

# Mining Day on the Hill

What you should know about mining and Canadian mining companies before November 24<sup>th</sup>

MiningWatch Canada  
[www.miningwatch.ca](http://www.miningwatch.ca)



In anticipation of the upcoming *Mining Day on the Hill*, MiningWatch Canada would like to provide you with an alternative perspective on several important issues.

From our analyses, the mining industry is one of the most policy-privileged industries in Canada. This is despite the fact that at home and around the world, the industry has generated massive environmental impacts, created social conflicts, and infringed on Aboriginal rights and title.

This brief outlines our concerns regarding: the need to hold Canadian companies to account for their international operations; the industry's privileged tax regime; the importance of environmental assessment; and the need to reverse the trend of dumping toxic mine wastes into our precious aquatic ecosystems.

MiningWatch Canada is a pan-Canadian initiative with member organizations in the environmental, social justice, labour, Aboriginal and faith communities. We work to protect the environment and communities from irresponsible mining practices and policies in Canada and wherever Canadian mining companies operate internationally.

## International Corporate Social Responsibility and Bill C-300

For the last 10 years, MiningWatch Canada and numerous other organizations around the world have documented environmental and human rights abuses of Canadian mining companies' international operations. These abuses most often occur in the global south where government controls are weak to non-existent and may be poorly designed or not enforced; where corruption and internal conflicts occur; and where there is an urgent need for socially just and ecologically sound economic development.

The overwhelming evidence of the pervasive abuses of Canadian mining companies is reflected in the 2005 report of the Parliamentary Standing Committee on Foreign Affairs and International Trade and the final report of the Extractives Sector Roundtable, released in 2007.

“Building the Canadian Advantage”, the government’s response to these reports, is inadequate and unlikely to successfully address the issues. The current approach has:

- No mandatory standards;
- No punitive measures to discipline errant companies;
- No serious and meaningful process to investigate accusations of human rights or environmental abuses.

Liberal MP John McKay’s private member’s Bill C-300 represents a more substantial step towards addressing the problems of accountability. If passed, Bill C-300 would:

- Put in place human rights, labour, and environmental standards that Canadian extractive companies receiving government support must meet when they operate in developing countries;
- Create a complaints mechanism that will allow members of affected communities abroad, or Canadians, to file complaints against companies that are believed to be in breach of those standards;
- Create a possible sanction for companies that are found to be out of compliance with the standards, in the form of loss of government financial and political support.

MiningWatch is one of many organizations supporting Bill C-300. Other supporters include: Amnesty International, Canadian Catholic Organization for Development and Peace, Canadian Auto Workers, Canadian Council for International Cooperation, Canadian Labour Congress, Ecojustice, Mennonite Central Committee, North South Institute, Public Service Alliance of Canada, United Church of Canada, United Steel Workers, World Vision, and many others.



Amnesty International called for action to protect more than 1,000 people left homeless after police officials in Papua New Guinea forcibly evicted them by burning down their homes.

On April 27, 2009, police officials burned down 50 houses within the Porgera mining area, owned and operated by Barrick Gold Corporation as part of an operation to deal with “the law and order situation.” A further 300 houses of villagers living near the mine were also reported to have been burnt down as part of the same operations.

(photo: Akali Tange Association)

## Mining Tax Breaks – Enough is Enough

Canada has been criticised by the OECD for having a tax and subsidy system that favours primary extraction of metals (mining) over the sustainable alternatives of conservation, recovery and recycling.

In our 2004 review of mining taxation, we found that in 2002 and 2003, some of our largest mining companies, with sales in the billions, **paid no corporate income tax** thanks to their ability to write off exploration and development, operating, and capital expenses at the time of their choosing.

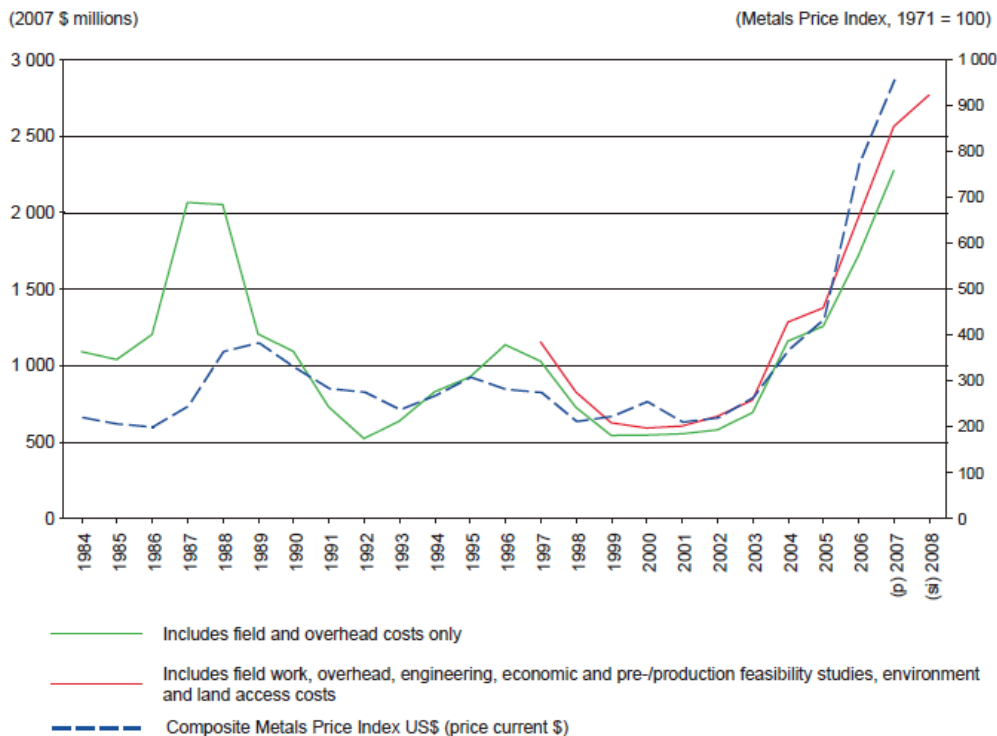
One of the industry's key tax benefits is the **Super Flow Through Share Program**. This tax benefit:

- Was introduced in 2000 to stimulate investment in exploration during a previous slow down;
- Remained on the books through the 2006-2008 boom;
- Has never created significant investment in exploration independent of high mineral prices;
- Has not been subjected to an assessment of costs and benefits — nor are the annual costs recorded or reported on.

Another tax benefit is the **Accelerated Capital Cost Allowance**. This benefit provides tax relief for capital investments in mining, a benefit not enjoyed by the recycling sector, further distorting our economic system in favour of the un-sustainable extraction of non-renewable resources.

Rather than continuing to give unique tax breaks to an energy- and pollution-intensive industry, MiningWatch recommends that the government invest in opportunities to further develop our metal recovery and recycling sector, and to innovate new methods of industrial design and manufacturing that will promote the conservation and re-use of metals and other minerals.

### Exploration and Deposit Appraisal Expenditures



This graph from Natural Resources Canada shows that exploration expenditures closely follow the metal price index. A positive price signal, not a tax break, is the key to increasing or sustaining mineral exploration activity.

## Environmental Assessment – Sorry, It’s Not Just “Red Tape”!

Environmental assessment (EA) is widely recognised as a crucial aspect of sustainable planning in an ecologically sound and prosperous society. Despite this, there has been consistent pressure on the federal government to drastically reduce its role in assessing projects. From our perspective, the federal role in reviewing major projects is vital to ensuring public participation, and to ensuring that federal support and powers are used to meet established federal goals and policies like sustainable development. We have taken the Red Chris mine case all the way to the Supreme Court to assert the importance of public participation in the federal process. (The case was heard on October 16 with a decision expected in late winter or early spring.)

**Mining projects can fundamentally alter landscapes, waterways, and communities forever.** Beyond the life of the mine, some projects will require ongoing care and maintenance indefinitely — “in perpetuity.” Taking a year or even two to carefully assess projects of such significance is, in our view, entirely appropriate.

Very few projects are ever refused through an environmental assessment. Two notable exceptions occurred in 2007: the proposed Kemess North Mine in B.C. and the proposed Whites Point Quarry in Nova Scotia. Both projects underwent joint federal-provincial panel reviews and were deemed to not be in the public interest and in contradiction to local values and efforts to find alternatives for sustainable, ecologically sound development. Some in industry consider these as failures — we see them as successful applications of well-rounded and thorough environmental assessment, and proof that truly problematic projects can indeed be rejected.

The EA process is also important for identifying ways to improve projects that will go ahead — to prevent, avoid, and mitigate environmental impacts.

Increasing the effectiveness and efficiency of the federal EA process is in everyone’s interest. Improving the system should not, however, be confused with efforts at full scale dismantling. Removing or drastically reducing federal involvement in EA may benefit the short-term interests of proponents. It is not in the long-term interest of Canadians.

## Our Fish and Water @ Risk

One of mining’s biggest challenges is the prevention of harmful and lasting negative impacts on our water resources and aquatic ecosystems. **Mines liberate millions of tons of toxic metals from the earth’s crust** and if they are not properly managed they can find their way into waterways, wildlife, and into our bodies.

In the past, governments turned a blind eye to these threats despite provisions of the Fisheries Act that are meant to protect our fish and their habitats. Greater environmental consciousness, however, has meant greater scrutiny and the development of new regulations such as the Metal Mining Effluent Regulations (MMER).

Despite progress made in recent decades, we are now slipping backwards in some areas of regulation. In 2002, the government amended the MMER to allow lakes and other freshwater bodies to be re-classified as “tailings impoundment areas,” thereby allowing mining companies to get around the general prohibition against damaging or destroying fish habitat.

Since 2002, a dozen water bodies have been reclassified and have been or will be destroyed by mine waste. Another eight water bodies are currently at risk.

In our evaluations of documents and commitments supporting the destruction of lakes and streams we have consistently found substantial flaws in the compensation plans meant to achieve “no net loss” of fish habitat, and in the assessments of alternatives used to justify the use of a natural water body as a waste dump.