Indigenous Battles for Environmental Protection and Economic Benefits during the Commercialization of the Alberta Oil Sands, 1967–1986

Hereward Longley

INTRODUCTION
Since the late 1990s, the Alberta oil sands industry has become an economic powerhouse that employs thousands of indigenous and non-indigenous people, generates billions of dollars of economic activity, and produces over two million barrels of oil per day. However, it has also become the source of controversy and disputes over environmental impacts that include large-scale landscape disturbance and wildlife habitat destruction due primarily to open pit mining, atmospheric pollution, carbon dioxide emissions, and watershed pollution that may be related to
high cancer rates in downstream communities.¹ Many indigenous people in the region have viewed government regulators as negligent in considering the impact of oil sands development on their traditional lands, treaty rights, and lives.² Though there is a substantial historical literature on hydrocarbon development in Alberta, there remains a shortage of research into social and environmental impacts and conflicts and the consequences of the initial development phase of the oil sands industry for indigenous communities.³ This chapter demonstrates that while the environmental impacts of oil sands activities on indigenous communities are often understood to be recent controversies, they are contemporary manifestations of issues that first emerged during the initial commercial development phase of the oil sands industry from the late-1960s to mid-1980s.

The early impacts of the Great Canadian Oil Sands Ltd. (Suncor) and Syncrude oil sands operations were most acutely felt in the closest community, Fort McKay, located approximately twenty kilometres downstream on the west bank of the Athabasca River. Strip mining, atmospheric emissions, watershed contamination, and population increases from incoming workers and the industries that support large-scale synthetic oil production caused an array of adverse impacts on proximate ecosystems and undermined the capacity of the Fort McKay community to continue their hunting, trapping, and food gathering practices. In addition to these impacts on resources, Fort McKay was also left out of the employment opportunities and other economic benefits of industrialization. The Alberta government and the oil sands industry had minimal regard for indigenous peoples in the 1970s and 1980s, focused as they were on the rapid production of oil and dismissive of indigenous concerns as a federal responsibility. By the 1980s, the Fort McKay community was forced to respond to the environmental issues associated with oil sands development and their economic exclusion from the new industrial economy. To assess these issues, I use an approach drawn from several works on the history of resource development and indigenous people in Northern Canada, particularly those which call for a critical examination of the agency of indigenous peoples to shape and influence the colonizing forces of industrialization and the encroachments of western institutions.⁴ As with many northern indigenous communities, Fort McKay
representatives attempted to respond to the impacts of the oil sands industry in the 1960s to the 1980s through the various legal and political channels that were available to them. In spite of extensive efforts, however, the community was unable to extend any influence over developers or regulators to better protect their environment. Yet in forming the Athabasca Tribal Council (ATC) with other First Nations governments in the region, the community was ultimately able to make progress in the areas of employment and participation that increased the economic benefits of oil sands development for indigenous communities in northern Alberta.

DEVELOPMENT AND ENVIRONMENTAL IMPACTS

The development of the oil sands industry emerged as part of a larger twentieth-century process of industrialization in Northern Canada that exploited indigenous lands for resources and economic gain.\(^5\) Change in northeastern Alberta began with the establishment of Fort McMurray as a major transport site during the 1930s and World War II. By the 1960s, the Lake Athabasca region had been affected by the uranium-mining boom at Uranium City, Saskatchewan, the construction of the Bennett Dam on the Peace River in British Columbia (which affected the Peace–Athabasca Delta in Alberta), and the establishment of commercial fisheries on Lake Athabasca.\(^6\) Wider developments also prompted the commercialization of the Athabasca oil sands industry, including events in the oil-producing countries of the Middle East and the increasing volatility of the Cold War between the mid-1950s and the 1960s. In 1956, in response to the Suez crisis, the Sun Oil Company of Philadelphia took a majority position in Great Canadian Oil Sands Ltd. (GCOS). In 1966, Cities Service, Imperial Oil, Royalite, and Atlantic-Richfield formed the Syncrude consortium.\(^7\) In 1967, GCOS opened as the first commercial synthetic oil production operation, followed by the Syncrude project in 1978.\(^8\)

In the 1970s, the Organization of the Petroleum Exporting Countries (OPEC) imposed supply restrictions, and subsequently, the price of oil increased, creating an energy crisis in Canada and throughout the Western
world. The supply crunch impelled the Alberta and federal governments to expand synthetic oil production irrespective of environmental consequences. In response to a federal report on the deficiencies of the 1973 Syncrude environmental impact assessment, Alberta Environment Minister William J. Yurko wrote to federal Environment Minister Jeanne Sauvé stating that a secure oil supply outweighed environmental risks:

> We know that major information gaps exist in respect to the baseline environmental data in the entire area. Nevertheless, in light of Canada’s critical energy balance, it did not and does not appear prudent to delay oil sands development until all needed information is available.9

Energy security concerns prompted the federal, Alberta, and Ontario governments to take a combined 30 per cent equity in the Syncrude project following the withdrawal of Atlantic Richfield Canada (ARCAN) in December 1974.10 With the price of oil and inflation rising through the 1970s and the early 1980s, the successful development of the oil sands industry was a top priority for the federal and Alberta governments until the collapse of oil prices in 1982.

