

**Diavik Diamonds Project Comprehensive Study Report**

**Comments from MiningWatch Canada**

**to**

**The Honorable Christine Stewart, Minister of the Environment**

**and to**

**The Canadian Environmental Assessment Agency**

**July 21, 1999**

**MiningWatch Canada** is a pan-Canadian initiative supported by environmental, social justice, aboriginal and labour organizations from across the country. We address the urgent need for a co-ordinated public interest response to the threats to public health, water and air quality, fish and wildlife habitat and community interests posed by irresponsible mineral policies and practices.

Our aims are to:

- ensure that mineral development practices are consistent with the goals of sustainable communities and ecological health;
- strengthen technical and strategic skills within communities and organizations faced with impacts of mineral development;
- impose appropriate terms and conditions on mining and in some cases prevent the development of projects that would adversely affect areas of ecological, economic and cultural significance; and
- promote policies to improve the efficiency and reduce the risks of mineral development.

## **Summary**

MiningWatch Canada calls upon the Minister of the Environment to reject the Comprehensive Study Review and to conduct a complete and proper environmental assessment of the proposed Diavik project at Lac de Gras. A Joint Review Panel modeled on the Voisey's Bay process, with CEAA and the Northwest Territories Water Board, should be established and Memoranda of Understanding with effected Aboriginal organizations should add them as signatories to the agreement.

It is our considered opinion that the Comprehensive Study released June 22, 1999 is incomplete, biased toward the proponent and fails in its duty to protect the environment.

Further, we support the Dogrib and Lutsel K'e First Nations in their concerns about the project and their wish for a panel review. This is a clear indication of outstanding significant public concern with the project and we believe that the Minister has no choice but to refer the Diavik project to a panel review.

We make this request on the basis of the following concerns:

1. Inadequate assessment of the cumulative effects of mineral exploration and development to the environment of the Slave Geological Province, including uncertainties surrounding the effects on caribou and water
2. Inadequate recognition and consideration by the Responsible Authorities for governance issues and Aboriginal rights in the project area and of federal fiduciary obligations to Aboriginal peoples
3. Inadequate assessment of the full social costs of the project
4. Inadequate assessment of the full economic costs of the project

5. Lack of consideration of responsibility for the costs of closure, bankruptcy or abandonment of the project
6. Flawed process and outstanding public concern
7. Undue reliance on the integrity and authority of the project proponent

## Concerns:

### 1. Cumulative effects of mineral exploration and development in the Slave Geological Province

CEAA's Operational Policy Statement OPS-EPO/3 – 1999 states:

*“The level of effort directed to the assessment of cumulative environmental effects should be appropriate to the nature of the project under assessment, its potential effects and the environmental setting. For example, the practitioner should give particular attention to the selection of future projects to be considered in the CEA where:*

- *Certain and reasonably foreseen projects may have an impact on the same valued ecosystem components as the project under assessment;*
- *Rapid development of the project area is anticipated*
- *Particular environmental sensitivities or risks are involved.”*

Further direction in assessing cumulative effects is found in the Federal Court Cheviot decision (Alberta Wilderness Assn v. Cardinal River Coals Ltd 19990408 (76) ... *“I find that the Joint Review Panel breached its duty to obtain all available information about mining in the vicinity of the Project, to consider this information with respect to cumulative environmental effects, to reach conclusions and make recommendations about this factor, and to substantiate these conclusions and recommendations in the Joint Review Panel Report.”* It is clear that the Responsible Authorities had responsibility to obtain all relevant information and to consider all environmental effects pursuant to 16(1) of the CEA.

However, they failed to do so on a number of counts:

a. The definition of the study area for cumulative effects is incorrect

The proponent arbitrarily used an 80 x 80 km boundary without any significance or justification to define the study area, and the Responsible Authorities accepted this at face value. Why were the entire range of the Bathurst caribou herd, and the areas downstream of Lac de Gras all along the Coppermine River not considered for the study boundaries? Lac de Gras is situated at the headwaters of the Coppermine River, which flows to the Arctic Ocean. Drainage out of the lake is surely as significant in this assessment as drainage in to the lake.

