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MiningWatch Canada
Mines Alerte

Newsletter

Number 10: Autumn 2002

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"Strengthening Our Voices: Leadership Conference on Canadian Mining" Held in Winnipeg, October 4-6

On October 4-6, sixty-eight leaders from across Canada gathered at the Viscount Gort Hotel in Winnipeg for "Strengthening our Voices: a leadership conference about mining in Canada".

The workshops included:

- A slide show on the environmental and social impacts of mining in Canada's boreal forest;
- Mining's privileged access to land (sometimes known as "free entry"): this workshop had a panel including provincial and federal crown land, private land, and first nations land perspectives;
- Diamonds: a look at the context of conflict diamonds in Africa, lessons learned from the Lutsel K'e First Nation's experience with negotiating an IBA with BHP and Rio Tinto/Aber (the Ekati and Diavik diamond mines respectively) in the North West Territories, and the environmental impacts of diamond mining;
- Divided communities: a workshop for people to share their stories from their communities;
- Financing strategies: a workshop about investor campaigning; and
- The full costs of mining: a presentation of the report: "Looking Beneath the Surface" which examines the perverse subsidies and tax exemptions that the federal, BC, Ontario, Yukon, and Québec governments give to the mining industry.

This conference was an excellent opportunity to introduce people to different struggles across Canada, and an exciting moment in building a Canadian network on mining issues.



Thomas Tookate of the Attawapiskat First Nation (left) and Charlie Catholique of the Lutsel K'e First Nation (right) discuss the effects of diamond mining development on their communities at the *Strengthening Our Voices* conference, October, 2002. (J. Kneen photo)

Current Curriculum Project

MiningWatch Canada is finalizing a workplan and proposal for the development of a multidisciplinary educational resource about mining issues. Recognizing the importance of developing critical-thinking skills in young minds, we want to create a module about the economic, social, environmental, and cultural impacts of mining activity and metals extraction. The resource, which will be in the form of a series of posters accompanied with a teacher's activities guide, will meet the Ministry of Education's Ontario Curriculum standards for Grades 4-7. This is a pilot program that we hope will lead to the development of educational materials for other grade levels as well.

We plan to develop several key themes: We want the module to be holistic, taking a critical look at all aspects of mining practices and our use of metals. We want to show students the connections between the origins of every-day objects that we use – where did they come from, by what path and at what cost to natural and social capital did they arrive in our hands and our homes, and what are the seen and unseen contributions that went into making that object (i.e. from ore to spoon).

We want students to understand the impacts mining has on our precious and finite resources such as water. Also, we hope to clearly describe alternatives such as reducing waste, recycling existing metals that are already above ground, substitution (i.e. using fibre-optics instead of copper wiring), the re-mining of old mine sites, and the mining of tailings (waste left-over from the milling process) that still contain minerals. This resource will seek to explain the full story of mining and let students explore how mining affects their lives.

"Looking Beneath the Surface" – Report Released on Real Costs of Mining

On October 29, MiningWatch and the Pembina Institute for Appropriate Development launched our long-awaited report on public subsidies to the mining industry in Canada. The report, a summary, and a summary and abridged version in French (covering Québec) are at www.miningwatch.ca.

The report has been a project of ours for almost two years. In 2001, we worked with a group of ten advisors – ecological accountants, labour researchers, and economists – to scope the issues and develop the concept. In early 2001 the contract for the work was awarded to Pembina. Lead researcher Mark Winfield, with Amy Taylor, François Meloche and Catherine Coumans, undertook the meticulous digging in government files for data. Funding came from a number of foundations and partner organizations which felt they needed the information for their own work.

Scoping the issues was a challenging task. Most of the costs of mining are environmental and social and do not show up on the ledgers of companies or governments. Most are not measurable in dollars, although the estimated remediation costs for closed mines provide a proxy of sorts for these costs. The Advisory Group decided to first look at those costs and benefits that could be clearly quantified in dollars and to use only governments' terms and accounts for the analysis. We studied British Columbia, Ontario, the Yukon, Québec and the federal government in two fiscal years: 1994-5 and 2000-1.