The rush toward development caused dramatic environmental change in communities such as Fort McKay. By the 1980s, the Fort McKay community reported that they were seeing far fewer birds, squirrels, muskrats, and moose that had once been abundant and important sources of food and fur.11 The community also reported that the influx of people to the region was compounding pressures on wildlife due to recreational hunting, particularly of moose populations.12 They also noted a huge increase in waste dumping and garbage. The most significant and controversial impacts of oil sands development, however, stemmed from the pollution of the Athabasca River by tailings pond effluent and oil spills, and from atmospheric emissions from the upgrading process.13

The complex and energy-intensive process of removing surface soils and vegetation and extracting and processing bitumen produced huge quantities of toxic liquid tailings containing significant concentrations of ammonia and heavy metals, including copper, nickel, chromium, and zinc, as well as unextracted hydrocarbons that had to be stored.14 From the mid-1960s, one of the most significant polluters of the Athabasca
River was the Great Canadian Oil Sands Ltd. tailings pond. Designed in 1964 as temporary storage on Tar Island pending the availability of an inland mined-out area for a permanent site, the GCOS tailings dyke, constructed of compacted earth, was initially twelve metres tall. Because of unanticipated processing difficulties, more tailings storage was required than initially anticipated, and by 1974 the dyke grew to over 67 metres tall and 3.5 kilometres long. By 1976, effluent seeped from the tailings dyke into the Athabasca River at a rate between 1.5 and 1.6 million litres per day. However, scientists from the Alberta Department of Environment thought that this seepage accounted for only 55 to 70 per cent of total seepage because of unknown quantities of groundwater contamination. The Alberta government had no regulatory framework in place to control the effluent seepage from the GCOS tailings dyke. The company’s 1973 Clean Water Act licence regulated effluents entering the tailings ponds but did not address seepage rates or quality.

In the late 1970s, Dr. W. C. Mackay of Alberta Environment concluded that tailings pond water seeping from the tailings dyke was more toxic in composition than the organic carbon that naturally leached from exposed bitumen deposits. Bioassay testing of the toxicity of tailings pond water conducted in 1974 found the heavy metal content to be lethal to rainbow trout. The Athabasca River tended to dilute effluent flows by as much as 400 times in winter and 1,200 times in summer, one mile downstream of the dyke. While this amount of dilution reduced the toxicity of contaminants to a non-lethal level for fish, Mackay maintained that sub-lethal concentrations of tailings water toxicants would impair various body functions and cause significant health problems in fish. However, D. N. Gallup from Alberta Environment asserted that existing research had not yet assessed the long-term fish and human health implications of diluted chemical and organic contaminants in the Athabasca River. The Athabasca River was also contaminated by biological pathogens from sewage produced by the rapidly expanding town of Fort McMurray.

In addition to water problems, oil sands activities produced local air pollution affecting Fort McKay and the surrounding environment, as atmospheric emissions from the two operations are naturally funnelled northward along the Athabasca River. In 1986, Fort McKay officials...
commissioned an environmental impact assessment (EIA) that concluded, “There has been a definite and statistically significant deterioration in long-term air quality of the region.” The Syncrude stack produced particulate emissions at a rate of 3,060 kilograms per day. Syncrude’s analysis of these emissions revealed twenty-six toxic trace elements and metals emitted at seventy kilograms per day. Of the trace element emissions, 95 per cent consisted of sodium, vanadium, magnesium, titanium, and manganese. The 1986 EIA report pointed out that vanadium, a transition metal emitted at three kilograms per day, was not monitored but had potential to cause deleterious effects on the human respiratory system. The remaining 2,090 kg/day of emissions consisted of sulphur dioxide (a well-documented cause of acid rain, damage to vegetation, and respiratory issues among vulnerable individuals) and significant amounts of hydrocarbon particulates (a possible explanation for the presence of oily residue in water melted from snow in Fort McKay). The particulate emissions from oil sands operations could have adverse and long-term effects on terrestrial environments, including altering the mineral nutrient cycle in the region. Recent research has found that major increases in the atmospheric deposition of polycyclic aromatic hydrocarbons (PAHs) and dibenzothiophenes from oil sands operations over the last fifty years have had significant impacts on the surrounding watershed, causing oil sands lake ecosystems to enter “new ecological states completely distinct from those of previous centuries.” These ecological changes may in turn be related to public health and environmental problems downstream from the oil sands industry.

