee are shared with the Planning Committee. The objectives of the new committee, however, are more precisely defined and as result represent a clearer focus of community objectives. The specific objectives of the Community Industrial Adjustment Committee are:

1. to assist business, employees and the general public plan for and cope with problems of mine closure;
2. to ensure public and private services are maintained as long as possible;
3. to assist the unemployed find work by:
 - a) setting up a placement centre;
 - b) providing resume writing service;
 - c) develop an employee skills inventory;
 - d) arrange recruiting trips by major companies, etc.

4. to assist residents with relocation programs; and,
5. to ensure employees, businesses and the general public have access to all applicable government programs and services.

These objectives were established by the Economic Development Officer on December 13, 1984 (Young, 1984a).

4.11 COMMUNITY PLANNER ASSIGNED TO LYNN LAKE

On June 27, 1984, the LGD requested that the Minister of Municipal Affairs provide a community planner from within the department for a period of eighteen months to two years, free of charge (Geddes, 1984b). The community planner would be asked to identify the impacts of mine closure on the community and help develop appropriate plans to deal with them.

On July 26, 1984, the Honourable A. Anstett, Minister of Municipal Affairs replied. A staff planner from the Thompson office was assigned to help Lynn Lake, with the understanding Lynn Lake's needs would be given priority (Anstett, 1984).

4.11.1 Discussion Paper on Impacts of Fox Mine Closure

The resulting study, by the Department of Municipal Affairs in October, 1984, presented an assessment of the potential impacts of the impending mine closure on employment and population levels in Lynn Lake (Marowitch, 1984). The

study focussed attention on the key potential impacts as a point of departure for further discussions between officials of the community, the company, employees, government departments and agencies, and other affected groups (Marowitch, 1984).

4.12 HIRING OF AN ECONOMIC DEVELOPMENT OFFICER

One of the messages clearly expressed at the Community Awareness Seminar was the need for a full time professional to aid the volunteer committees. Jack Pierce, former reeve of Atikokan noted at the seminar that, "Atikokan had established an Economic Development Office and hired a Commissioner about two years before the two mines in the area closed". He went on to say, "that was the best investment we could have made" (the Northern Breeze, 1984b).

Lynn Lake's Mayor Geddes initially requested \$70,000 from the Minister of Energy and Mines in order to hire an Economic Development and Planning Officer (Geddes, 1984c). On May 30, 1984, the provincial government authorized payment of \$50,000, payable to the LGD of Lynn Lake from the Mining Community Reserve. The funding was intended for the salary and expenses of a full-time economic development and planning officer (Manitoba Legislature, 1984a).

The community of Lynn Lake also committed resources to the hiring of a development and planning officer. Sherritt

provided a house free of charge and Gordon Hotels provided subsidized accommodations in Winnipeg. The LGD provided an office, office supplies and secretarial help. Calm Air and Pacific Western Airlines provided free or subsidized air transportation respectively and the United Steelworkers Association Local 5757 also contributed.

4.12.1 Responsibilities

The Economic Development and Planning Officer was intended to provide the momentum and follow up that can not be maintained by part time volunteer committees. The specific responsibilities were (Manitoba Legislature, 1984a):

1. to prepare and implement an economic development strategy for Lynn Lake which includes identifying and pursuing diversification opportunities; and,
2. to help develop a strategy to prepare for the personal, family and community problems expected to accompany mine closure.

4.13 LOCAL ECONOMIC DEVELOPMENT EFFORTS

4.13.1 Plan for the Revitalization of Lynn Lake

A comprehensive general development plan which identified the actions taken and responses desired was completed by the Economic Development Officer in October, 1984. A list of 115 possible business opportunities and ideas was initially

included in the revitalization plan. This list is provided in Appendix E. It provides a valuable insight into the number of ideas a community can generate once organized.

The revitalization plan also identifies 26 priority areas and asks the federal and provincial governments to review these priorities and develop an action plan (Young, 1984c).

4.13.2 Central Thrusts of the Economic Development Plan

Over time, the Economic Development Committee identified key factors which development efforts must encompass. The factors necessary for successful economic development are (the Northern Breeze, 1984a):

1. develop industries which have their resource base in Lynn Lake;
2. develop a five year strategy for diversifying the economic base;
3. develop this strategy in concert with the provincial government and coordinate it with the "Master Plans" of each department;
4. development strategy must involve the entire northwest part of the province (ie. regional approach); and,
5. promote the idea, "Money spent on development is better spent than that spent on relocation and compensation.

4.13.3 Economic Development Feasibility Studies

The Economic Development Officer narrowed the list of 115 possibilities to 10 opportunities for development. They were (Young, 1985):

1. a tourism development strategy;
2. fur farming, processing and manufacturing;
3. commercial fishing - development options;
4. forestry options;
5. fish farming;
6. general development strategy;
7. hydro line extensions;
8. transportation - road construction and improvements;
9. decentralization of government services; and,
10. diversification and self sufficiency.

On July 15, 1985, representatives for the Northern Development Agreement agreed to fund literature reviews on the first six items. The provincial government is entertaining the idea of funding the next three items and the last item will be undertaken by the new Local Employment Assistance Corporation (LEAD).

4.13.4 Tourism

A five year development plan designed to pursue a wide variety of tourism related businesses was adopted by the Economic Development Committee (Young, 1984c). The primary objectives of the tourism development plan were (Young, 1984c):

1. to capitalize on the existing tourism market;
2. to increase the economic potential of tourism; and,
3. to provide laid off workers with tourism related jobs.

A tourism development workshop was also organized in the community to make people more aware of the requirements and demands of the tourism industry. The workshop was entitled "Challenges Facing Tourism in Lynn Lake through the 1990's". The workshop was organized and led by the Assistant Deputy Minister of the Department of Business Development and Tourism (Young,pers.com.). Though the workshop was well received, little has developed as a result of it (Young,pers.com.).

4.13.5 Retraining Initiatives

The community of Lynn Lake, Sherritt and government have been active in the area of retraining. The New Initiatives program has been utilized to carry out a number of retraining courses. On April 26, 1985, the community organized a small business bookkeeping course.

Sherritt conducted an in house survey to identify their employees' areas of interest. The survey indicated that automotive mechanics, industrial welding and electrician training were the most popular retraining skills desired. Sherritt organized all three courses, utilizing the second-

dary school, the New Initiatives program and in house expertise for all the courses except automotive mechanics (Plummer,pers.com.).

In addition, with the help of the provincial government, the community sponsored a tourism development workshop and a tourism related course entitled "Hospitality Plus" (Smith,pers.com.).

4.13.6 Northwest Manitoba Development Corporation

The Northwest Manitoba Development Corporation is a LEAD corporation designed to improve employment opportunities in under developed areas and is funded by Employment and Immigration Canada (the Northern Breeze,1985b). The federal government has committed \$100,000 for the planning and development stage in the Lynn Lake area (the Northern Breeze,1985b). The federal government will provide a further \$225,000 for each of the next five years after the planning stage is complete (Lowery,1985a).

The objectives of the Corporation are as follows (Young,1985):

1. to provide people in each participating community with the financial assistance and technical expertise necessary to plan, finance and implement new business enterprises in Northwest Manitoba;

2. to promote the development of the Northwest Region and establish a cooperative working relationship between all member communities in order to share and maximize the development potential of the region; and,
3. to implement and maintain a strong corporate mandate and responsive operating framework which will take into account the following factors:
 - a) the great distances between communities;
 - b) the communication and transportation problems between communities;
 - c) the diverse cultures of the people in the region;
 - d) the problems of high unemployment, inadequate housing, inadequate hydro supply and lack of other essential services in many of the communities; and,
 - e) changing legislation, economic and social conditions.

4.14 CANADIAN ASSOCIATION OF THREATENED SINGLE INDUSTRY TOWNS

On May 27, 1985, a national association of threatened single-industry towns was established (Winnipeg Free Press, 1985c). Lynn Lake's Economic Development Officer played a key role in its establishment and therefore, it is included as a response to the Fox Mine closure.

Dennis Young, the president of the new organization, hopes the Association will increase the lobbying power of single industry communities. Young wants a grass roots organization which will encourage single industry communities to work more cooperatively (Northern Times, 1985d). The Canadian Association of Threatened Single Industry Towns (CATSIT) is becoming an effective voice for single industry communities. CATSIT now has 60 members (the Northern Breeze, 1985a). Dennis Young, was invited and made presentations to the 42nd Mines Minister's Conference in Prince Edward Island and also The Heritage Canada Foundation - 12th Annual Conference (the Northern Breeze, 1985c)

Chapter V
ASSESSMENT OF RESPONSES

5.1 EXPLORATION

The provincial government has been heavily involved in providing support for exploration in the Lynn Lake area for the last decade. Government funded activities have greatly increased the geological and mineralogical information available to private industry in the Lynn Lake region.