- b. Extent of mining development in the region has been under-estimated by the Responsible Authorities:
- i. BHP/Diamet – five open pits, active exploration, air strip. One kimberlite pipe 29 km from main camp on north shore of Lac de Gras, with an all weather road linking it to the main camp. Commercial production begun in fall 1998. 1000 employed on site at peak construction and an average of 830 full time during the 23 year life of the project.
    - Aboriginal organizations and non-governmental organizations in the area report that there is a disjunction between the predictions and promises made by BHP during the environmental assessment and actual performance at the mine site.
      - For example, increases in phytoplakton have been detected in the last lake in the Koala drainage basin containing the Ekati mining operations. This is a sign of increased nutrients from a variety of sources, nitrogen residues from blasting, sewage inputs, organic materials eroding into a diversion channel, pit de-watering operations.*
      - This was not predicted and has serious implications for water quality in Lac de Gras and the cumulative effects of the Diavik project.
  - ii. Winspear – located between Yellowknife and Ekati. Claim to have recently found ore as rich as Ekati and Diavik at Camsell Lake. They anticipate construction in 2001 (*Edmonton Journal 22 June 1999*)
  - iii. Echo Bay Road and quarry: south shore of Lac de Gras 10 km SSE of Diavik: heli pad, airstrip, quarry, staging for transport vehicles
  - iv. Lupin Mine of Echo Bay Mines – the winter road to this mine runs for 140 km through the project area, and is anticipated as the surface access to the mine. The mine has been “on care and maintenance” since early 1998 because of low gold prices. It is anticipated to be recommissioned in winter 1999. “This timing would allow the use of the winter road (plowed through the snow and across the frozen lakes between Yellowknife and Lupin) to cost-effectively restock Lupin.” (*Echo Bay Annual Report 1998*). The environmental effects of the winter road and increasing traffic on it, have never been subjected to an environmental assessment or even systematic monitoring.
  - v. Monopros – (subsidiary of DeBeers) kimberlite pipes to the west, north and south of the project area. Only the Monopros exploration to the west of the site are mentioned in the CSR. This subsidiary of De Beers says that they have discovered a “number of new kimberlite pipes in the area 300 kilometers north east of Yellowknife” (*Monopros website July 6/99*)
  - vi. Tahera Corporation (Jericho Diamond Project). The Responsible Authorities found that Diavik did not need to include this project “since the design details have not yet been determined”. However, the operators had already submitted a project description to the Nunavut Water Board for their consideration.
  - vii. If the potential area for cumulative effects assessment were expanded to include the entire Coppermine drainage basin, the assessment would also

take in Lytton, Kennecott and Monopros companies and would involve Nunavut in the discussions.

- viii. Diavik itself has failed to describe their on-going or future exploration plans throughout their claims block. While the assessment was underway, new mineral leases were granted covering areas not required for the project. Exploration of a pipe called Piranha, right on the claims boundary with BHP, has not been described although recently released results from core samples indicate it is economically feasible.
- e. Infrastructure development is under-estimated:
- i. airports and air traffic (three air strips and a number of heli-pads), Diavik exploration airborne geomagnetic survey
  - ii. roads ( increased use of Echo Bay Mine winter road by Diavik, BHP, Echo Bay Mines, etc.) The proposed Slave Geological Transportation Corridor was excluded from the study, although the increased pressure on the winter road will become a reason for pushing another winter road route or an all-year road ahead in the area.
  - iii. diesel fuel transport, storage and fumes- at least two large fuel storage areas, with all fuel carried over a winter road. There are also an uncalculated number of small diesel generators at sites throughout the region, all requiring fuel transport and producing fumes.
  - iv. increased exploration –the exploration activities described in the CSR are very limited descriptions of Diavik, BHP, Bathurst Inlets Developments, Yamba Lake, Monopros, Rhonda Mining. There is no description of the extent of their exploration activities, the care with which their camps are maintained, and their effects on the wildlife and environment around them. The RA’s concurred with Diavik in excluding exploration activity on the basis that “the residual effects are negligible...and the mitigation measures required under land-use permits ensure that water quality, air quality, heritage resources and wildlife are protected.” This statement is not supported anywhere in the CSR by objective evidence. DIAND itself has land use permits, surface leases and other resource disposition information in a GIS data base, yet failed to use this information in any way to document land use activities in the vicinity of the project, or to conduct a cumulative effects analysis.
- f. Effects on the Bathurst caribou herd are inadequately investigated:
- The Responsible Authorities concluded that “there would be no direct project-related or cumulative effects (on caribou and caribou habitat) if the project were to proceed...the RA’s encourage the GNWT to address its concerns on the overall management of the Bathurst caribou herd in the context of the regional cumulative effects management framework and a Bathurst caribou management plan.” Instead of assessing the viability of the project in the light of the impact on the herd, the RA’s transfer the responsibility to government to monitor and manage the herd in order that

the project may proceed! The requisite research is to be carried out— after the CSR is completed - through the West Kitikmeot/Slave Study.