Biological and chemical atmospheric and water-borne pollution increased through the 1970s and had profound consequences for the Fort McKay community. Fort McKay had dealt with water quality issues since the late 1960s, when the community began to notice that drinking water from the Athabasca River induced nausea and vomiting and other illnesses, possibly due to industrial effluent or municipal sewage from Fort McMurray. Between 1967 and 1975, the Alberta Department of Health warned the people of Fort McKay to stop drinking water from the river. Two water storage tanks were installed at either end of the town. The tanks were meant to eliminate the problem of water supply, but were not cleaned as they should have been by government officials and quickly
became contaminated. During the winter, the tanks had to be constantly heated by propane burners to prevent them from freezing. By 1980, residents of Fort McKay reported that they could no longer wash clothes with river water because they would stink and cause skin irritation and rashes.

Before the Athabasca River became polluted, fishing was a significant food source for Fort McKay. Each family would catch over 2,000 fish each fall to dry and store for winter months. Members of the community reported that pike and pickerel caught from the Athabasca River tasted bad and induced vomiting. By the early 1980s, dead fish were regularly seen floating in the Athabasca River; fish from the Muskeg River began to taste like oil and were subsequently abandoned as a food source by the community. In 1985, an EIA of Fort McKay, commissioned by the Energy Resources Conservation Board (ERCB), found that everyone in the community relied on the river, ice, snow, and rain for water, but that all of these sources were contaminated. The community reported that rainwater developed a “yellow scum” when collected and allowed to settle. Fort McKay residents associated atmospheric emissions from oil sands operations with a decline in the health of regional vegetation. They reported that the tops of birch trees were dying, and that those that were still alive had yellowing leaves and were unhealthy. All trees had generally declined in health and produced less foliage. They reported that Jack-pine needles were dying and falling off and that all coniferous trees were producing fewer cones and nuts, which had been a significant food supplement for Fort McKay. Soon after the GCOS plant began operations, Fort McKay residents observed that berries had become less abundant. Edible plants, herbs, and medicinal plants became more difficult to harvest, and the community trusted the safety of what could be collected less and less.

The Fort McKay community participated in the regulatory process and opposed the environmental impacts of the oil sands industry through whatever channels they could. The community’s intervention at the Energy Resources Conservation Board hearing on the expansion of GCOS operations in January 1979 highlighted the massive environmental, social, and economic effects that GCOS had had on the community:
Before 1960, Fort McKay was a relatively isolated settlement having little contact with the “outside world.” The building of the Great Canadian Oil Sands plant in the 1960s marked the beginning of the encroachment of major resource development upon the settlement. The plant was constructed on the summer residence for many families from Fort McKay. The construction of the plant provided the first major conflict between the traditional lifestyle of the community and an industrialized way of life. In such a conflict, the “old way” can not win [sic]. A giant like the GCOS has not changed its way because of Fort McKay. But certainly our community has had to turn “upside down” for GCOS and other specific resource developments.37

Additional research suggested that the GCOS plant on Tar Island destroyed a prime hunting area, including important summer camps and traplines. These sudden changes compromised the community’s ability to subsist from hunting and trapping.38 The community’s intervention also expressed concerns about water quality in the Athabasca River, which residents perceived had “deteriorated significantly since the construction of the GCOS plant.”39

In spite of the environmental and health concerns raised by Fort McKay, GCOS was granted approval to expand by Minister of Renewable Resources F. W. MacDougall on March 8, 1979.40 In 1978, GCOS merged with Sun Oil, becoming Suncor shortly after the approval of the expansion project in 1979. In 1980, Suncor claimed $259 million in profit and continued to pollute the Athabasca River Valley on an even bigger scale.41 Within two years, Suncor was responsible for another significant pollution spill in the Athabasca River. December 1981 was an unusually cold winter, affecting equipment throughout the region. In Fort McKay, the propane heater on the south water tank malfunctioned, and the entire structure burned down. The heater on the north tank failed and the tank froze, turning the remainder of the town’s water into ice, which cracked and destroyed the tank as it expanded. The failure of the water system caused a crisis, and residents were forced to take water from the contaminated river. At the Suncor plant, cold temperatures caused significant equipment failures in late December 1981, which were compounded...
by fires in January 1982, causing major spills of oil, grease, and phenols into the Athabasca River that continued until the end of February. In the course of a few days, more than forty tons of toxic waste and chemicals were spilled into the river. Suncor did not inform Fort McKay that a spill had occurred until February 23, despite having been told to do so by Alberta Environment on January 26. As news of the Suncor spill became widely known, an emergency water delivery system was established that was used into the mid-1980s.