Low worldwide base metal prices have mitigated against maximum use of all information generated except in the case of gold exploration. If, the mining sector recovers enough to warrant further private sector investment in exploration, Lynn Lake would surely be in a good position to benefit.

Ian Plummer, general manager of the MacLellan Mine, feels Manitoba Mineral Resources Ltd.'s investment in exploration in the area has improved the probability of finding an economic ore deposit (Plummer, pers. com.). Mr. Goodwin, the head of Sherritt's operations in Manitoba, also recognizes the value of government investment in joint venture developments with Sherritt (Goodwin, 1984b).

In conclusion, the exploration related activity of both the provincial government and Manitoba Mineral Resources Limited has been a valuable addition to the economy of Lynn Lake. Benefits have started to accrue from the exploration and exploration related activities. Manitoba Mineral Resources Limited in joint venture with Hudson Bay Exploration and Development Company Limited has discovered gold mineralization 24 miles east of Lynn Lake (the Northern Breeze, 1985c). Hudson Bay has a 44.8% interest and Manitoba Mineral Resources Limited owns the remaining 55.2% in the joint venture. The economic significance of the deposit is unknown and drilling to more fully define the mineralization is underway. Granges Exploration Limited has also discovered a small gold deposit just west of Lynn Lake but details are unknown.

The benefits of the increased exploration activity in the Lynn Lake region are becoming apparent as new ore deposits are discovered. The most significant development to date is MacLellan Mine which has been partly funded by both provincial and federal governments in conjunction with Sherritt.

The federal government has been less active with respect to exploration but, the Canada/Manitoba Mineral Agreement (1984-89) indicates a willingness to participate financially in the development of resources under provincial jurisdiction. Funding provided through this Agreement has been important for defining the MacLellan mine to the degree necessary for making a development decision.

Sherritt is a publically held corporation primarily responsible to shareholders and employees, therefore, it can not be assessed on the same basis as government. Sherritt has continued exploration in the area but was forced to decrease investment in the Lynn Lake region in the early 1980's. Sherritt has maintained a strong commitment to the area and exploration investment has increased over the last few years. Mr. Plummer points out that fluctuating exploration levels are normal (Plummer, pers.com.).

The people of Lynn Lake seem quite satisfied with the commitment Sherritt has displayed with respect to the community (Wilke, pers.com.). Thus, one can only conclude that Sherritt's actions including exploration and development have been of a positive nature. Mr. Plummer points out that Sherritt has been spending approximately \$250,000 a month on development and exploratory work in the MacLellan Mine (Plummer, pers.com.).

Development of the MacLellan Mine is the single most positive occurrence to take place in Lynn Lake since people first became aware there were no plans to replace the Fox Mine. The MacLellan Mine has substantially reduced Lynn Lake's immediate problems by providing approximately 200 jobs during the construction phase and 160 jobs over its operating life (Lowery, 1985a).

It is important that the community remain active in its attempt at economic development. The MacLellan Mine has an estimated life of five years and will provide the extra time necessary for the economic development effort to take place. The MacLellan Mine in no way reduces Lynn Lake's dependence on mining or Sherritt. Thus, the threatened single industry town status is left unchanged even if the MacLellan Mine lasts longer than expected.

5.2 MAINTAINING NECESSARY SERVICES

The provincial government has displayed a willingness to accept the responsibility of maintaining services for people who require them. The province has made money available in the past and supplied the LGD with \$15,000 in 1985, in order to undertake a study into the cost of maintaining services in the event of downsizing.

There is some concern, however, in the community. Wendy McDonald, administrator of the hospital in Lynn Lake, expressed concern with respect to the hospital should the population of Lynn Lake decrease (MacDonald, pers.com.). This does seem to be a logical concern should the population of Lynn Lake shrink considerably. The MacLellan Mine reduces the probability of this happening over the next few years but, the threat remains over the long term unless the economy of Lynn Lake can be diversified and stabilized. At present, there are no known plans to reduce the status of the Lynn Lake hospital.

The recently completed downsizing study will enable all levels of government to make an informed decision, with respect to maintaining services, on the basis of costs. A large scale reduction in the size of Lynn Lake could however, make a reduction of services inevitable.

5.3 COMMUNITY INVOLVEMENT SEMINAR

The Community Involvement Seminar was, without question, a success. It has been referred to within the community, as the thing that made people aware of the need for action (Smith, Perepeluk, pers.com.). The Community Involvement Seminar did almost exactly what it was organized to do. The Seminar helped make people more aware of the impending problems that could result from the Fox Mine closure. It also provided the initial impetus with which the community began its drive for diversification and adjustment planning.

Overall, the seminar helped people understand that something could be done about the impending mine closure. People began to realize that if no response was formulated in Lynn Lake, then nothing would be done and the community could suffer a severe downsizing with a corresponding reduction in property values and other investments within the community.

One must note, however, that a seminar cannot be depended upon as a means of maintaining enthusiasm within the commu-

nity. The seminar was able to generate an initial enthusiasm but it was not enough to maintain it. The local population must be willing to take the initiative to determine their own future.

Through the use of guest speakers from Uranium City and Atikokan, the seminar became more of a meeting of peers. The exclusive use of public servants or elected officials could have alienated people. The use of speakers from other communities made the basic message more acceptable to the local population, probably because of the similarity of their respective positions.

Another key ingredient of the seminar was the participation of the Honourable Wilson Parasiuk, Minister of Energy and Mines. The Minister is a high profile figure in Manitoba and his presence increased local interest in the seminar.

Enns also pointed out that the hiring of a consultant to partially organize the seminar proved to be extremely useful (Enns, pers.com.). A consultant familiar with the characteristics and problems of distressed mining communities enabled development of a more comprehensive agenda for the seminar while familiarity with government ensured that the essential people within government were informed and involved with respect to what the seminar was intended to accomplish.

One problem that did emerge from the seminar was the apparent "information overload" (Malakoff, pers.com.). The speaking notes, prepared for the manager of the Northern Development Agreement, identified government programs which people could access for help but, the resident administrator for Lynn Lake identified this as the one need that the seminar did not fulfill (Enns,pers.com.). Therefore, it appears that people were not able to digest the highly detailed information contained in the speech.

A possible solution to this problem would be the distribution of a handout after the presentations have been made. The handout could provide details of programs referred to in the speeches and act as a future reference.

5.4 INTERDEPARTMENTAL COMMITTEE

The Interdepartmental Committee was formed of senior public servants from various departments. Its task was to study the anticipated mine closure along with the impacts on the community and make recommendations to the ministers and Cabinet (Haugh,pers.com.).

The Committee has suffered from varying degrees of commitment from department to department but, it has succeeded in making Lynn Lake's situation more fully understood within government. Therefore, the Committee can be considered a success. The Committee did consult with various groups and

did make a thorough examination of the possibility of mine closure and the consequences of the closure.

5.5 DEPUTY MINISTER'S COMMITTEE

The Deputy Minister's Committee remains in existence but appears to have accomplished little. Thus, the Committee has had little impact on, or input in, the mine closure problem. It appears as though this committee may have been formed as a response in itself. Committees are sometimes formed out of desire to help, but without a clear mandate. The result can be a large number of committees which tend to increase workloads and waste time.

5.6 FEDERAL COORDINATING COMMITTEE

The theory behind the Federal Coordinating Committee is good. If utilized as intended, it would provide a coordinated one voice response to requests emanating from Lynn Lake. However, the Committee has not functioned as hoped. Part of the problem seems to be that the people on the Committee were chosen for their geographical proximity and have less impact or influence on policy development and adjustment than their superiors elsewhere.

Under the present structure, the number of people involved in each request is increased resulting in longer lead times. Direct contact with a senior civil servant who had

access to other departments at senior levels would better suit Lynn Lake's needs. Lynn Lake would be better served if the federal government assigned an individual or department with the responsibility of following up requests of single industry communities. This "one window" approach would help facilitate information flows and reduce lead times. This proposed system is similar to the organization that has evolved within the provincial government and would provide improved access to decision makers.

In conclusion, the Federal Government Coordinating Committee provides the necessary single contact but does not provide adequate access to decision makers in the various departments. Lynn Lake must communicate with people who can adjust existing policy or develop new policies. Up to now, this committee has not provided this access.