g. There is a total disrespect for any effective regional planning process or cumulative effects assessment

The CSR does pay lip service to the need for a “regional cumulative effects assessment and management framework” in the Slave Geological Province. In the document, DIAND agrees to convene a workshop in the late fall of 1999 and to set out such a framework by March 31, 2000, that would “build on the West Kitikmeot/Slave Study, among other initiatives”.

The issue of regional planning is tightly bound to the settlement of land claims. As DIAND is well aware, no decision has been made about the role of aboriginal communities in the planning process

If there is such a need for a framework to mitigate cumulative effects, then why have the Responsible Authorities seen fit to approve the project before the framework is available. Surely this contravenes their responsibility to consider all necessary information before giving approval to the project? And if the framework will involve many partners, much research and a negotiation of different rights and interests, how can that be accomplished in less than ten months? There has not even been an adequate assessment of the impacts of the BHP/Diamet mine yet.

The Mackenzie Valley Resource Management Act – which is in the process of implementation – has been set up to address many of these issues of inter-group co-ordination. In the Act, there are provisions for “Cumulative Impact Monitoring”, but there has been little progress in developing this initiative or drafting regulations. It hasn’t even been decided yet who will do it. The Act speaks to the need for such a body, but unless the approval process is extended, it will not be in place before Diavik begins construction. How is the framework workshop related to this mandated body?

The issue of an inadequate assessment of cumulative effects of the Diavik project cannot be shifted to a later process or other bodies. The Responsible Authorities have a legal responsibility to ensure it is done as part of the Diavik assessment. This was an issue during the BHP review and there has not been any significant progress on it over the last three years.

h. Only token recognition is given to Traditional Environmental Knowledge.

The information gathered about and through TEK is essential to a proper assessment of cumulative effects on caribou, grizzlies, wolves, lichen and other features of the area environment. The process of documenting Traditional Environmental Knowledge (TEK) through the West Kitikmeot/Slave Study (WKSS) has only begun. Even at the time

that the CSR was released, most of the formal studies paid for by Diavik through the WKSS, the Kugluktuk Anogonaitit Association (KAA) and the North Slave Metis Alliance (MSMA) were not completed, and would not be ready until after the CSR was submitted to the Minister of the Environment.

It is extraordinary the Responsible Authorities could not wait to make their decision until information so crucial to understanding cumulative effects was available. As the Lutsel K'e Dene First Nation noted " comments provided by elders visiting a proposed mine site, while perhaps useful to the proponent, should not be considered traditional knowledge." (p.88)

## **2. Governance issues and Aboriginal Rights:**

### **a. Unsettled land claims.**

There is recognition in the CSR of the need to "settle land claims fairly and quickly" (page 226). The same concern had been expressed in the BHP panel report in 1996: "The government of Canada and Aboriginal peoples work toward a quick and equitable settlement of outstanding land claims in the region." That such a large project would be approved in Aboriginal territory without land rights settlements in place threatens to exacerbate tensions among the various Aboriginal governments and other involved. At the very least, Aboriginal governments need the opportunity to work together to participate effectively in setting the terms and conditions for an equitable environmental assessment. "Aboriginal governments/organizations stated that the Government of Canada has a fiduciary responsibility to minimize the infringement of Aboriginal Rights caused by resource development initiatives on traditional Aboriginal lands...Until land claims have been settled, if the federal government attempts to allow the exploitation of the Aboriginal resource, they must consider the Aboriginal best interest." (CSR p. 211).

The CSR even fails to mention that the Diavik project site is in an area not covered by any Treaty or land claim agreement. There is unextinguished Aboriginal title covering the project site. The Responsible Authorities have not lived up to their fiduciary obligations during the Diavik assessment, as set out in the Degamuukw decision. The federal government's commitments to Aboriginal peoples as set out in the "Gathering Strength" response to the Royal Commission on Aboriginal People have also been ignored.