Mark Winfield presents results of the "Looking Beneath the Surface" study at the *Strengthening Our Voices* conference in Winnipeg, October 5, 2002.
(J. Kneen photo)

Mining Watch will be taking the study on the road in the next year, and carrying out workshops with interested communities, workers and organizations. If you want to book a workshop, please contact Mel at our office.

Some of the results:

- Fewer and fewer people are employed in mining in Canada: 29,248 in 2000-1
- The public subsidy per job in 2000-1 was $4,054 to the Yukon, $15,405 in Québec, $6,848 in Ontario and $4,591 in BC, plus $13,048 from the federal government.
- The return in terms of GDP and tax royalties from mining was down in all jurisdictions studied except Québec, and, in Québec, royalties amounted to less than a quarter of the subsidies.
- Ontario, the Yukon and Québec get less back in mining royalties than they spend on subsidies
- The public liability for abandoned/orphaned mines (using government figures) was $639.5 million federally (NWT and Yukon), $300-450 million in Ontario, in excess of $85 million in BC, and $75-350 million in Québec
- Québec paid out the most in support of the industry: a whopping $107.7 million in 2000-1, and received $26 million in royalties.

The report did not include a study of corporate taxation in general, since the Technical Committee on Business Taxation undertook this study in 1998 for the federal Department of

Finance. That study found that the federal effective corporate tax rate in 1997 was only 6% for mining, as opposed to 8% for forestry, 16% for oil and gas and 26% for public utilities.

The study also did not estimate the cost of the subsidies provided by infrastructures support such as roads, reduced hydro costs and developments, free access to water nor the actual rental values of mineral rights.

Recommendations include: appropriate funding for industrial adjustment for mining-affected communities, an end to subsidies for "greenfield" exploration, and sectoral accounting practices by governments.

Auditor-General Exposes Abandoned Mines – Contaminated Sites Crisis

On October 22, 2002, Sheila Fraser, the Auditor-General of Canada, released her report on Abandoned Mines in the North. The report lends enormous credibility to everything we have been saying about these toxic time-bombs.

The report is available on the Auditor-General's website at www.oag-bvg.gc.ca.

Undertaken by Commissioner of Environment and Sustainable Development Johanne Gélinas, the report states that:

- Hundreds of thousands of highly toxic chemicals such as arsenic and cyanide are found in these sites, and are at hazardous levels.
- DIAND (a.k.a. the Department of Indian Affairs and Northern Development) has a list of 17 northern abandoned mines that are high priority contaminated sites: 3 have been remediated, 4 are in the Yukon and 10 are in the NWT
- DIAND estimates they will cost at least $555 million to remediate
- Every year millions are spent to contain them. This year the amount was $26 million
- Long-term stable funding is required to deal with the sites
- In the past DIAND did not collect sufficient financial security to deal with the sites
- DIAND says that full security has been achieved at Diavik and Ekati, however older mines still in operation do not have full securities
- The average amount the federal government received a year in royalties from 1966-2002 from mining companies in the North was $4.16 million (for a total of $150 million).The total royalties are less than 1/3 of the estimated remediation costs.

The Auditors undertook intensive case studies of four sites: Colomac and Giant in the NWT, and Faro and Mount Nansen in the Yukon. These four sites represent about 90% of the financial burden to the department.

Get Mining Included on the National Pollutant Release Inventory!

On May 24, 2002, MiningWatch Canada and the Pembina Institute wrote to Minister Anderson asking that Mining be included in the National Pollutant Release Inventory or NPRI (under the Canadian Environmental Protection Act).

The NPRI is one of Environment Canada's most important programs. The Inventory provides communities with vital information on the sources of local pollutant releases and transfers that may affect their health and environment, allows governments, industry, non-governmental organizations and the public to identify key sources of priority contaminants, and to assess the impact of government, industry and community pollution prevention programs and initiatives.

Mining operations are currently exempted from reporting under the NPRI. This constitutes a serious gap in the NPRI reporting structure. Environment Canada has estimated that mining operations in Canada produce approximately 650 million tonnes of tailings and waste rock each year. In Canada, most of the base metals, precious metals and uranium occur in association with sulphur, and therefore these wastes are often subject to Acid Mine Drainage (AMD). It has been estimated that as of 1993 there were 700 million tonnes of waste rock and 1.8 billion tonnes of sulphide tailings in Canada, having the potential to cause AMD. AMD is associated with major and ongoing releases of metals to surface waters.