Environment Minister John Cookson told Fort McMurray Today that there would be an investigation into the spill: “Both the ERCB and my department are concerned [about] why this happened. The company has to tell us why machines failed, what staff was on duty to manage, and submit recommendations.” Fort McKay Chief Dorothy MacDonald was furious about the spill and how the situation was being handled. In March, she wondered in a press conference, “Where the hell was the government when all this was going on? Why didn’t the Department of the Environment tell us what was going on and why didn’t they conduct testing themselves? How foolish can you be to allow a company like Suncor to conduct its own monitoring? Do bank robbers turn themselves in after they’ve done the job?” Commenting on Cookson’s announcement of the investigation, Member of the Legislative Assembly Grant Notley told Fort McMurray Today, “It’s a whitewash when they don’t include an investigation of the department’s performance. I think one thing that now is quite common throughout the province is we’ve got a Department of the Environment that is badly managed and incompetently led.” He drew attention to the Alberta Department of Environment pollution control division’s “Summary of Suncor Inc. Wastewater Treatment System Performance, June 1978 to Date,” which stated that Suncor had exceeded its water pollution limits in thirty-six of the preceding forty-three months. The minister for Workers’ Health, Safety and Compensation reported that testing of Suncor effluents revealed an abundance of polychlorinated biphenyls (PCBs), which are toxic aromatic compounds. The following week, Fort McMurray Today reported that samples of pickerel taken from Lake Athabasca near Fort Chipewyan had an oily taste and that the lake had high levels of PCBs. The government warned people downstream of
Fort McMurray not to eat fish from the lake or the river and delayed the opening of the commercial fishing season to June pending test results.\textsuperscript{48} In 1983, Suncor was charged with seven violations of the federal Fisheries Act and two violations of the Alberta Clean Water Act.\textsuperscript{49} The initial trial was on the Clean Water Act violations, to which Suncor plead not guilty. The court found that the company had exercised due diligence in attempting to prevent the flow of oil into the Athabasca River, and Suncor was acquitted. The Crown then simultaneously appealed the judgment and pursued new charges of unlawful deposit of a deleterious substance in water frequented by fish under section 33(2) of the Fisheries Act.\textsuperscript{50} The court ruled that the Crown had drawn a defective case that was further weakened by an unconventional appeal process and by the repetition of evidence that resulted from the Crown charging Suncor separately for each set of violations. The Alberta Court of Appeal acquitted Suncor and dismissed the appeals. For the residents of Fort McKay and Fort Chipewyan who suffered every day from the widely observed contamination of drinking water and the declining quality and quantity of fish, the Crown’s failure to secure a conviction was a failure of justice for indigenous peoples in the Athabasca region. In spite of the collection of evidence from the trial of this case, no regional study of the potential impacts of industrial effluents on water quality and fisheries was conducted in the region such as had been previously conducted on the Mackenzie River below Norman Wells by Fisheries and Oceans Canada.\textsuperscript{51}

Concurrent to the expansion of Suncor, Fort MacKay fought hard to be involved in the planning and development of the proposed $14 billion Alsands project on the east side of the Athabasca River near Fort McKay.\textsuperscript{52} The community filed an intervention at the ERCB hearing calling for direct consultation and hearings in Fort McKay, but their concerns were largely disregarded. ERCB chairman Vern Millard wrote to Chief MacDonald stating that Fort McKay’s claims did not justify further hearings, asserting that “the alleged long-term environmental and health impacts from oil sands development are, in the board’s view, not substantiated. If they should be proven, the board and Alberta Environment would undoubtedly take the appropriate action.” He stated that research into the ability of the new plant to deal with possible chemical and oil spills would not “serve any useful purpose.” He also wrote off
compensation and housing issues as not part of the ERCB’s jurisdiction. Chief MacDonald told *Fort McMurray Today* that “the response of the board is an absolute outrage.” She criticized the review process, stating:

> The board says it won’t act until there is evidence but it refuses to re-open the hearings to hear the evidence. They never considered health impacts at the hearings in 1979. It’s fairly obvious that the ERCB is just a political body with absolutely no interest in human health.

She continued, “the only acceptable evidence to them is if we rolled in with a wheel barrow with someone dead in it. The province is so intent on resource development that they don’t care what impact it has on people. They just don’t care what the public health cost is.”

On June 5, 1979, Alberta Energy Minister Mervin Leitch announced that there would be no public ERCB hearings in Fort McKay, and that he was unaware of any significant local concerns about the plant. He stated that the major consideration in building the Alsands project was economic viability. Other than the opportunity to intervene at the ERCB hearings, the Fort McKay community was largely excluded from the environmental review of the Alsands project. Under the “one window concept” introduced by Environment Minister William Yurko in 1973, environmental assessment was done by the company or the Department of Environment and was factored in as a component of the ERCB approval process but was not a separate decision-making criteria.

