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MACKENZIE VALLEY  
ENVIRONMENTAL IMPACT  
REVIEW BOARD

## PRESENTATION TO THE MACKENZIE VALLEY ENVIRONMENTAL IMPACT REVIEW BOARD

September 26, 2000  
N'dilo Gym, 2:00pm

Mr. Chairman, Board Members. Thank you for the opportunity to address the Mackenzie Valley Environmental Impact Review Board this afternoon in the context of the environmental assessment of BHP's Proposed Mining of the Sable, Beartooth, and Pigeon kimberlite pipes (hereinafter referred to as the Project) currently under review by the Board.

My name is Tom Hoefler and I am here as a representative of Diavik Diamond Mines Inc. (DDMI) in my capacity of Manager of Public Affairs.

DDMI respectfully places the following comments pertaining to the socio-economic aspects of the proposed project before the Board.

### INTRODUCTION

The scope of the Project currently before the Board is stated to include the proposed mining of three additional kimberlite pipes and their associated infrastructure which consists of a series of haul roads approximately 25 km in length, a fuel storage facility and temporary trailers.

It is DDMI's understanding that the Board is seeking third party views through interventions today to better enable themselves to make a determination pursuant to Section 128 of the Mackenzie Valley Resource Management Act, whereby the Board is charged with the responsibility of determining the significance of likely effects associated with the Project and the significance of related public concerns. DDMI also understands that following this assessment the Board must determine whether there is a need for further study by a Panel or whether the Project can proceed to the regulatory phase.

BHP's stated intent of the Project is to replace mineable reserves lost with the release of the Leslie pipe from their mine plan due to economic considerations. The loss of Leslie reduced the mine life from 25 to 15 years. The addition of the three new pipes into BHP's mine plan will enable the company to continue mining for an additional three years, bringing the mine life back up to 18 years. This is within the range contemplated during the EARP Panel review, which concluded in 1996.

As described in their environmental assessment submission to you, BHP indicates that this Project to add three pipes will require no change to the overall workforce or accommodation requirements, the mining method or equipment on site, the processing method or associated facilities, processed kimberlite containment facility, power plant, winter road requirements, or the mining profile (9,000 tonnes per day and 18,000 tpd).

## PAST PERFORMANCE

BHP has presented information on the public record demonstrating its socio-economic performance to date in the following documents:

- In *Socio-Economic Reports* submitted annually since its operation began in 1997, BHP has provided statistical information on socio-economic benefits associated with its mine as a requirement of its Socio-Economic Agreement. BHP has also provided results of effects monitoring based on current available information.
- In the *Environmental Assessment Report of Sable, Pigeon and Beartooth* (BHP, 2000), BHP predicts socio-economic effects based on the information arising from the current operations of their existing Ekati Mine. This report indicates that the actual socio-economic effects are consistent with those predicted in their 1995 Environmental Impact Statement and that these actual effects are not significant and are mitigable. BHP states that monitoring of these effects will continue in order that adaptive management of effects can be applied wherever possible.

These documents indicate that BHP has met or exceeded the socio-economic benefits forecast for their existing operations.

To the extent that there might be deficiencies in the information base, or should improvement to the mitigations be required, as some submissions on the public registry of this Project seem to suggest, the place to address those requirements is through the existing mechanisms established under legally binding Agreements such as the *BHP Socio-Economic Agreement*, and the various *Benefit Agreements* in place between BHP and Aboriginal groups within the region. While the evidence to date would indicate, on balance, that BHP is meeting or exceeding the socio-economic goals set out for the existing Ekati mine, these Agreements provide mechanisms to allow for adaptive management practices and for the evolution and improvement of mitigation measures and monitoring requirements where it can be determined that existing activities are not adequately addressing adverse effects. This is provided in, for example, *Section 2.1.4* of the *BHP Socio-Economic Agreement* (whereby "...regular monitoring of socio-economic impacts are undertaken, and furthermore unforeseen events or impacts, or impacts the scope or significance of which are greater than foreseen, are addressed and dealt with in accordance with the spirit and intent of this agreement...").

## FUTURE PERFORMANCE

It appears from the Project description prepared by BHP that should the Project not proceed and the mine life not be extended, then the positive socio-economic effects of the Project will be shortened by three years. Based on BHP's performance to date, the following socio-economic benefits would fail to materialize:

- Approximately 560 person years in direct jobs would be lost annually for each of the three years. 70% or more of the jobs lost would be Northerners' jobs;

- The gain of three years of employment valued at \$40 - \$50 million annually in direct wages would be lost;
- In each of those three years, the gain of \$100 million in annual purchasing expenditures, of which at least \$70 million in purchasing would be from northern businesses, would be lost;
- Benefits under *Benefit Agreements* would also be reduced.

In January 2000, DDMI released a report titled *The Distribution of the Project Resource Income*, which estimates that some 40% of the total resource income from the Diavik Project will accrue to governments in the form of royalties and direct, indirect and profit taxes. This distribution of resource income is typical of other mining projects in the Northwest Territories, including the BHP project. Based on this model, DDMI estimates that should the BHP Project under review not proceed as planned, some \$500-600 million of government tax revenue will be foregone. This would place an increased burden on other sources of government revenue needed to maintain projected levels of government services over the life of the project.

## SUMMARY

In summary, the three new pipes – Sable, Beartooth, and Pigeon – were not included in the original scope of the EARP Panel review of the Project completed in 1996. However, from a socio-economic perspective, the potential effects associated with now including these three pipes in their mining plan are still within the extent of the effects resulting from the 25 year mine life. These longer-term effects were assessed by the BHP EARP Panel, which concluded in 1996 that they were mitigable and not significant at that time. DDMI is not aware of any information that would be inconsistent with the Panel's determination.

DDMI respectfully submits that the socio-economic effects arising from this project to substitute mining reserves should be viewed as having been assessed. Further, DDMI submits that these effects are being appropriately managed within the scope of the regulatory instruments that are in place to ensure that the mitigation measures previously identified are implemented.

In conclusion, DDMI submits that the evidence before the Board indicates that the Project will have an overall positive socio-economic effect for the people of the Northwest Territories and that mitigative measures currently in place to address any adverse socio-economic effects are sufficient for this purpose.

Pending the Board's determinations regarding the biophysical aspects of the Project, DDMI urges the Board to consider the Project favourably and to refer it to the regulatory process in the briefest time practical.