### **b. Dogrib land claim and environmental assessment**

During the Comprehensive Study, the Treaty 11 Dogribs refused to sit on the Steering Committee, because they believed their time would be more usefully spent working on their land claim issues. The Diavik diamonds project lies within the settlement/traditional area being considered by them. In July 1999, they issued their own assessment of the Diavik project, which is

substantially at variance with the CSR. To what extent will they be able to influence what happens to this land that they own? To what extent will their assessment of the Diavik project be able to influence what happens on their lands?

c. Impact Benefit Agreements.

Where the community has not settled their land claim, they have few institutional resources with which to bargain with the company over an Impact Benefits Agreement. There is no level playing field. Sometimes, the settlement of the land claim will void the provisions of the IBA with the company (Little Salmon/Carmacks First Nation agreement with BYG); and sometimes the provisions of the IBA compromise the governance powers of the community. The CSR makes no attempt to address these difficult issues in any depth, although they are clearly within the mandate of the Environmental Assessment process. The Voisey's Bay Environmental Assessment Panel recommended the settlement of land claims and the signing of IBA's as a condition of their approval of the project, and during the BHP review the DIAND Minister required "significant progress" on IBA's before final approval of the project.

d. Mackenzie Valley Resource Management Act

This act was in the process of being implemented at the time of the Comprehensive Study. It will establish a co-ordinated system of resource management to regulate the use of land and water in the Mackenzie Valley. Section 159(2) of this federal act requires the Minister of Environment to consult with the Mackenzie Valley Environmental Impact Review Board prior to making a decision on Diavik. The Mackenzie Valley Environmental Working Group and successor board were "included" in the review. Clearly, the deadlines for approval should be extended to enable the MacKenzie Valley Environmental Impact Review Board to conduct a proper assessment of its own.

**3. Inadequate review of social costs:**

The CEAA Operational Policy Statement on Cumulative Effects reads:  
*"Assessments of cumulative effects under the Act can extend beyond changes to the biophysical environment and include, for example, the effects of changes on health and socio-economic conditions, physical and cultural heritage and other environmental effects as defined in Paragraph 2 of the Act."*

a. Employment:

The person-year figures do not indicate the time period these years encompass and the report is difficult to understand. If indeed "by the year



2016, as more northerners are trained to work at the mine, Diavik-related NWT employment would rise to more than 550 person-years”, does this mean per year? If the mine is anticipated to operate before 2002 and until 2025 (predicting a stable market for diamonds until that time), what are the provisions for the bust that will follow? The company is vague about hiring “...cannot assess how closely the skills of potential northern workers will match job requirements”. How did Diavik arrive at estimates of 40% aboriginal employment at start-up? Do the later figures for “northern employment” include the 138 relocated southerners?

b. Occupational health and safety.

Mining is not safe work. It brings with it many concerns around exposure to hazardous substances (including radon, and dust), white hand, back injuries, and loss of life. The CSR relies almost entirely on existing workplace regulation to take care of these matters, without due regard for problems of enforcement due to scarce government resources and the tight security required by the industry. Diamond mines in other parts of the world are very dangerous places in which to work, but no evidence is presented to address these issues at all.

c. Housing and demand for community services like sewage, health and schools in Yellowknife.

At least 138 southern professionals will relocate north, and most of them will live in Yellowknife (Diavik). The company acknowledges that there will be substantial out-migration from smaller communities and in-migration to Yellowknife. Is there enough housing? What pressure will this put on less advantaged members of the community as limited housing stock is directed to people employed by the mine? Housing is not even mentioned in the report. To our knowledge the city of Yellowknife has not even begun the discussion of increased demands on municipal services occasioned by the project.

d. Concerns around criminal activity and increased policing –

*“Security is important in all phases of the diamond industry. The ease with which diamonds can be hidden and transported, and the very high value per gram for some stones, have led to serious security problems in all diamond-producing countries of the world...as the Canadian value-added diamond industry develops, there is very little doubt that associated criminal activities will develop.”* (Paget 1998)

Bill C-51 to amend a number of acts in Canada including the Criminal Code and the Controlled Drugs and Substances Act attempts to deal with some of these concerns. The BHP Environmental Assessment also made recommendations for tighter security and enforcement to control criminal activity associated with diamonds.