A review of the Alsands EIA by the Department of Indian Affairs and Northern Development stated, “It appears no effort has been taken to include or obtain the oral history of Indian elders in the area. It also appears that the Indian Association of Alberta and the individual Indian Bands were not consulted.” Though the community took significant steps to participate in the planning and regulation of the oil sands industry, Fort McKay never achieved the power to influence government or industry in a meaningful way.
EMPLOYMENT OPPORTUNITIES OR EXCLUSION?

While indigenous communities suffered from the crippling impacts of environmental degradation in the 1970s and 1980s, they were also largely excluded from the economic benefits of employment and participation. Indeed, the federal and provincial governments took only tentative steps to ensure indigenous employment in the oil sands industry. The Alberta Conservation and Utilization Committee’s 1972 “Tar Sands Development Strategy” advocated, for example, that the Alberta government create a “multi-purpose public awareness program which would emphasize the prospective developments and condition of the local population, and place special attention on the native people in order to encourage assimilation into the work force and overcome alienation.”

Peter Lougheed, speaking in the legislature in 1973, suggested that this process would be slow:

“We have to keep in mind in this area that we, as a provincial government, cannot interfere, unless there are ways in which we are asked to, with the treaty rights of our Native people. We are all well aware that trapping and fishing is a phasing-out situation to some extent, and we are faced with skilled jobs in areas such as tar sands plants—and there is great transition going to be required in that, considerable patience and not too much false expectation. The progress will be slow and let no one pretend otherwise.”

In keeping with these comments, the Alberta government remained only minimally concerned with issues of indigenous employment. When the federal government, Syncrude, and the Indian Association of Alberta (IAA) reached an agreement on the hiring of indigenous people in 1976, the provincial government refused to sign. The agreement contained plans for recruiting indigenous workers, establishing training programs, and forming institutional alliances to better the employment potential of indigenous peoples. Even though the Syncrude agreement therefore focused mostly on training rather than setting definite quotas for indigenous employment, the Alberta government continued to maintain a
hands-off approach to the issue. Indeed, a policy paper from the federal Department of Energy, Mines and Resources written in September 1980 stated that Alberta had “generally taken the position that special programs which operate in favour of status Indians (as proposed by the federal government) discriminate against non-status Indians and Métis.”

Despite such a weak commitment to indigenous employment, many within the provincial government publicly trumpeted the so-called triumph of indigenous employment in the oil sands. Local people and the federal government recognized that plans to hire indigenous peoples had more or less failed, but MLAs in the Alberta government argued as late as the 1980s that indigenous hiring had been a success. Norm Weiss, MLA for Lac La Biche–McMurray, championed the efforts of the private sector, stating that “the employment of natives by Syncrude and Great Canadian Oil Sands has shown a dedication to equality and human rights that our government can be proud of.” In response to a question from NDP MLA Grant Notley about the Alberta government’s inadequate indigenous hiring policy in 1981, Dr. Don McCrimmon, Conservative Minister without portfolio responsible for native affairs, replied that “the history of Syncrude disproves what the Hon. Member is saying. When these megaprojects go ahead, I think the companies have been pretty conscientious and pretty good about trying to get the native people working in them as much as possible.”

In 1979, two consultants for the Cold Lake band, Roger Justus and Joanne Simonetta, produced a report that painted a very different picture of indigenous employment in the oil sands industry in the 1970s. Only thirty indigenous people in total, including twenty-four from Fort McKay, had ever been employed in the oil sands, and of these only seven people were still employed. Of those no longer employed, 33.3 per cent had been laid off, 16.7 per cent had left to go trapping, and 16.7 per cent had left because of illness. In terms of duration, 41.7 per cent had worked for less than six months, and only 23.6 per cent had worked for more than eighteen months. The majority of jobs were in menial labour. Respondents reported that there were only minimal salary increases, and only 13.3 per cent of respondents ever received a promotion. The report further suggested that the Syncrude hiring agreement had meant that “Syncrude has made some effort to employ Indian people in all job...
categories. However, the number of Indian employees, particularly from the immediate local area, has remained relatively low. The consultants also took a dim view of the pilot training program:

The Syncrude Agreement represents a well-intentioned attempt by all parties to ensure Indian participation in employment training and business opportunities in the oil sands area. However, exploratory research in the communities and an analysis of the available documentation reveals a gap between the original intents of the Agreement and the results of implementation efforts, by all parties, to date.

