



MiningWatch Canada

Mines Alerte

Mining Myths

*A presentation to the Citizen's Mining Advisory Group¹
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MiningWatch Canada is a coalition of seventeen different organizations that works to support communities affected by mining, to do research on issues pertaining to mining environment and health and to advocate for responsible mining practices. Our work deals with mining in Canada and with Canadian mining companies operating internationally.

In our five years of existence, we have learned a great deal about the industry and the governments that support it. I have come to believe that the power of the industry is propped up by seven myths, and I want to share that with you today.

First, the myth that mining is about the extraction of minerals. A great deal of mining is not about the extraction of minerals at all. Most junior mining companies are only interested in floating large share offerings to investors so that they can attract enough equity to pay themselves salaries in the \$200-300,000 range. For the stockbrokers who underwrite and sell the shares, it is about brokerage

¹ The Citizen's Mining Advisory Group (CMAG) was founded in January 2002 by a group of alarmed Burgess Ward (Ontario) residents in response to discovering that over 60 mining claims, covering thousands of acres, had been staked in our township by Graphite Mountain Inc., a subsidiary of Diamond Lake Minerals of Utah. Approximately 1000 properties were impacted by these possible mining claims.

Few, if any, of the affected property owners knew that they did not hold mineral rights, or that their land was open to staking. That situation occurred because lawyers checking for valid title are required to search the title for only the previous 40 years.

Because of CMAG intervention, all but 14 of those mining claims have been abandoned or cancelled. But those claims and more can be re-staked at any time, particularly at a time when it appears that graphite is becoming a growth industry.

The 14 remaining active mining claims, covering 700 acres, are southeast of Black Lake and west from Narrows Lock Rd. on Concession 5 by the North Crosby Township line.

CMAG has more than 140 members who are committed to keeping what we value most, our clean natural environment. We have working links to five lake associations in Tay Valley Township. CMAG's activities were formally endorsed in 2002-03 by the councils of the Town of Perth, Tay Valley Township, Drummond/North Elmsley, Lanark Highlands and Merrickville-Wolford.

fees and selling at the appropriate time. For investors, they are interested in speculating on the stocks, but the “flow through share provisions” of the Income Tax Acts – both federally and provincially – enable them to write off the company’s losses as their own. As a further incentive, companies can accumulate their exploration and development expenses in tax pools that can be transferred and sold. When the owner of the Giant Mine in Yellowknife was going belly up, the Canadian Exploration and Development tax pool that the company had accumulated was such a large “tax asset” that the receivers opted to sell the company for the tax pool rather than institute bankruptcy proceedings.

So, you can see, that companies may not be intending to bring amine to development at all: they may only be interested in hyping the prospective find, building up their exploration and development claims and paying themselves handsomely for doing it.

Second, the myth that mining has a small footprint. It does not; it is not just a small hole or tunnel in the ground that is easily cleaned up afterward. In addition to the mine, there is usually a mill, tailings (the rock that is ground up to extract the ore, usually mixed with chemical reagents), overburden and waste rock, roads and or railroads and power lines. Most of its waste rock and tailings are toxic, leaching heavy metals and sulphuric acid into water, ail and soil. Over a billion tonnes of waste rock and 950,000 tonnes of tailings are produced annually by the industry, more than 20 times the amount of municipal solid waste generated annually. One gold wedding band leaves behind between 6-20 tonnes of waste rock and tailings, depending on the grade of the ore.

Mining is a major user of water. Water is pumped from open pits and underground to “dewater” them to allow mining to proceed. Water is used to wash the ore, and in milling and refining processes. Water is used to slurry tailings from the mill to tailings management areas, and is frequently used as a water cover for acid-generating tailings. Clean water goes in, and a lesser amount of contaminated water is discharged, often to a different water system. The Agrium phosphate mine expansion on the Constance Lake traditional territory intends to remove an entire lake and create a new one. In a survey of water taking permits in one district in northeastern Ontario, 77% of the permits issued within one year were for mining purposes. Not all the permits included limits for the amount of water used, but, of those that did, average water taking was 6.4 million litres per day. North American Palladium has a permit to take water at a rate of 30 million litres per day, for a period of five years. At a national level, the mining and metal sector consumes over 2 billion cubic metres of water annually, most of this free of charge.

Mining companies are also major contributors to climate change, because of their extensive use of energy for extraction and refining.² For example, a tonne of aluminum produces four tonnes of Green House Gases and a tonne of steel produces 0.8 tonnes of GHGs. At least 8% of all energy used in Canada is for mining, milling and smelting.

Third, the myth that communities are eager to have mining. Everyone does NOT welcome mining into their communities. The mining industry calls this “its social licence to operate”. The mining industry and their supporting departments in government are fond of “stakeholder consultations”, bringing all the parties together to come to consensus. But one has to ask how a company that wants to dig a hole on your land for their private profit, gets to be a stakeholder, when even the owner – who may have lived their for generations- is not? I have heard this described as having a drunk

² Action plan on Climate Change 2000 annual report.

wander into your house, trash the furniture and insult your daughters, and then say “Okay, lets negotiate the basis on which I get to stay.”