5.7 LOCAL VOLUNTEER COMMITTEES

Five local committees were formed to deal with mine closure in Lynn Lake. These committees were; the Economic Development Committee, the Planning Committee, the Steering Committee, the Community Industrial Adjustment Committee and the Sherritt Industrial Adjustment Committee. As previously mentioned, all the committees were formed with a specific purpose or need in mind, although there is some overlap among the committees.

The Economic Development, Steering and Planning Committees comprise local volunteers who can only devote a portion of their time to the committees' needs. The result is reduced productivity, longer lead times and a tendency to lose enthusiasm.

5.7.1 Economic Development Committee

The Economic Development Committee has provided the initial appraisal of ideas generated by the Economic Development Officer. The Committee helped develop a profile of Lynn Lake and familiarized the Economic Development Officer with the community and local development efforts. It is doubtful however, that the Economic Development Committee could have designed a comprehensive development plan without the Economic Development Officer.

The Committee comprises individuals who have a vested interest in the community and are more willing to make an extra effort on any given project. The inclusion of people with investments in the community significantly contributes to the devotion to, and output of, the committee. The resignation of Arnold Morberg, President of Calm Air International, as Chairman of the Committee resulted in a loss in momentum and continuity.

In conclusion, the Economic Development Committee has been most useful as a supportive body, complementing the ef-

forts of the Economic Development Officer. The Committee has also given members of the community some input into the overall process. The Economic Development Committee has only been active for a little over a year, therefore, it is still too early to draw final conclusions concerning its potential to contribute to the development effort. Young previously stated that a successful economic diversification plan would take a minimum of five years (Young, 1984c).

5.7.2 Planning Committee

Initially, the Planning Committee had a definite role to play, but with the advent of the Community Industrial Adjustment Committee its role has become redundant. The Community Industrial Adjustment Committee is a more useful vehicle for planning to cope with mine closure because it has been used previously in Canada. One such example is Gagnon, Quebec, where the federal and provincial governments utilized the same type of committee.

A committee whose structure is familiar enables a shorter lead time because government is aware of the problems, strengths and objectives of the committee. Much of the needed organization can simply be re-established in order to achieve a similar level of coordination and implementation.

Again, the composition of the Planning Committee is a significant contributing factor to its success or failure.

The Planning Committee consisted of two interest groups. The first comprises people who were willing to remain in Lynn Lake after mine closure. This group was primarily interested in economic diversification and the maintenance of essential services. The second interest group consisted of people intending to leave Lynn Lake upon mine closure. This interest group was less concerned with economic development and more concerned with adjustment packages for relocating their families and compensation for losses in equity.

The dual purpose makeup of the committee has resulted in a conflict over a finite resource, namely government money. This conflict has occurred in Lynn Lake and has resulted in a division within the community. A conflict such as this has positive impacts which may go beyond the more obvious negative impacts. If the committee can maintain a working relationship, it can more efficiently utilize finite resources. The divergence of opinions forces the group to make compromises which result in a more efficient use of money and resources.

In conclusion, the Planning Committee did serve as a useful means of getting the community organized and on the road to adjusting for mine closure. However, the Planning Committee should only be viewed as the initial formation stage of the Community Industrial Adjustment Committee.

5.7.3 Steering Committee

The Steering Committee has not played a major role in Lynn Lake. The Steering Committee was meant to be the overall coordinator and voice for the community when dealing with government. This has not been the case in Lynn Lake. The Economic Development Officer has been the central figure in dealing with government and the Steering Committee has played a more minor role. A steering committee capable of a more active role in coordinating and unifying the community's signals and demands to government could be a valuable asset to the community.

5.8 INDUSTRIAL ADJUSTMENT COMMITTEES

5.8.1 Community Industrial Adjustment Committee

The Community Industrial Adjustment Committee has already been described briefly in relation to the original Planning Committee. The Community Industrial Adjustment Committee is the preferred vehicle for planning and negotiating relocation and compensation monies. This is so because there have been cases of precedent and both levels of government are familiar with the committee and its functions. Therefore, there is an established mechanism for responding to the requests and needs of the community.

The federal and provincial governments appear willing to form an agreement with the community to allow for payments

up to \$10,000 per family for job finding trips and eventual relocation. Up to \$5,000 per family will come from the federal government through the Department of Employment and Immigration. The provincial Department of Employment Services and Economic Security, will also allow up to \$5,000 per family (Mobility Incentives Agreement, 1985a). No formal agreement has been signed to date. Thus, the sources and amounts of money made available may be subject to change.

Once in place, the community would be responsible for administering the monies made available through the agreement. An agreement is foreseen because a similar agreement has been agreed upon with the Sherritt Industrial Adjustment Committee.

The Committee was intended to help people relocate, but the development of the MacLellan Mine has greatly reduced this need. In addition, the Committee has been postponed in fear that it might encourage people to leave prematurely resulting in an early demise of Lynn Lake. Thus, although the Committee has not been very active, it does have an important and useful role.

5.8.2 Sherritt Industrial Adjustment Committee

A draft agreement has been developed between the federal and provincial governments and Sherritt. The draft allows for a maximum of \$5,000 from each level of government. The

agreement has not been finalized but the process is further advanced than the Community Industrial Adjustment Committee. The progress seems to be attributable to the availability and input of senior Sherritt staff and because of a concentration on relocation benefits.

The Committee has been a success. Relocation money will be available to labourers who have to move elsewhere to find work. The source and amount of these monies may be subject to change before a formal agreement is finalized.

The Committee is also proving useful in exploring other avenues of aiding labour. In a meeting on July 25, 1985, Ian Plummer identified a federal government program, whereby applications could be submitted to possibly obtain a tax exemption for completion bonuses and severance pay. The program is applicable to single industry towns losing their primary industry and each case is decided upon on its own merit. It is not yet known whether Lynn Lake will qualify.

Lastly, both committees have succeeded in organizing an information centre in the Union Hall. The centre provides job search assistance by maintaining a collection of Canada wide newspapers and by offering resume writing aid. Availability of information and a well written resume can be extremely important contributing factors in finding suitable employment elsewhere.

In conclusion, both committee's have achieved a degree of success. Their establishment has been a worthwhile endeavor that has the potential of easing the hardships of mine closure in Lynn Lake. The structure of the committees is important because expenses are shared by the provincial and federal governments with the community and Sherritt. Government representatives have provided useful and useable access to information for the local population. It is essential that government input into these committees be maintained if they are to remain useful to the community. Government representation allows for a two way flow of information between government decision makers and the community.

The proposed membership of the Community Industrial Adjustment Committee is provided in Appendix D for use as a checklist in the future.

5.9 THE ECONOMIC DEVELOPMENT OFFICER

One year and three months is not enough to assess the success of a task which takes years to accomplish, if it is accomplishable at all. The Economic Development Officer has been the central figure in almost every aspect of the mine closure situation in Lynn Lake. There have been letters from the Premier of Manitoba, the Mayor of Lynn Lake and various other sources acknowledging the valuable input and tireless effort the Economic Development Officer has con-

tributed with respect to coping with mine closure in Lynn Lake (Pawley, 1984), (Geddes, 1984a).

The Economic Development Officer has made useful contributions to a community plan for adjusting to mine closure. He is one of the key figures on the Community Industrial Adjustment Committee and has done much of the follow-up on behalf of the Committee.

The Economic Development Officer has also made significant progress in terms of economic diversification. The possibility of aquaculture in the area, along with the proposed cottage development on Goldsands Lake and the Limestone training centre in Lynn Lake are examples of activities in which the Economic Development Officer has played an important role.

The approval of funding for the Northwest Manitoba Development Corporation planning stage is another positive event in which the Economic Development Officer has played a major role. The LEAD corporation is the result of much lobbying by the Economic Development Officer, the community of Lynn Lake and the provincial government. However, the fact, that the Economic Development Officer was chosen by member communities to manage the new corporation, reflects their respect and approval for his efforts.

One drawback that has become evident in the Economic Development Officer's approach was that he allowed himself to

be drawn into the political arena. It appears that this action may have alienated different groups with opposing ideological beliefs. The result has been a loss of support from some sectors of the community.

The Economic Development Officer's political statements seem to have been magnified by his high profile confrontational approach to dealing with elected officials. In some cases, the confrontation has become openly hostile (Murphy, 1985). This confrontational approach has had positive impacts along with some of the negative impacts already mentioned.