If the environmental impacts of this early period of development were justified in part through the promise of enhanced local wage labour opportunities, this pledge proved hollow for the people of Fort McKay.

Indigenous people were unable to find work in the oil sands industry for numerous reasons. Most of the jobs were in skilled labour and required training and education that most indigenous people in the region lacked. Another problem was that employment infrastructure was planned around work camps and busing workers in and out of Fort McMurray. Work was often not advertised in indigenous communities, and there were no indigenous-specific hiring and training programs. Also, full-time employment was incompatible with the hunting and trapping lifestyle of indigenous people. It was difficult to work a full-time, year-round schedule and pursue seasonal hunting and trapping opportunities. As was the case with other case studies in this volume (with Rankin Inlet being the notable exception), the unwillingness of many indigenous employees to commit to full-time employment was not acceptable in the oil sands industry.

Nonetheless, the failure to employ significant numbers of Fort McKay residents in the oil sands was not an indication of local people's antipathy toward wage labour. The Justus-Simonetta report found, for example, that 60.5 per cent of the indigenous people surveyed, and 74 per cent of Fort McKay respondents, expected to get jobs in the oil sands industry. Indeed, over 76 per cent of respondents highly desired jobs and had applied for them despite most people not hearing of potential jobs before construction. While Chief MacDonald primarily sought environmental
protection in the construction of the Alsands project, the young secretary-treasurer of the band council, Jim Boucher, focused on the provision of local jobs. Age twenty-three in 1979, Boucher represented the generation that had grown up in a settled community and had been educated in residential schools. Though members of his generation continued to be highly dependent on the land for subsistence, they also had a greater connection to the industrial world. In an interview with the Edmonton Journal, Boucher stated that resource development in the area had made it impossible for community members to maintain a traditional way of life, and that within less than two decades the once-isolated community had been completely upset. From Boucher’s perspective, there was no choice but to work with government and industry to seek participation in the oil sands. He told the Edmonton Journal that Fort McKay supported the Alsands project and the proposal to build a new town. Boucher despised handouts, and sought autonomy, a guarantee of the town’s survival, infrastructure improvements, land tenure, reduced pollution, and affirmative action hiring programs.

As a further response to the disappointing hiring situation, the five indigenous communities of the Athabasca oil sands region, Fort McMurray First Nation, Chipewyan Prairie First Nation, Mikisew Cree First Nation, Fort McKay First Nation, and Athabasca Chipewyan First Nation, formed the Athabasca Tribal Council (ATC) to unify their voice on oil sands industry matters, especially employment and participation. As intervenors in the Alsands ERCB hearings, the ATC sought the implementation of an affirmative action hiring program as a condition of approval for the Alsands project. The program would have legally bound Alsands to hiring indigenous workers. The ERCB concluded that it did not have power under section 43 of the Oil and Gas Conservation Act to mandate such a program. The ATC appealed the decision to the Alberta Court of Appeal, which dismissed the case, ruling that the affirmative action program was out of the ERCB’s jurisdiction, and that such a program might, as a form of reverse discrimination, be in breach of the Individual Rights Protection Act. The Supreme Court of Canada dismissed a further appeal, but ruled that affirmative action programs did not breach the Individual Rights Protection Act. The ruling was a disappointment for the ATC, but the case established an important legal
precedent that developers could not cite the Individual Rights Protection Act to prevent the tabling of future affirmative action programs.\textsuperscript{77}

In 1980, both the ATC and the Indian Association of Alberta appealed to the highest levels of the federal government to seek improved participation in the oil sands industry. Joe Dion, president of the IAA, wrote to Prime Minister Pierre Elliot Trudeau:

> Development of Canada’s resources has not been in partnership with Canada’s Native people. Rather, it has occurred to the detriment of the traditional economies and lifestyles of Indian peoples. Being isolated from participation has caused no significant rise in income of Indian communities, and, as a result, Indian people do not have the capacity to finance their future developments. It is fundamental in our view, that the need for aid should eventually subside and this can only be accomplished with the growth in the capacity of Indians to help themselves.\textsuperscript{78}

Dion advocated affirmative action and equity participation in the Alsands project. ATC Chairman Lawrence Courteorielle wrote to Marc Lalonde, Lloyd Axworthy, John Munro, and Jean Chrétien seeking greater participation in the Alsands project, specifically the establishment of affirmative action hiring programs, infrastructure spending, housing, and greater efforts to minimize the social impacts of industrialization.\textsuperscript{79} The IAA and the ATC were finally able to influence the federal government to aid their interests by helping to encourage affirmative action programs. The National Energy Program explicitly required that Alsands implement a preferential hiring program for indigenous people as a condition of preferential oil pricing.\textsuperscript{80}