There is no doubt that the growth of the diamond industry will increase police and security presence in the NWT. In other parts of the world, “*each mine has elaborate security systems that include but are not limited to, pre-*

*hire screening, large internal security forces, high razor-wire topped fences, video monitoring, and use of info-cards that monitor where, when and how long an individual has been in any area of the plant. In some areas of the mine, employees are always accompanied by an escort...In some countries, anyone leaving the mine can be subject to full body x-rays and/or strip searches....Countries such as South Africa and Botswana...have units of their national or state police forces that are dedicated to the diamond industry.”* (Paget , p71-2). In other countries, like Sierra Leone and Angola, security at Diamond Mines is in the hands of the companies’ private armies.

Accompanying such intensive security measures are always questions about the preservation of human rights and personal privacy which have not been dealt with as part of the CSR or as part of the process itself.

- e. Impact of two week in and out rotational schedule on families: disruption of family and community life, pressures on women increase.

Instead of setting the stage to change work schedules if families and the community are seen to suffer from them, the CSR is written to ensure the victims are blamed: “long distance commuting effects associated with rotational work schedules will depend largely on the strength of the family and the experience and success families have had, or have, in coping with this type of lifestyle”( CSR p. 196) Research on the effects of rotational work schedules is not considered. Small aboriginal villages depend on a division of labour to hunt, fish and gather, to raise children, to repair homes and equipment, to care for the elderly and sick, to provide community leadership and to deal with crises. The stresses on these communities have already been enormous

- f. Out migration from smaller communities:

Although mention is made of out-migration, the leadership drain it may represent and its relationship to cumulative effects has not been investigated or taken seriously in the CSR.

- g. Wildlife harvesting:

In absence of data from the NSMA - surely crucial to an understanding of land use, the CSR draws the conclusion that “use of the area around the mine for harvesting is negligible”.(p.180). In reply, NSMA writes “the level of resource use, past, present and future, has not been assessed, considered or understood by Diavik.” (p186) the same applies for the Aboriginal people that have current and traditional land use and occupancy of the project site.

- h. The follow-up socio-economic monitoring agreement has no way to mitigate negative effects, or change company performance on basis of monitoring; nor are deadlines or methods put in place to ensure that the project changes if it causes harm. Most guidelines are too vague to be useful and there is no assigning of responsibility for action. (CSR p.238)

#### 4. Full costs of developing a diamond-based industry:

a. Lack of commitment to value-added.

It is the position of the KIA, the NSMA and the LKDFN that Diavik must negotiate a value added agreement with the GNWT with the consent and involvement of the aboriginal governments. They are particularly concerned about the sale of rough diamonds as is the Government of the Northwest Territories. *The Value-Added Aspects of the Diamond Industry* is reviewed in Douglas Paget's report for DIAND. In spite of the potential of value-added to serve as a mechanism to enhance the positive effects of the project, both Diavik and DIAND have refused to make any commitments in this area. This is not acceptable and does little to help the people of the north.

b. Trade restrictions on community economic development not clarified.

It is not clear at all whether the subsidizing of secondary industry will be allowed under NAFTA and GATT. Until this matter is determined, basing a decision for project approval on potential secondary economic development opportunities is premature to say the least.

c. Unclear what infra-structure subsidies (roads, power, policing, communications, housing etc.) and tax breaks the industry will require in order to establish and maintain itself

Will there be costs to tax payers to build roads, sewers and energy infrastructure? Will there be requests for exploration subsidies, flow through shares, deferred taxes and so on? What is the cost of monitoring (at all levels and stages) and enforcement? What are the costs of federal and territorial training programs for local people and start-up grants for community businesses? From what level of government will these subsidies be expected? Will the full costs be off-set by royalties and taxation? What is the extent of subsidy to the industry already in terms of exploration subsidies and credits, deferred taxes, and subsidized government services like the Geological Survey, rail, energy and so on?

d. Boom and bust cycles of resource based economy, and pressure to explore and develop more mines to keep the jobs going as the old mines are used up.

Increased expectations built on the income from mining makes the low cycles in industry, and the resultant lay-offs and shut-downs very hard on communities. Small businesses grow up to service the mine and mine workers, and the local economy is dependent on the fate of the industry. The CSR does not address this effectively.

e. There is no analysis of the fore-gone opportunity costs of this form of mining-dependent development. To what extent will diamonds marginalize the mixed economy that already exists. What would be the effect of similar investment in cultural and environmental tourism? Of paying attention to the careful

harvesting of resources? Of attempting to build an economy based on import-substitution and control of leakage for food, clothing, energy and so on? In aboriginal communities throughout the world, the ugly and damaging long-term effects of mining, and the influx of outsiders working in the industry, have quickly eroded traditional life-styles and economies, ruined tourism and replaced locally owned small enterprises with businesses that serve the mine and the outsiders who come there to work.