There are groups who feel the hiring of the Economic Development Officer was a mistake, while there are others who believe he is indispensable. The local union president acknowledges that Young has worked hard but also points out, there is just nothing that can be done with respect to obtaining a self supporting economic base (Malakoff, pers.com.). The position of the local union is that an economic development officer should not be hired with monies that could be used to compensate people for their losses and relocation costs. The Resident Administrator, on the other hand, believes that Young has proven invaluable to the community (Enns, pers.com.).

Charles Kelly, a private consultant who helped negotiate the federal and provincial contributions to the development

of the Agassiz/MacLellan Mine, feels that the openly confrontational approach has generated more interest from the various forms of media (Kelly, pers.com.). In this regard, Young has unquestionably succeeded in increasing the exposure of Lynn Lake's situation to the provincial and national levels.

The impact of this increased exposure is not certain. Kelly feels the provincial and federal governments were already dedicated to doing whatever possible to help (Kelly, pers.com.). The provincial government was more active initially, however, because of its deep roots in the north and an aware and concerned Department of Energy and Mines.

In conclusion, the Economic Development Officer has been an extremely valuable addition to the community. The Economic Development Officer has provided much of the enthusiasm, continuity and energy that part time volunteers would not have been able to maintain. He has been the single most influential person in the community with respect to both economic development and planning for adjustment.

It is not clear whether the title of Economic Development Officer is suited to the requirements of threatened single industry towns. Traditionally, an Economic Development Officer has promoted the community to industry in an effort to encourage development. The Economic Development Officer in Lynn Lake however, was required to undertake a much broader role.

5.9.1 Desired Qualifications of the Economic Development Officer

The qualifications and experience of an economic development officer are a primary contributing factor to the success or failure of the development effort. Lynn Lake has been particularly successful in identifying the qualifications desirable. The hiring of Dennis Young and his subsequent hard work is at least partially due to a careful and thoughtful identification of the demands of the job. Some of these attributes were:

1. familiarity with mine closure and the potential impacts;
2. experience in dealing and working with government;
3. self motivated; and,
4. familiarity with private business and economic development.

The qualifications of the Economic Development Officer determine the most suitable avenue for dealing with the problems of the job. The Economic Development Officer brought to Lynn Lake a familiarity with mine closure and private business. He also came with a willingness to work and a desire to achieve and succeed.

The characteristics and qualifications of Lynn Lake's Economic Development Officer provide a good model for the future as long as an economic development strategy has been

developed and proved feasible. The characteristics and abilities of the Economic Development Officer were well suited to the task even though the task was broader in scope than is generally expected of an Economic Development Officer. Lynn Lake required someone who could communicate and coordinate both their economic development needs and the need of adjusting for downsizing. Possibly, the title "Community Development Officer" would better describe this task.

5.10 ECONOMIC DEVELOPMENT EFFORT

Atikokan is one of the most successful examples of economic development after mine closure. Atikokan, however, has a richer resource base, primarily due to its more southerly location and longer growing season. Atikokan is also closer to major markets, is located on a major transportation route and received major investments from both Ontario Hydro and Atomic Energy of Canada Limited. Therefore, Atikokan is not 100% comparable to Lynn Lake.

Lynn Lake has benefited from the flexibility of the Mining Community Reserve which was the initial vehicle that the provincial government was able to utilize to stabilize the tax base of Lynn Lake. The Reserve was also used to fund the Community Involvement Seminar as well as the Economic Development Officer. As such, the Mining Community Reserve represents an important part of any economic diversification and adjustment plans undertaken by a mining community.

The announcement that the MacLellan Mine, would be developed was a great boost to Lynn Lake's economic development effort. The five year predicted life span of the MacLellan Mine will provide the community with the time it requires for its economic development effort. It will also increase the attractiveness and ability of Lynn Lake to draw new investment. It is important to note, however, that the mine is not the complete answer.

5.10.1 The Community's Response

Lynn Lake chose to present to government a list of 115 possible business development opportunities. As seen in Appendix E, this list covers an extremely broad scope of possibilities. The most obvious drawback is it lacks any attempt at focussing development energies in sectors with the greatest potential. Clearly, all 115 ideas are not of equal merit. The large number of projects presented, each requiring analysis, has made worthwhile projects more obscure.

A proposal for a feasibility study on 10 of the 115 possible opportunities was submitted to the Northern Development Agreement for funding. This proposal represented the first attempt at narrowing the focus of the economic development effort and, as such, represents a major accomplishment. Literature reviews for six of the projects were approved under the Northern Development Agreement while a further three may receive funding from the Mining Community Reserve.

The LEAD corporation is designed to aid economic development and to increase job opportunities, as such, it represents one of the positive activities to occur in Lynn Lake. It has provided the means for unifying and strengthening the various communities (see Figure 2.0) in the Lynn Lake region. The LEAD corporation will also increase the self-sufficiency of the region because, once approved, \$1.75 million will be available for local investment over the next five years. This corporation will provide continuity for the local development effort and will reduce the need for funding from the Mining Community Reserve.

The appointment of the Lynn Lake Economic Development Officer as manager of the LEAD corporation planning stage will also provide continuity. It will remove the necessity of familiarizing a new manager with the region, the people and the problems.

5.10.2 Conclusions

In conclusion, the MacLellan Mine has provided the basis on which to begin economic development and diversification. The provincial and federal governments working in conjunction with Sherritt helped make the MacLellan Mine a reality, but Sherritt's commitment of over \$30 million remains the single most important contribution to the mine. In addition, there is a possibility that the presence of the mill in Lynn Lake will lead to the development of further gold deposits in the area (Lowery, 1985a).

The feasibility study submitted to Northern Development Agreement has been turned down for funding and instead, literature reviews have been approved on a piecemeal basis. This study would have provided the needed direction for the Northwest Manitoba Development Corporation and therefore, its demise will slow down the economic development process. The LEAD corporation represents a significant contribution by the federal government. It provides the Lynn Lake region with the financial independence necessary to pursue economic development and diversification.

5.10.3 Retraining Initiatives

Retraining initiatives have been employed both by the community and Sherritt. Any retraining is beneficial because it increases the overall capability of the workforce.

The community has concentrated on small business and tourism related courses. Both courses were well received by the general public but little has developed from them. This can not be interpreted to mean the courses were a failure.

The courses engineered by Sherritt were in response to the interests of Sherritt labourers. The courses did not benefit the people they were intended to (Plummer, pers.com.). The work schedule of Sherritt employees made it impossible for many to attend. The courses however, were well attended and should be considered an overall success.

Retraining and education do not always provide tangible results. One should not judge their success on that basis because the skills are highly portable and require little maintenance. Society in general, may derive greater long term benefits from these retraining programs than one community within a specific time frame. The perceived situation in Lynn Lake could be viewed as an opportunity for convincing people to upgrade their skills. The courses could contribute towards the expansion and development of any entrepreneurial talents within the region.

5.11 THE ROLE OF MUNICIPAL AFFAIRS

The Department of Municipal Affairs has played an important role with respect to the Fox Mine closure. Marowitch's study identifies the potential impacts of mine closure on the community and has been invaluable to everyone involved. The study also pointed out that the majority of the people are willing and prepared to move, if no replacements for the jobs lost at the Fox Mine are found (Marowitch, 1984).

The study helped government determine which areas will generate the greatest problems and what the majority of the population would prefer (eg. relocation and compensation versus economic development). It has helped the local community plan for down sizing under two different scenarios (ie. with or without Agassiz). The study pointed out that many people intend to move once the Fox Mine closes and

therefore, Sherritt has more easily been able to define the cost advantages of starting development of the MacLellan Mine before or simultaneously with the Fox Mine closure.

The study commissioned by the Department of Municipal Affairs has been most useful and can be termed a definite success. Studies of this sort should be one of the initial actions taken in any mine closure where a complete close down of the town is not planned. It enables people to make a more informed decision concerning their future.

Chapter VI

CONCLUSIONS

The various groups involved have all made valuable contributions in assisting Lynn Lake cope with mine closure. However, some groups have done more to alleviate the problems than others. This chapter will evaluate the role of the primary groups involved. It will also identify the most successful responses, important milestones and contributing factors.

6.1 PROVINCIAL GOVERNMENT

The provincial government began to intensify its activity in the Lynn Lake region in the mid 1970's, after the Farley Mine closure. Initially, the provincial government concentrated on subsidizing the shrinking tax base of Lynn Lake and increased support for exploration related activity.