In addition to the generation of wastes with potential to generate AMD, certain types of mining operations, such as heap leaching, can lead to other types of major releases of hazardous and toxic substances into the environment. Mining operations are also a significant source of releases of critical air pollutants. Environment Canada estimated as early as 1980 that 63,000 tonnes of particulate emissions per year originated from mine tailings in Canada. Finally, coal and particularly oil sands mining are major sources of greenhouse gas emissions.

The exemptions from reporting for the coal and metal mining sectors were removed from the US Toxics Release Inventory (TRI), beginning in the 1998 reporting year. As a result, the metal mining sector in the US emerged as the largest source of total on-and off-site releases of TRI substances, constituting 51.2% of all releases reported in 1999.

These outcomes indicate that the exemption for the mining sector constitutes a major gap in the NPRI reporting structure, particularly with respect to on-site land releases, which may ultimately result in water pollution.

We are asking that given the scale of its potential contributions to releases and transfers of hazardous pollutants, criteria air contaminants and greenhouse gases, the exemptions from reporting for the mining sector should also be reviewed and removed for the 2003 reporting year.

Tanzania: World Bank Did Not Exercise "Due Diligence" at Bulyanhulu

The official World Bank ombudsman has found that the Multilateral Investment Guarantee Agency (MIGA) agreed to provide $72 million US in political risk insurance to Barrick Gold in August 2000 for their Bulyanhulu Gold mine based on "informal conversations" and verbal assurances, which did not constitute the "independent verification" and "due diligence" required by Bank policies.

Export Development Canada matched the MIGA invest-

ment and used the MIGA "due diligence" process in lieu of conducting their own. The ombudsman's finding makes the EDC decision very shaky indeed.

The report from the Compliance Advisor Ombudsman (CAO) of the World Bank was initiated by a formal complaint filed by the Tanzanian Lawyers Environmental Action Team on behalf of the small Scale Miners Committee, with the last year. The complaint asked the CAO to (in summary):

- determine full, fair and just compensation to those who were voluntarily resettled, who lost property, or who are currently being disturbed by the project
- review the process of MIGA's due diligence with regard to the project, and to determine if MIGA took steps to properly ensure that World Bank policies were complied with (disclosure, resettlement, environmental safeguards, etc.)
- review the information submitted by the mining company for accuracy
- lend its voice to a call for an independent commission of inquiry into the acquisition and possession of the Bulyanhulu property

The CAO summary report was released on October 31. Instead of dealing in detail with issues raised in the complaint, it spends almost 10 pages attacking the complainant, and discussing the allegations of deaths during the relocations. This, despite the CAO acknowledgement that "the CAO did not undertake a full-scale inquiry, nor did it engage in the techniques of human rights investigation which would be necessary to try to prove or disprove many of the allegations repeated in the complaint, such as the exhumation of closed mines shafts for example". In fact, there were no references to the deaths or exhumations in the complaint whatsoever, since the CAO had told LEAT that she could not address these issues.

A detailed response to this misleading and evasive summary report is being prepared.

Good News from Greece: Stratoniki Citizens Win Against TVX Gold

On October 17, Maria Kadoglou of Hellenic Mining Watch sent this exciting news:

The residents of the small town of Stratoniki in northern Greece won a crucial victory in their struggle against the mining company that has been mining underneath their homes. On October 16, press agencies reported that the Greek Council of State unanimously ruled that the ministerial decision allowing TVX Gold to mine underneath the village without a prior Environmental Impact Study was illegal and therefore had to be cancelled.

TVX had been illegally operating the Mavres Petres base metals mine underneath Stratoniki for more than a year before the permit in question was issued, in February 2002. The Mayor and local residents challenged the permit at the Council of State, the supreme administrative court that, one year earlier, had cancelled TVX's gold project at Olympias, on environmental grounds.