5. Inadequate technical analysis of risks:

MiningWatch Canada supports the technical analysis contained in the *Dogrib Environmental Report* as regards caribou, the water treatment facility, and suspended particles and cadmium release into Lac de Gras, unproven dike technology, and country rock waste treatment.

6. Abandonment and decommissioning.

The Comprehensive Study has made no attempt to deal with the issues of mine closure, except to mention that the company has prepared an initial Abandonment and Restoration Plan, and to repeat the company's tentative - "*If water quality proves to be unacceptable for discharge...*" (CSR, p36) - plans for water treatment. Paying attention to issues of closure, bankruptcy and abandonment in a project are clearly the responsibility of Environmental Assessment process and are a part of the fiduciary responsibilities of government to Aboriginal peoples. In this instance, this would mean:

- a) A thorough study of reclamation proposals from the company, including a careful analysis of the plan to backfill the open pits, the need for and costs of maintenance and monitoring of the site after closure, and alternatives that would allow for passive abandonment.
- b) The reclamation plan should ensure that surface and groundwater drainage of the disturbed site is restored and stabilized so that passive abandonment can be achieved.
- c) The closure and reclamation plan should be part of the environmental assessment process, and should be approved before any permitting.
- d) It is the position of MiningWatch Canada that financial securities should cover the full costs of reclamation, water treatment and long-term monitoring and maintenance. The cost calculations for this security should include third party implementation costs and oversight by government regulators, and must be in a form that is readily accessible to regulators. We note that DIAND has a draft discussion paper on a minesite reclamation policy for the NWT but has failed to adopt the policy or move forward with any legislative changes. This is particularly disturbing in light of the recent bankruptcy of Royal Oak Mines and public liability for the cleanup of Giant and Colomac mines.
- e) The company should also carry sufficient insurance coverage for any accident remediation, or post a bond equal to that amount.

- f) The amount of the security should reflect the impact to resources that may not be evident until years after the mine has closed, so that the public is not the unwitting insurer of a failed project.

## 7. Process

### a. Aboriginal groups withdrew from the Steering Committee.

Although a Steering committee was initially set up with representation from aboriginal groups in the area. The Dogrib Treaty 11 Council did not participate because they put priority on their land claims negotiations, and would submit its own review instead. The Kitikmeot Inuit Association left mid way through the review. Talks between Diavik and the GNWT broke down in early June. The Yellowknives Dene have expressed publicly expressed concerns over the cumulative effects of the project.

### b. The North Slave Metis Alliance (NSMA)

NSMA stated that Diavik did not adequately address seven elements of the Environmental Assessment Guidelines, collecting insufficient data about the project's effects on the Metis community. Instead of demanding that this problem to be remedied by the company, DIAND agreed to fund NSMA to complete their own report *North Slave Metis Alliance Environmental, Social, Economic and Cultural Concerns – A Companion to the CSR on the Diavik Diamonds Project* which would be submitted directly to the Minister with the CSR, and to complete a Phase II by April 2000 which would complete the baseline data. It is symptomatic of the flawed process in this hearing that the RA's felt they could make a decision without the evidence that would be gathered in the NMSA study.

### c. Non-Governmental Organizations were not included in the Steering Committee,

Although an earlier draft of the Terms of Reference included NGO's in and when a coalition of groups requested \$225,000 in participant funding so that they could prepare adequate submissions and retain independent technical experts, they were offered \$47,000 with none of this available for technical experts. This is a totally inadequate amount to seek the expert advice and do the research necessary for effective intervention. The refusal to fund independent technical experts raises issues of the rigour and procedural fairness of the process.

### d. 30 days not enough time for public comment on report

## 5. Undue reliance on the integrity and authority of the project proponent

Throughout the Comprehensive Study, it is clear that the Responsible Authorities have chosen to place great reliance on information and conclusions drawn by the project proponent.

Diavik's 60% owner and main operator/manager is the mining giant Rio Tinto. In considering the likelihood that commitments being made by Diavik with respect to environmental and social concerns raised by the project, it is not unreasonable to consider Rio Tinto's global reputation with respect to environmental stewardship, technical competence and reliability, human rights concerns, health and safety issues and labour relations. A brief review of Rio Tinto's global operations gives cause for concern.