The MacLellan Mine is a partial result of government activity. The provincial government worked with Sherritt and other companies to more fully define gold mineralization in the area. The province has also offered a \$2 million loan to Sherritt for development of the MacLellan Mine. This loan will be repaid to a community controlled development fund if the MacLellan Mine surpasses minimum profitability

levels. The decision to develop the MacLellan Mine generated a great boost for the economy and morale in Lynn Lake. It has provided extra time for Lynn Lake to pursue its economic development efforts. There also appears to be an improved chance that additional gold deposits will be developed in the region. This, in turn, will increase economic activity in the area again. Monies spent by the provincial government to encourage exploration represent a positive contribution to Lynn Lake.

The Mining Community Reserve, the only one of its kind in Canada, has played an important role. It has provided the provincial government with the flexibility to respond to Lynn Lake's needs on short notice. The Mining Community Reserve was accessed to fund the Community Involvement Seminar, to hire the Economic Development Officer and will be accessed for monies made payable under the Mobility Incentives Agreements.

Over the past few years, the provincial government has supplemented local tax revenues with monies necessary to maintain the level of services. A cost of maintaining necessary services study, completed by private consultants late in 1985, was also funded by the provincial government.

The province has also participated in numerous retraining initiatives in Lynn Lake. Although, little use has been made of them, they can not be considered a failure. These

retraining initiatives have resulted in an upgrading of the workforce which may be utilized at another time or place in the future.

The provincial government further displayed its commitment to Lynn Lake by assigning senior civil servants to follow up proposals emanating from Lynn Lake. This commitment served to speed up responses but also resulted in a shortage of time for some government officials. Access to these decision makers is necessary, but the community should be encouraged to utilize these individuals only when they are dissatisfied with cooperation elsewhere.

It has been suggested that the provincial government should be able to respond to the problems of single industry communities more quickly. This, however, is currently not possible because the importance of regional development has only recently been accepted and therefore, response mechanisms have not fully evolved. The lack of established programs has reduced the speed with which the provincial government could react to the needs of Lynn Lake. The willingness of the Department of Energy and Mines to assume the leadership role has helped make up for the lack of specific policy, but further policy development is required.

In conclusion, the provincial government has played a major role in helping Lynn Lake cope with the Fox Mine closure. The most significant responses were an early recogni-

tion of the problem and the subsequent initiatives that were undertaken. The encouragement of exploration is the most visible initiative and will become one of the primary contributing factors should Lynn Lake's economic development effort succeed. One can only conclude that the provincial government has acted in a timely and responsible manner.

6.2 FEDERAL GOVERNMENT

Initially, the federal government played a lesser role than the provincial government. Its primary involvement was participation in the Canada/Manitoba Mineral Development Agreement. The lesser role could be a result of the fact that mining falls under provincial jurisdiction and as such, is not a primary concern of the federal government.

The federal government began to intensify its activity in the Lynn Lake region when it agreed to provide \$4 million to Sherritt for retraining employees for the MacLellan Mine. This investment is important because it helped encourage Sherritt to develop the MacLellan Mine which, in turn, provided the extra time Lynn Lake so desperately required.

The LEAD corporation which is primarily the result of local efforts and federal monies is another important federal government commitment. The LEAD corporation has relieved the province of much of the responsibility for economic development and guarantees the continuity of the economic development effort in the Lynn Lake region.

The federal government has also been actively involved in the Industrial Adjustment Committees. These committees will fulfill a definite need if the economic diversification effort fails and no additional mines are developed.

In general, the federal government was slow to respond. This again, seems primarily due to a lack of established programs which address the problems of single industry communities. In addition, the parliamentary representative for Lynn Lake is not a member of the governing party and therefore, it is highly probable that the federal government was completely unaware of the situation facing Lynn Lake, in the early stages of preparation for the Fox Mine closure.

The federal government must assign the responsibility for single industry mining towns to a particular department or individual. This commitment is necessary if government is going to develop and deliver new policies targeted at threatened single industry towns.

6.3 SHERRITT GORDON MINES LIMITED

Sherritt has participated in all the committees and has worked cooperatively with all levels of government. Its commitment of \$6.9 million on the MacLellan Mine led, in part, to a positive development decision and represented a significant boost to the morale and economy of Lynn Lake. As previously mentioned, the MacLellan Mine will provide the time for the economic development effort to get underway.

Sherritt is also taking part in the LEAD corporation. This is the first time a major private company has participated in a LEAD corporation and should be viewed as a positive development.

Sherritt has helped homeowners. Sherritt has offered to forgive any mortgages outstanding which are financed by Sherritt (Plummer, pers.com.). In addition, Sherritt has offered to compensate employees transferred to Leaf Rapids up to \$2000 for moving expenses. Sherritt has also offered 35,000 square feet of space for the community to use for an industrial park.

Prior to 1982, some dissatisfaction was expressed with respect to Sherritt's cooperation. This lack of cooperation, although now overcome, may reflect the highly competitive nature of the mining industry and not an unwillingness to help. Walter Perepeluk states that he understands the situation facing Sherritt and is satisfied with their actions to date (Perepeluk, pers.com.). A. J. Linfitt is also satisfied with the commitment of Sherritt to date (Linfitt, pers.com.).

Sherritt informed the LGD council approximately five years in advance that the Fox Mine would be closing (Perepeluk, pers.com.). Although people were generally aware the mine was closing, there seemed to be confidence or hope that another would come on stream (Plummer, pers.com.). Sher-

ritt has acted responsibly and cooperatively but it might have better emphasized the fact that no replacement for the Fox Mine was anticipated.

6.4 THE COMMUNITY

The community can not be expected to organize itself in order to formulate proposals for submission to government. The community consists of individuals with widely ranging viewpoints who are able to commit only a fraction of their time to community development. In addition, few communities have survived the loss of the economic base and this lack of successful examples promotes the development of complacency and apathy.

There are two opposing viewpoints within the community. The majority of the inhabitants support the economic development effort underway (Wilke, Perepeluk, Linfitt, Enns,per.com.). The local union, however, does not support the economic development effort and believes that concentration should be on relocation and compensation (Malakoff,pers.com.).

The community would have been unable to maintain its enthusiasm without the Economic Development Officer. This is partially due to past experiences and because residents are unable to commit much of their time to volunteer activities. The LEAD corporation should be able to replace the Economic

Development Officer and because of this, one should expect the community's dependence on the LEAD corporation to grow.

6.5 ECONOMIC DEVELOPMENT OFFICER

It appears that without the Economic Development Officer, little initiative whatsoever would have emanated from Lynn Lake. The Economic Development Officer has played a vital role in both economic development and planning for adjustment.

The Economic Development Officer has narrowed the field of study from 115 possibilities to 10 opportunities and has succeeded in getting funding for literature reviews on nine of them. The Economic Development Officer is also the primary moving force behind the development of the Northwest Manitoba Development Corporation. Together, these two contributions should enable the Lynn Lake region to pursue economic diversification in a focussed and able manner over the next few years.

The Economic Development Officer has also displayed a willingness to assume a leadership role which led to the community's growing dependence on him. Although, this strategy occasionally resulted in friction, it has resulted in significant accomplishments in a relatively short time span. When time is of the essence, the Economic Development Officer must be willing and able to assume a leadership role.

In conclusion, the Economic Development Officer has performed a very necessary function. He became a focal point within the community while designing and coordinating the community response in terms of economic diversification and community down-sizing. However, the job that has been undertaken is broader in scope than the title implies.

Communities in the future should look for a "Community Development Officer" willing and capable of undertaking responsibilities similar to those undertaken in Lynn Lake. Community Development Officers undertaking this responsibility will have to exhibit initiative and remain apolitical in order to properly represent all members of the community.

6.6 THE UNITED STEELWORKERS UNION

The Union has had little impact on the mine closure situation in Lynn Lake primarily because of a lack of funds (Malakoff, pers.com.). The Union has, however, provided its Union Hall for the job finding information centre free of charge. The Union also has representatives on the local volunteer committees and on the Industrial Adjustment Committees. Time contributed to the Sherritt Industrial Adjustment Committee is considered to be part of the job responsibilities for Sherritt employees.

The Union feels that economic development efforts are a waste of time unless resulting projects offer union scale

wages (Malakoff,pers.com.). The Union prefers to support compensation and relocation money and feels this should take precedent over economic development (Malakoff, pers.com.). The Union's position is easily understood when one considers its mandate. The Union is responsible for ensuring its members have jobs that pay union scale wages. Development efforts have concentrated on tourism which is seasonal and small business, neither of which has a high probability of providing these salaries over the short term.