Following the collapse of global oil prices in 1982, the Alsands project was cancelled and the people of Fort McKay were spared from further environmental destruction from a third oil sands plant designed to produce 125,000 barrels per day. But they also lost employment opportunities. In 1985, Fort McKay reported that the oil sands industry still had not delivered jobs. For example, Alsands had promised that during construction of the bridge, all who sought work could have it, but only one man was hired.\textsuperscript{81} Although the Alsands project failed, the efforts of the IAA and the ATC were not a complete loss. In 1986, the Fort McKay First Nation
established the Fort McKay Group of Companies, which provided basic services to the oil industry and evolved into a major business enterprise valued in the hundreds of millions of dollars. In response to the efforts of indigenous communities, the oil sands industry, especially Syncrude, began to include communities in development planning and economic opportunities. In 1986 and 1987, Syncrude formed the Syncrude Application Review Group (SARG) and the Syncrude Expansion Review Group (SERG) to bring together communities, industry, and government in an alternative dispute resolution process to examine development and expansion issues. Under the tenure of Eric Newell as CEO and chairman from 1989 to 2003, Syncrude became a more proactive employer of indigenous peoples. In a 2012 interview, Newell told the *Calgary Herald*, regarding the hiring of indigenous peoples in the 1980s, that Syncrude made every mistake in the book . . . We thought we were in a hiring program, but as fast as we could hire young aboriginal workers, we would let them go. We realized that taking some person from a little community of 250 people and throwing them into an industrial complex like Syncrude was not a formula for success.

Syncrude pursued indigenous education and development programs that eventually led the company to become a significant Canadian employer of indigenous peoples. Newell was later made an Officer of the Order of Canada for his indigenous employment initiatives, and has received the Award for Excellence in Aboriginal Relations from the Canadian Council For Aboriginal Business. Although the efforts of indigenous people to challenge the environmental impacts of the oil sands industry in the 1980s failed, their efforts to gain increased participation represented the slow and painful beginning of what would, three decades after the first period of oil sands expansion, become a success story.
CONCLUSION

The commercial development of the oil sands industry from the 1960s to 1980s, combined with the postwar industrialization of northeastern Alberta, radically transformed the environmental and economic landscapes of the Athabasca region. The environmental impacts of oil sands operations on nearby Fort McKay undermined the community’s traditional economy, while mostly excluding Fort McKay residents from the jobs and economic benefits associated with industrialization. Although politicians and developers intended that economic benefits to indigenous people would offset the impacts of development, the oil sands industry in effect socialized the environmental costs of development by allowing adverse impacts, rather than the benefits of participation, to accrue to indigenous communities.

In the face of their new industrial neighbours’ encroachments, indigenous peoples in the Athabasca region fought for environmental justice and participation by making interventions at ERCB hearings, voicing their concerns to politicians, contributing to published reports, and taking legal action. Despite extensive efforts, the indigenous organizations were unable to make industry or government take any meaningful action to protect their environment. In spite of the repeatedly documented and widely observed adverse environmental impacts reported by the Fort McKay community, neither industry nor government acknowledged the severity of or acted upon these environmental concerns. Perhaps indicative of a weakness of environmental rights in the Canadian legal system, government and industry disregard for indigenous peoples’ environmental concerns has continued during recent booms in oil sands development.86

Indigenous peoples suffered from underemployment and inadequate economic participation in the oil sands industry from the 1960s to 1980s, but the principle of indigenous employment was eventually acknowledged by government and industry. Although the 1976 Syncrude hiring agreement was objectively an almost complete failure, it represented an intention by industry and government to include indigenous people in the benefits of the new industrial economy. By forming the Athabasca Tribal Council, indigenous communities demonstrated a powerful capacity to
act independently and effectively within the Canadian legal and political systems. Efforts of the ATC to secure an affirmative action program were defeated in the Supreme Court but were successful in persuading the federal government to make indigenous hiring a requirement for the Alsands project in exchange for international preferential oil pricing. In spite of the inaction of the Alberta government, the ATC’s hiring agreement with the federal government for the Alsands project and the earlier Syncrude agreement, alongside the efforts of progressive leaders like Dorothy MacDonald and Jim Boucher, were important early steps toward the economic development of First Nations communities in the oil sands region.