Rio Tinto has pursued a global strategy of profitability through low unit costs rather than through value-adding. This tends to drive down the market prices of its products and to lower operating margins, increasing risk to the long term viability of any given project. This strategy may impact on how Rio Tinto responds to requests to commit to local value-added activities in the Diavik project. It also raises the issue of long term sustainability of the local economy and the need to dedicate resources to economic diversification and sustainable development that will continue after the mine closes down.

Rio Tinto has a long and ongoing history of conflict with indigenous people's at its mines in Australia (Tawiyul, Gidga, Mapoon, Napranum), Indonesia (Dayak, Amungme a.o.), Latin America and the Philippines (Subanen). In 1992 Survival International cited Rio Tinto "*as the most dangerous exploiter of indigenous peoples out of the ten 'worst' companies operating in the Americas. More recently, at a 1996 Consultation organized by the World Council of Churches with the assistance of Minewatch, 50 delegates from 30 indigenous people's targeted Rio Tinto more often than any other company*" (The Stakeholder Report 1997, p.21).

Rio Tinto's record on human rights is also less than illustrious. The Grasberg mine in Indonesia (where Rio Tinto has a 40% investment in expansion of the mine and an 11% investment in Freeport-MacMoran) has become infamous for the arrests, torture and murder of local opposition leaders by Indonesian authorities providing security for the mine. Rio Tinto's Bougainville mine in Papua New Guinea remains closed following the civil war brought on by the mine's presence. This mine has also become infamous for the use of mercenaries to subdue local opposition to the mine.

Rio Tinto has been accused of actively discouraging unions at its operations in Australia: "*The company seems to have formed a corporate view as to the presence of trade unions and of the Commission in relation to their business. That view is that these institutions should be excluded from having any real role*" (Australian Industrial Relations Commission, Dec. 8, 1944, p. 39). Globally, Rio Tinto has faced strike action in Indonesia, has been accused of trying to "*kill the Union*" in Nigeria, and has fought bitter battles with unions in Norway, Portugal, South Africa, and Zimbabwe.

Environmentally, Rio Tinto faces an overwhelming amount of serious complaints globally. In the 1997 Stakeholder Report put out by the International Federation of Chemical, Energy, Mine and General Workers' Unions, environmental

disasters related to Rio Tinto's operations are listed in such disparate countries as Canada, Namibia, Bolivia, the U.S., Indonesia, South Africa, the Philippines, Ireland, Australia. *"At the Greens Creek lead and zinc mine in Alaska, Rio Tinto was found guilty of 235 violations of US EPA guidelines in a three year period"* ( 1997 Stakeholder Report, p.40). Among the most infamous cases are the Grasberg mine in Indonesia, the uranium mine in Roessing in Namibia, the Keilan mine in Indonesia, the Lihir mine in Papua New Guinea, the former Capper Pass tin smelter in the U.K., and the planned sand deposit mining in Madagascar.

In light of this record, the reliance placed by the Responsible Authorities on Diavik research and submissions appears to be – at the least – naïve.

## **Conclusions**

Diamonds are a commodity, like gold, that are dependent upon artificially created value. Diamond production is a fragile industry, especially when prices and supply are no longer controlled by monopoly. The diamond boom in the NWT may bring with it the seeds of its own destruction. How many diamonds can the world absorb? And how long can the markets sustain these industries?

Diamonds have no useful purpose. Synthetic diamonds can easily supply most of the world's requirements for industrial diamonds. Diamonds are a luxury product that will be largely unattainable for the people in the North West Territories who risk the sacrifice of their land, water and way of life to support the growth of this industry.

We understand that the rush to get Diavik operating is to some extent to "get a jump" on the market, before all the other producers come on line. However, the potential costs are too great to allow ourselves to be stampeded. We cannot have a situation, where after fifteen to twenty five years of diamond-mining, the people of the North West Territories will be left - like most single industry communities - with no jobs, ghost towns, dying caribou and fish stocks, closed down stores and restaurants, polluted water and a scarred landscape.

Until the full costs of Diavik –both measurable and immeasurable - are assessed, the project must not go ahead. We call on CEAA and the Minister to ensure this project is properly evaluated through a Joint Panel Review .