6.7 CANADIAN ASSOCIATION OF THREATENED SINGLE INDUSTRY TOWNS

The Canadian Association of Threatened Single Industry Towns has evolved into a successful lobbying group in a short time. Dennis Young, the president of CATSIT, has been invited to make presentations to numerous meetings including the 1985 Annual Mine's Minister's Conference. CATSIT is experiencing a growing membership list and appears to be on its way to becoming an even stronger voice for single industry communities.

Single industry communities that are not members might consider joining in order to tap the collective experience embodied in CATSIT. There is a possibility that CATSIT could fill some of the vacuum that exists between the needs of the community and present government policy. CATSIT is grass roots oriented and represents a more proactive role for single industry communities.

6.8 POSITIVE MILESTONES

The responses that have resulted in significant accomplishments are:

1. the Community Awareness Seminar;
2. the hiring of the Economic Development Officer;
3. the appointment of the Department of Energy and Mines as the lead agency for dealing with distressed mining communities;
4. the Economic Development Officer's choice of a confrontational approach to dealing with government in order to maximize available resources;
5. the organization and establishment of the Industrial Adjustment Committee;
6. the refinement of diversification opportunities from 115 to 10 in the pre-feasibility study and the subsequent approval of literature reviews for 6 and possibly 9 of the opportunities;
7. the decision to develop the MacLellan Gold Mine;
8. the approval of the Northwest Manitoba Development Corporation planning stage; and,
9. the realization by governments, that new policies and programs are needed to deal with distressed single industry mining communities (Canada, 1985).

6.9 RESPONSES YIELDING POSITIVE RESULTS

The following actions have had, or have the potential to have, a positive impact in helping to cope with the problems of impending mine closure. These responses are:

1. money spent on exploration or exploration related activities;
2. the appointment of a single provincial government official to follow up Lynn Lake's requests and ensure a coordinated government response;
3. the establishment of volunteer committees within the community as an initial means of organization;
4. the use of a Community Awareness Seminar as a means of informing and involving the community;
5. the use of the Community Industrial Adjustment Committee and the Sherritt Industrial Adjustment Committee to help organize for community down-sizing;
6. a regional approach to economic development;
7. the use of retraining and education initiatives to better equip people for the future;
8. the development of a community profile including types of services provided and labour qualifications of the residents;
9. the study of potential impacts and general community sentiments conducted by the Department of Municipal Affairs;

10. the hiring of the Economic Development Officer;
11. the formation of the LEAD corporation;
12. investment in the Agassiz/MacLellan Mine; and,
13. the Interdepartmental Committee.

6.10 ACTIVITIES HAVING LITTLE OR NO EFFECT

The following activities have had little or no effect in helping Lynn Lake cope with mine closure. These activities are:

1. the Deputy Minister's Committee; and,
2. the one window federal government outlet because it did not provide the needed access to decision makers.

6.11 SIGNIFICANT CONTRIBUTING FACTORS

This section is divided into two sections, the positive contributing factors and the negative ones. These factors are important for communities in the future, in order to assess the applicability of responses to their own situation. The positive contributing factors are:

1. the presence of the Mining Community Reserve;
2. the willingness of senior Sherritt staff to participate on Lynn Lake's volunteer committees;
3. the use of a private consultant to organize the Community Awareness Seminar;
4. a concerned and committed provincial government, especially the Department of Energy and Mines;

5. the relative richness of mineralization in the Lynn Lake area;
6. an Economic Development Officer willing to assume the leadership role;
7. an effective use of the media by the Economic Development Officer;
8. the formation of the Canadian Association of Threatened Single Industry Towns;
9. the near proximity of native communities with which to ally for future development; and,
10. the choice of individuals for committees with which they share a vested interest.

The following contributing factors have had a negative impact in the Lynn Lake situation. They are:

1. a willingness to depend completely on the Economic Development Officer;
2. the relative isolation of Lynn Lake and the distance to major centers;
3. the scarcity of economically exploitable resources in the Lynn Lake area other than minerals;
4. the nearness of scheduled mine closure before any plans to cope with mine closure began;
5. the stated willingness of 63% of the population to leave Lynn Lake after the Fox mine closed; and,
6. the stated unwillingness of 60% of the population to invest in or start a new business.

Chapter VII

GUIDELINES & RECOMMENDATIONS

7.1 INTRODUCTION

This chapter will serve to provide a guideline for dealing with mine closure. In particular, it will focus on single industry mining towns in the province of Manitoba. These guidelines are not all encompassing and before employing them one should compare his/her situation with that of Lynn Lake. Each town will probably share many common characteristics but will also have many characteristics and peculiarities unique to it. This chapter will conclude with some general recommendations for the all groups involved in mine closure.

7.2 A STRUCTURED APPROACH

In general, the people of Lynn Lake felt they were aware of the problems precipitated by mine closure. However, they also felt the Community Awareness Seminar was invaluable to the community as a whole. The Community Awareness Seminar is the best means of providing information to the community initially. As such, it should be the initial step in responding to anticipated mine closure. The use of a

consultant familiar with the problems of mine closure and the structure of government is the best means of organizing the seminar.

The seminar conducted in Lynn Lake was a valuable example to emulate in other communities. As previously mentioned, government programs that can be accessed by the community should be identified and provided as a handout at the seminar. A high profile political representative should be used to generate interest within the community. Speakers from communities who have experienced mine closure in the past should be utilized. People have more of a tendency to listen to someone with a similar background, especially one who has actually experienced the problems they are now faced with.

Lynn Lake accessed the Mining Community Reserve for funding for the Community Awareness Seminar. The fund has been established to aid distressed mining communities and should be utilized wherever possible for dealing with mine closure problems.

After the Community Awareness Seminar, the municipal government should invite the general public to begin planning for mine closure. The first formal organization would be the development of an Economic Development Committee and a Community Industrial Adjustment Committee. The people on these committees is of primary importance. There should be

representatives from all the major interest groups in the community. These individuals should also have a vested interest in the committee in which they are taking part. For example, anyone intending to leave upon mine closure should be on the Community Industrial Adjustment Committee and not on the Economic Development Committee.

The purpose of the Economic Development Committee is to decide if there are ample opportunities for economic diversification. This analysis should be on a regional scale and not concentrate solely on the community in question. Often the presence of nearby native communities or other single industry towns will increase the lobbying power and thus increase the availability of funds. If the Economic Development Committee concludes there are opportunities for economic diversification, the government should be approached for funding to study the situation further.

The Mining Community Reserve and the Department of Regional Industrial Expansion are two sources where funding could be obtained. The study should be tendered to private consulting firms for an indepth independent evaluation of the region's potential for economic diversification.

The results of this study will provide direction for further efforts. Positive findings should result in an application for the funding necessary to hire a full time community development officer. In Lynn Lake's case, the

provincial government paid the largest percentage of the cost from the Mining Community Reserve. The Community Development Officer should follow-up development opportunities identified in the development pre-feasibility study. A full-time position is necessary because part-time volunteers will not be able to make the time commitment necessary.

The Community Development Officer is not a panacea for all the community's development needs. The community must maintain an active role through the volunteer committees. The Community Development Officer can assume a leadership role and take action without community approval. In Lynn Lake's case this seems to have resulted in more rapid progress. Actions made on behalf of the community by the Community Development Officer, however, must reflect the wants and aspirations of the community. Thus, in order to maintain a unified coordinated development effort the community itself must remain active.

If the development pre-feasibility study indicates that economic diversification is futile, the community should concentrate efforts with the Community Industrial Adjustment Committee. Partial funding has been made available in the past from both the provincial and federal governments. Governmental familiarity with this type of committee makes it the preferred form of volunteer adjustment committee. Government representation on the Committee occurred in Lynn Lake and was a valuable contribution which should be main-

tained. The proposed representation of the Lynn Lake Community Industrial Adjustment Committee is included in Appendix D for use as a checklist.

Government is a large inflexible organization incapable of rapid adaptation. Therefore, a community should attempt to access existing programs where money and infrastructure have been committed by government.

Establishing the community's needs as a governmental priority must be done in conjunction with the utilization of existing government programs. Government has the power to make small exceptions to the general requirements of each program. In order to receive this preferential treatment, the community has to convince government that its case should be a governmental priority. This approach requires far less flexibility on the part of government because it fits within their current fiscal budget restraints.