The catch is, that once you have agreed to a consultation, it becomes almost impossible to say “no”. You are reduced to negotiating the terms on which the mine will proceed.

Mining companies spend enormous amounts on gaining access to the minerals under our feet. They hire public relations people and government relations experts. They lobby for changes to law and regulations. They undermine enforcement and cultivate insiders. In communities, they hire leaders for small contracts and jobs; they spread rumours about their critics; they make offers of future riches. They create divisions within communities.

Internationally, they hire firms like Burson Marsteller to promote their image. At one time, I added up all the paid lobbyists for the mining industry: the Mining Association of Canada, the Prospectors and Developers Association, the provincial associations, the Chambers of Mines, the individual company community relations people, and realized they had about 120 people doing nothing but promoting their interests full time. We have four.

Fourth, the myth that government will protect us, and there are laws and regulations in place to do this. Although some legislation looks like it will, in fact, the devil is in the details and it can't or won't. Mining is not even included in the National Pollutant Release Inventory. The Metal Mining Effluent Regulations under the Fisheries Act provide a licence to pollute even though the Act says that thou “shall not put any deleterious substances water frequented by fish”. The Planning Policy in Ontario sterilizes land with significant mineral potential from other kinds of development. Environmental Assessment always lets mines proceed with appropriate “mitigation measures”, but no one knows if the mitigation measures are actually implemented. Communities trying to get clean-ups from the toxics left behind after a mine closes, find themselves unable to do so. In the past ten years, while subsidies for mining exploration have increased in Ontario, environmental inspection budgets have been severely curtailed.

Fifth, the myth that the economic benefits from mining justify the disruption. This is less and less true. When I worked for the United Church, I learned about the “hermeneutics of suspicion”: to ask “Who Benefits?”

- At present in Canada, less than 23,400 people are actually employed in mining and milling.
- Most mines only last 10-15 years, and the communities that have come to depend on them then seek to enlarge the mines footprint by finding new ore bodies. Many of them become ghost towns
- The effective rate of mining taxation federally in Canada is only 6% - the lowest of any sector. In 1997, the last year for which disaggregated statistics were available, mining companies only paid \$251 million in federal taxes and \$147 million in taxes to all the provinces. How did they do this? They made sure that their books showed a loss.
- Subsidies to the mining industry are over \$510 million annually, not including the cost of remediating the over 10,000 abandoned mines they have left behind.
- Even in balance of trade, we import as much mineral products – mostly the manufactured products as we export.

Sixth, the myth that we need more raw minerals. Many of our mineral needs could be taken care of with conservation, recycling and re-use. The properties of metal provide a unique advantage for its reuse. Unlike other recycled materials, such as plastic and paper, metals are eminently and repeatedly

recyclable without degradation of their properties. Metal from secondary sources is just as good as metal from primary sources.

Also, the environmental benefits of recycling are immense. As one example, the following are energy savings in metal production as a result of using secondary materials: Zn – 60%, Steel – 74%, Cu – 85%, Al – 95%. For steel, one sees a 90% virgin materials savings, an 86% emission reduction, a 40% effluent reduction, a 76% water pollution reduction and a 97% mining waste reduction through recycling.³ Of course, many of these benefits also convert into substantial economic savings for producers.

The increasing cost of landfilling and the decreasing grade of mineral reserves provide further incentives for increasing our rates of metals recycling. Recycling creates many more jobs than does landfilling and waste disposal.

A 1999 study by the Institute for Fiscal Studies concluded that our tax system “significantly favours the use of virgin materials rather than recycled materials in the case of metal and glass products”.⁴ This was further to a 1995 report prepared for the Canadian Council of Ministers of Environment (CCME) that found tax expenditures provided by the federal and provincial governments provided a bias against recycling.

This is not to mention the deaths and injuries that accompany mining everywhere.

If the subsidies that now went to exploration went to cleanup and recycling, the industry would change.

Seventh, the myth that mining is okay somewhere else but not here.

- Mining is not okay in the Boreal Forest. It is the lungs of the earth, and mining in wilderness areas contributes to climate change, pollution and the growth of cities.
- It is not okay to have mining sacrifice zones in places like Sudbury, Timmins and Kirkland Lake. If we were to show the proper respect for the enormous costs the minerals we take for granted have imposed on the miners and residents in those cities, we would work to get the soil and water there cleaned up, to create alternative economic development and appropriate industrial adjustment packages, and to find ways to mine safely and cleanly.

These last are stories that divide us and weaken our ability to work for real change. If we work together to expose these myths, we can prevent mining from destroying our local economies and we will be able to work together for real social change.

It has been a real honour to share these thoughts with you today. Thank you.

³ U.S. Institute of Scrap Recycling Industries

⁴ K. Scharf, “Tax Incentives for Extraction and Recycling of Basic Materials in Canada”, Fiscal Studies, 20(4), pp.451-477, 1999.