For indigenous communities like Fort McKay, environmental protection and economic development have never been mutually exclusive objectives.87 While indigenous-owned businesses in the oil sands industry have thrived, major questions about the adverse environmental impacts of bitumen extraction remain unresolved and are seen as being inadequately addressed by the Alberta government. In the past year, the Fort McKay First Nation, the Athabasca Chipewyan First Nation, the Mikisew Cree First Nation, and the Fort McMurray First Nation have all abandoned Alberta’s new Joint Oil Sands Monitoring Program, and have boycotted the new consultation policy, which they view as co-opting initiatives that were developed without indigenous input.88 Communities including Fort McKay and the Athabasca Chipewyan First Nation are now funding their own health studies to investigate abnormal cancer rates that they believe are caused by the expanding oil sands industry, as the Alberta government has refused to do so.89 Indigenous communities needed regional unification in the ATC, extensive advocacy, and legal action in order to secure employment and economic benefits in the 1980s. For indigenous communities seeking meaningful environmental regulation of the oil sands industry, regional indigenous unification, advocacy, and legal action may be the only path forward.
ACKNOWLEDGMENTS

John Sandlos and Arn Keeling provided fantastic supervision for the MA thesis that formed the basis for this chapter, as well as valuable comments on earlier drafts. The SSHRC-funded Abandoned Mines in Northern Canada research program was an exciting environment to conduct research, which greatly contributed to my MA research.

NOTES


7 Chastko, *Developing Alberta’s Oil Sands*, 90.

8 GCOS became Suncor in 1979.


10 Don R. Getty, Alberta Minister of Energy and Natural Resources, to W. A. Posehn, 30 May 1975, 82.165, file. 49, Provincial Archives of Alberta (hereafter PAA).


12 Ibid., 25.

14 Bethell, “Preliminary Inventory of the Environmental Issues.”


17 D. N. Gallup, “Impact Assessment of Discharge,” in Great Canadian Oil Sands Dyke Discharge Water.


19 W. C. Mackay, “Toxicity of GCOS Tailings Pond Dyke Discharge,” in Great Canadian Oil Sands Dyke Discharge Water.

20 S. E. Hrudey, “Characterization of Wastewaters from the Great Canadian Oil Sands Bitumen Extraction and Upgrading Plant” (Ottawa: Water Pollution Control Section, Environmental Protection Service, Northwest Region, Environment Canada, 1975).

21 Gallup, “Impact Assessment of Discharge.”

22 Mackay, “Toxicity of GCOS Tailings Pond Dyke Discharge.”

23 Gallup, “Impact Assessment of Discharge.”

24 Bethell, “Preliminary Inventory of the Environmental Issues,” 16.

25 Fort McKay Indian Band, “An Issues Assessment for Concerns Regarding Ongoing Oil Sands Developments and the Community of Fort McKay” (Fort McKay, AB: Fort McKay Indian Band, 1986), 16.

26 Ibid., 6.


30 Bethell, “Preliminary Inventory of the Environmental Issues,” 16.
31 Ibid., 38.
32 Ibid., 39.
33 Ibid., 16.
34 Ibid.
35 Ibid.
36 Ibid., 27.
39 “Intervention filed with the Energy Resources Conservation Board by the Fort McKay Community Committee in relation to the Proposed GCOS Expansion Application 780318.”
40 G. B. Mellon to Don Getty, 3 May 1978, 82.165 file 466, PAA.
42 Bethell, “Preliminary Inventory of the Environmental Issues,” 40.
43 Ibid., 39.
45 “Suncor Faces Spill Inquiry,” *Fort McMurray Today*, March 18, 1982, Alsands Press Clippings, M-6328 Box 2, GA.
46 Ibid.
48 Ken Nelson, “More Foul Fish Taken from River,” *Fort McMurray Today*, May 14, 1982, Alsands Press Clippings, M-6328 box 5, GA.


55 Struzik, “Indians’ Demand Rejected.”

56 “No Public Hearings Being Planned on Fort McKay Oil Sands Plant,” *Edmonton Journal*, June 5, 1979, Alsands Press Clippings, M-6328 box 1, GA.


58 Department of Indian Affairs and Northern Development, “General and Specific Comments on Alsands EIA,” May 1979, RG131 vol.164 file 4300-12 (vol. 5) EMR – ALSANDS 4, LAC.


68 Ibid., 73.

69 Ibid., 76.

70 Ibid., 73.

71 Ibid., 41.


74 Athabasca Tribal Council, “Presentation to the Energy Resources Conservation Board,” ERCB Hearings on the Alsands Project Group – Oil Sands Mining Project – Application #780724, June 1979, RG131 vol.164 file 4300-12 (vol. 5) EMR – ALSANDS 4, LAC.


76 Ibid.


78 Joe Dion to Pierre Elliot Trudeau, February 6, 1980, RG131 vol.164 file 4300-12 (vol. 7) EMR ALSANDS, LAC.

79 Lawrence Courteorille to Marc Lalonde, John Munro, Jean Chrétien, Lloyd Axworthy, April 25, 1980, RG131 vol.164 file 4300-12 (vol. 3) EMR – ALSANDS, LAC.


81 Bethell, “Preliminary Inventory of the Environmental Issues,” 44.