In order to establish a community as a government priority, access to decision makers in the upper echelon of government is required. Lynn Lake was fortunate because it had the support of senior administrators in the Department of Energy and Mines. To gain this status, communities should approach their political representatives and the following provincial and federal departments:

1. Business Development and Tourism;

2. Employment Services and Economic Security;
 3. Energy and Mines; and,
 4. Municipal Affairs, from the province.
-
1. Regional Industrial Expansion;
 2. Employment and Immigration Canada; and,
 3. Energy, Mines and Resources Canada, from the federal government.

In addition, a community should request that government assign a single department or individual to follow up requests on its behalf. The community should then attempt to ascertain if this individual or department is receptive and concerned with its needs before the appointment becomes irreversible.

7.3 GENERAL RECOMMENDATIONS

The Provincial Government should continue monitoring the Lynn Lake Economic Development Effort and the Manitoba Northwest Development Corporation. Much has been accomplished in terms of process but it is still too early to draw conclusions on the success of the economic development effort.

The Federal Government should appoint a lead agency to assume a leadership role and to provide a single window outlet that provides access to decision makers. This action is essential if mining communities are to have input into federal policy development.

All levels of government should continue to work cooperatively in an effort to develop policy and programs that specifically address the problems of single industry communities.

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Appendix A
STRUCTURED INTERVIEWS

Questions for the Community

A.1 ECONOMIC DEVELOPMENT

1. Do you feel the economic development effort undertaken was successful?
2. Do you feel the Lynn Lake region has the resources and potential for economic development beside mining and tourism?
3. Do you feel much of the tourism market remains untapped?
4. Do you feel the community should be maintained even if little economic development occurs?
5. Do you feel there should be more inter-provincial communication and commerce?
6. Do you feel the hiring of the economic development officer was a good move?
7. Do you feel it is possible to coordinate the economic development effort of Lynn Lake with the neighboring native communities?

A.2 COMPENSATION AND RELOCATION

1. Would you prefer a commitment to compensation and relocation as opposed to economic diversification?
2. Do you feel enough is being done to compensate people with respect to real estate equity loss, relocation costs, compensation, maintaining a commitment to the community, and anything else, by:
 - a) Sherritt Gordon Mines Ltd.
 - b) United Steel Workers Union
 - c) Provincial Government
 - d) Federal Government
3. Are you aware of government programs designed to help you in the following areas:
 - a) loss of home equity
 - b) relocating
 - c) job finding
 - d) training
4. Do you feel the Community Industrial Adjustment Committee has or will play a useful role?
5. Does the CIAC represent all the various interest groups in Lynn Lake?
6. Do you feel local business is being dealt with fairly?

A.3 EVALUATION OF OTHER RESPONSES

1. Do you feel government gave the community's economic initiatives proper consideration and evaluation?
2. Do you feel government conducted exploration in the Lynn Lake region has or will be worth the expenditure?
3. Do you feel government incentives to promote exploration in the area are worthwhile? Should they be changed? If so how?
4. If the population of Lynn Lake does drop, do you feel the same level of services should be maintained by government?
5. Do you feel that your political representatives properly represented you with respect to reflecting your concerns and demands?
6. Do you feel that government has responded in coordinated unified manner?
7. Did you attend the "Community Awareness Seminar"? If so:
 - a) did it make you more aware of the impending impacts of mine closure?
 - b) did it make you more aware of government programs designed to help the individuals and community?
 - c) was it a success?
 - d) was it worth the expense?
 - e) do you think it was necessary?

f) if you could change it now, what if anything would you change:

- i) format
- ii) speakers
- iii) topics covered

8. What have you done in response to the mine closure announcement? (past, present and future)

9. To the best of your knowledge:

a) What has the community done? Should they be doing anything else?

b) What has local business done? Should they be doing more?

c) What has Sherritt done? Should they be doing anything else?

d) What has the provincial government done? Should they be doing anything else?

e) What has the federal government done? Should they be doing anything else?

10. Is one group primarily responsible for the future of Lynn Lake or is it a shared responsibility? If shared has everyone lived up to their share of the responsibility?

A.4 DEVELOPMENT OF TOWNS IN THE FUTURE

1. Should government continue to invest in the development of mining communities or should they leave the responsibility wholly to the mining companies?
2. Should settlement be permanent or temporary?
3. Who should own the:
 - a) homes
 - b) commercial property
 - c) recreational properties
 - d) etc.

A.5 ADVICE FOR FUTURE MINE CLOSURES

1. What advice if any, would you give to other communities faced with similar circumstances in the future?
2. What should they expect from:
 - a) Industry
 - b) Unions
 - c) Government
 - d) the Community

Questions for the Union

1. Are you satisfied with the actions taken to date by:
 - a) the community
 - b) the Economic Development Officer
 - c) Sherritt Gordon Mines Ltd.
 - d) Provincial Government
 - e) Federal Government
2. Who is primarily responsible for helping people cope with the impacts of mine closure?
3. Should the responsibility be shared by all parties?
4. What if anything should be done that has not been done to date?
5. What has the Union done?
6. Who should be taking the initiative?
7. Should the primary focus be on economic development and diversification or should it be on retraining, relocation and compensation?
8. What if anything should be done about local business?
9. Is there real opportunities for economic diversification and/or development in Lynn Lake?
10. Do you feel the community awareness seminar was a good and useful exercise?
11. What advice if any, would you give to communities faced with a similar situation in the future?

12. Who should develop the mining communities in the future?
13. Should they be permanent or temporary?
14. Who should own the:
 - a) homes
 - b) commercial property
 - c) recreational properties
 - d) etc.

Questions for Sherritt Gordon Mines Ltd.

1. When did you first identify the approximate closing date of the Fox Mine?
2. When did you announce the approximate date of the Fox Mine closure?
3. Does Leaf Rapids affect your need for or commitment to Lynn Lake?
4. What has Sherritt done to help negate or lessen the difficulties of mine closure: ie,
 - a) early retirement
 - b) relocation costs
 - c) retraining
 - d) job finding
 - e) home equity losses
 - f) community services
5. What are the objectives of the Sherritt Industrial Adjustment Committee?
6. Does Sherritt plan to do anything else in the future?
7. How much exploration has Sherritt conducted in the area?
8. Are there any government incentives to promote exploration in the area?
9. How worthwhile is government exploration? Can it lead to earlier development or is development more dependent on base metal prices and other factors?

10. Who is primarily responsible for helping the community and people cope with mine closure? Is the responsibility shared? Should it be?
11. What actions have other groups taken in response to the Fox Mine closure? What actions should they take?
 - a) Provincial government
 - b) Federal government
 - c) United Steel Workers Union
 - d) the Community
 - e) Sherritt Gordon Mines Ltd.
12. Is there much cooperation between the various groups?
13. Do you feel there are adequate resources for successfully diversifying the economic base of Lynn Lake?
14. Who should develop mining communities in the future and should they be temporary or permanent?
15. What advice could you give to communities who will be faced with this situation in the future?

Appendix B

PERSONAL COMMUNICATIONS

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Appendix C

COMMUNITY AWARENESS SEMINAR AGENDA & SPEAKERS

AGENDA

C.1 INTRODUCTORY SPEECHES

Speeches covered the anticipated situation in Lynn Lake associated with closing the Fox Mine, the role and objectives of the seminars, and the positions of town council, the provincial government, Sherritt Gordon Mines Limited, the United Steelworkers Union and affected native communities on preparing for the mine shutdown.

C.2 DIVERSIFICATION OF LYNN LAKE'S ECONOMY

1. An economist who has examined economic diversification of mining communities examines problems and prospects of economic diversification in Lynn Lake.
2. A representative from Atikokan describes Atikokan's successful experience in diversifying its economy after the closure of two iron ore mines in the area, including the formation of the Atikokan Industrial Development Committee.
3. One representative of the Federal Government and One Representative of the Government of Manitoba reviewed

relevant programs that are available from the federal and provincial governments that could be accessed to assist in economic diversification.

4. Question and Answer Period

C.3 PLANNING FOR CLOSURE OF FOX LAKE MINE

1. A representative from Atikokan describes Atikokan's experience in planning for and managing the impacts of mine closures, including formation of the Atikokan Joint Manpower Assessment and Planning Committee.
2. A Union member who is familiar with the mine closure at Uranium City describes the experience of individuals affected by the Uranium City mine closure and the role of the Union in the process.
3. A Planner from northern Saskatchewan who is familiar with the mine closure at Uranium City describes the approaches used by the community, governments and other key groups to cope with closure of the uranium mine at Uranium City.
4. One representative of the Federal Government and one representative of the Government of Manitoba reviewed relevant programs that are available from the federal and provincial governments that could be accessed to assist in planning for and managing the impacts of mine closure.

5. Open forum with representatives of Atikokan and Uranium City

Speakers

C.4 INTRODUCTORY SPEECHES

1. Stan Geddes - Mayor of Lynn Lake
2. Honourable W. Parasiuk - Minister of Energy and Mines
3. Ian Plummer - Manager of the Fox and MacLellan Mines, Sherritt Gordon Mines Limited
4. Al Plaskett - Staff Representative, United Steelworkers of America
5. Phillip Michelle - Chief, Barren Land Band
6. Ed Head - Vice President, Manitoba Metis Federation

C.5 DIVERSIFICATION OF LYNN LAKE'S ECONOMY

1. Denis DePape - Consultant, Intergroup Consulting Economists Limited
2. Jack Pierce - Former Reeve of Atikokan, founding member of the Atikokan Industrial Adjustment Committee
3. Bob Simpson - Federal Government contact for Lynn Lake
4. John McGuire - Director, Regional and Community Development, Department of Business Development and Tourism

C.6 PLANNING FOR CLOSURE OF THE FOX LAKE MINE

1. Syd Hancock - Former Reeve of Atikokan, Chairman of the Atikokan Joint Manpower Assessment and Planning Committee
2. Wilf Hudson - Former Lynn Lake resident, Staff representative for United Steelworkers of America when the mine closed at Uranium City
3. Brian Goffin - Northern Saskatchewan Secretariat, Planner and Administrator for Uranium City prior to and after mine closure
4. Merv Mattern - Manager, Canada Employment Centre in Flin Flon
5. Ian Haugh - Former Assistant Deputy Minister, Department of Energy and Mines

Appendix D

COMMUNITY INDUSTRIAL ADJUSTMENT COMMITTEE MEMBERSHIP

D.1 EMPLOYERS

1. LGD of Lynn Lake: Abe Enns, Resident Administrator
2. School District of Lynn Lake: Neil Campbell
3. Lynn Lake Hospital: Wendy MacDonald
4. Chamber of Commerce: Walter Perepeluk & George Friesen
5. Sherritt Gordon Mines Limited: Ken Bear

D.2 EMPLOYEES

1. United Steelworkers of America: Stan Len
2. United Steelworkers of America (Non-Sherritt): Jim Brust
3. Non-Union Employees: Diana McKenzie
4. Manitoba Teachers Society: Paul Bergan

D.3 COMMUNITY RESOURCE PEOPLE

1. Economic Development Officer: Dennis Young
2. Resource Centre: Pauline Busch & Jennifer Ulvick
3. Lynn Lake Canada Employment Centre: Joan McKnight
4. Councillor - LGD of Lynn Lake: John Kelly

D.4 FEDERAL GOVERNMENT

1. Canada Employment and Immigration Commission: Barry Meyer
2. Flin Flon Canada Employment Centre: Merv Mattern
3. Economic Development Branch, Canada Employment Centre: Grace Godmaire

D.5 PROVINCIAL GOVERNMENT

1. Department of Employment Services and Economic Security: Dave McCulloch

D.6 RECOMMENDED CHAIRMAN

1. Leaf Rapids Town Manager & Chairman of Sherritt Industrial Adjustment Committee: Mac Riddell

Appendix E
DIVERSIFICATION IDEAS

E.1 AGRICULTURE AND FARMING

1. Jams and jellies from local berries
2. Greenhouses
3. Mushroom growing in bunkhouses
4. Mink ranching
5. Chicken farming
6. Reindeer Moss harvesting - for florists
7. Caribou farming
8. Lynx ranches
9. Underground vegetable farming
10. Buffalo farming
11. Wild Rice

E.2 FISHING AND FISH PROCESSING

12. Fish farming (Salmon and Trout)
13. Packaging fish for direct shipment
14. Fish fertilizer manufacturing
15. Fish hatchery

E.3 TRAPPING AND FUR PROCESSING

16. Raw fur processing - Fur sale in Lynn Lake

E.4 LOGGING AND FORESTRY

17. Scrub poplar - various uses
18. Wood chip factory
19. Christmas tree farming
20. Wood alcohol plant - using local trees
21. Fireplace wood - back haul to {Winnipeg

E.5 MINING INDUSTRIES AND SERVICES

22. Plant for the treatment of Arsenide Gold Ore and Tailings
23. Peat mining and processing - Potting mix, pellets, charcoal blocks
24. Repairing surveying equipment
25. Rockhounding
26. Promote massive exploration program
27. Silica Sand for sandblasting
28. Rock quarry for headstones
29. Mining research and development laboratory

E.6 MANUFACTURING

30. Parkas, made to order
31. Furniture manufacturing
32. Canoe manufacturing
33. Local handicrafts
34. Auto parts plant
35. Bicycle manufacturing
36. Clothing manufacturing
37. Paper products manufacturing
38. Stone products manufacturing
39. Fish net manufacturing
40. Fish hook and lure manufacturing

E.7 CONSTRUCTION

41. Renovation and Demolition of buildings

E.8 TRANSPORTATION

42. Circular road - Lynn Lake to Saskatchewan or Flin Flon
43. Highways improvement
44. Improve and build roads to lakes
45. Improve road signs on major highways leading to Lynn Lake
46. Ferry service - on Reindeer Lake to surrounding communities

E.9 UTILITIES

- 47. Hydro line to Kinoosao, Saskatchewan
- 48. Hydro diversion - Fox mine to Lynn Lake

E.10 RETAIL AND WHOLESALE TRADE

- 49. Bakery expansion
- 50. Boat and motor rentals
- 51. Homemade candy
- 52. Ice fishing hut rentals and outfitting
- 53. Lynn Lake crafts shop
- 54. Mini-shopping mall downtown
- 55. Dry cleaners and laundromat

E.11 REAL ESTATE

- 56. Open real estate office
- 57. Sell vacant homes for summer use
- 58. Sell vacant homes to retirees
- 59. Sell commercial property to prospective businesses
- 60. Sell cabins and lakefront lots

E.12 EDUCATION

- 61. Manitoba school of mines
- 62. Consolidated school for outlying areas
- 63. Community College courses put on in Lynn Lake
- 64. Mining courses put on in Lynn Lake
- 65. Trade school

- 66. Business school
- 67. Major training centre for Limestone Hydro Project

E.13 HEALTH AND SOCIAL SERVICES

- 68. Senior citizens complex
- 69. Health centre
- 70. Promote Lynn Lake as a Retirement Village
- 71. Transfer of health and treatment programs to Lynn Lake hospital
- 72. Day care centre for children
- 73. Alcohol treatment centre
- 74. Holding home for foster children and medical transferees

E.14 BUSINESS SERVICES

- 75. Printing shop
- 76. Tourist Association - Tourism Coordinator
- 77. Law practice
- 78. Industrial Park - Sherritt land and buildings

E.15 GOVERNMENT SERVICES

- 79. Federal penitentiary or provincial jail
- 80. Army base for winter training
- 81. Cover Lynn Lake tailings and waste piles (Golf Course)
- 82. Fall-out shelter for Manitoba

83. Customs officer at Lynn Lake for summer
84. Make lakefront lots available for sale or lease
85. National Park - straddling Manitoba/Saskatchewan border
86. Provincial park
87. Upgrade town facilities and services for tourism
88. Remand centre

E.16 ACCOMMODATION, FOOD AND BEVERAGE SERVICES

89. Convention Centre
90. Year round health spa/resort
91. Upgrading of hotel and restaurant facilities
92. Low budget fishing tours - Charters direct from USA
93. Establish and promote housekeeping cabins on lakes

E.17 OTHER SERVICES - TOURISM RELATED

94. Dog team trips to lodges - dog team rides
95. Expand community club facilities and open up to tourists
96. Fishing Museum - Believe it or not theme
97. Sherritt Mining Museum - Farley headframe lookout or underground
98. Establish and promote marinas
99. Canoe trips and outfitting
100. Survival training courses - Outward Bound
101. Small engine repair shop

102. Expand and improve promotion of Northern Pike Festival
103. Promote hunting opportunities and improve services to hunters
104. Gunsmith
105. Tourist booth at airport for summer
106. Propeller rebuild shop
107. Fishing school - fishing camp for kids
108. White water rafting
109. Historical native village
110. House boat rentals
111. Recycling plant
112. Saw blades/knife sharpening
113. Hazardous Waste disposal
114. Rubberizing shop
115. Testing of engines in cold environment (Auto, Aircraft etc)