Mining activity has already caused the land surface to cave in, in several places, and caused considerable damage to houses and the village church. Stratoniki is located in a highly seismic zone and the residents fear that their cracked houses will not withstand a 7.2 R earthquake, like the one that destroyed all the villages of the area in 1932.

United in their struggle to save their homes, the people of Stratoniki have been protesting daily in the village square, but their demonstrations were violently quelled by a strong police force sent in by the central government. More than 50 citizens have been arrested and charged with serious offences, in an effort to silence opposition to the mine...

That the residents fears were all but unreasonable was proven in June 2002 by the only people who actually knew what was going on underneath the village: the miners themselves. On June 21 they went on strike, denouncing the unacceptable health and safety conditions at the underground works of the Mavres Petres mine. According to the union's announcement: conditions are deteriorating instead of improving, dust and explosion gases increase with the galloping rates of production, underground adits are becoming increasingly dangerous as their dimensions increase and proper support is impossible.

In an attempt to prevent further strikes, TVX tried to have the local courts declare the strike illegal, but its petition was rejected.

Miners who testified at the trial painted a grim picture of the conditions in the mine. Underground adits are poorly ventilated, as the nearest ventilation shaft is located outside the village, several hundred metres away from the actual workings. As a result, dust and gases from the explosions remain trapped in the adits and workers are exposed to extremely high levels of contaminants.

The long-awaited ruling of the Council of State is a decisive victory for the residents, but it is hardly the end of the war. TVX, which has recently been taken over by Canadian Kinross Gold, is planning to develop the huge, low-cost gold-copper mine of Skouries.

Local residents are also planning to file massive compensation claims against TVX and the Greek State. "Our struggle will only end when the mine is sealed off for good and proper restoration is done to prevent future damage," says Nikos Sideris, a member of the Committee to Protect Stratoniki from Mining.

The court will officially release its decision in early November. Until then TVX is free to continue business as usual, in an effort to get as big a bite at the ore as possible, before it is forced to close down. Underground explosions were stronger and more frequent today, villagers say.

Maria Kadoglou
Hellenic Mining Watch
http://antigoldgreece.tripod.com/

New Caledonia: Inco Faces Protests, Delays

In July of this year, Inco was suddenly granted a six-year exploration permit (PRA) for a massive concession called Prony, which is adjacent to its Goro development in the southern part of the South Pacific island of New Caledonia. Since then, Inco has been plagued by protests over the granting of the Prony concession, and a major walkout of construction workers at the Goro site.

In August a powerful coalition was formed in New Caledonia in protest of Inco's plans to develop 100-year nickel mines in the fragile ecosystems of New Caledonia. This coalition, the Collective for Defence and Control of the Prony Heritage (CDCPH), is made up of organizations from a wide range of political persuasions, trade unions, environmental groups, traditional landowners, feminist groups, human rights groups and indigenous organizations. The Collective has staged massive demonstrations in the streets of New Caledonia requesting that Inco's prospecting license for Prony be revoked, that the new French government finalize procedures requesting UNESCO to place New Caledonia's reefs on the World Heritage list, and that the territorial government draft a bill on environmental protection.

Inco's plans to develop the Goro site have also hit numerous roadblocks. Inco's Environmental Impact Assessment that was tabled in March has been broadly critiqued in scientific review by French consultants INERIS. Inco still has not been granted a permit to mine, but the firm is pushing ahead with construction at the site. Complaining of bad planning and organization, Australian BTH workers contracted to construct the site walked out and flew back to Australia in September. Following urgent negotiations, sub-contractors and two unions have agreed on a code of conduct to avoid further disruption on the construction site.

Inco now admits the planned starting date for the mine has been pushed back to the first half of 1995 and that costs of the $1.4 billion mine will run over by at least 15%.

Inco currently owns 100% of the Goro project, having recently bought back the French government's 15%, but hopes to eventually share ownership maintaining a 70% stake. In an agreement in principle with a consortium led by Sumitomo Metal Mining Company Ltd., Sumitomo will buy up 25% of the project (Nickel Australasia: August 21, 2002). While Inco also has an agreement in principle with the French government for some $350 million of "very favourable tax assisted financing" for the project, to date Inco has not secured financing for the mine.

A Kanak member of the New Caledonian Congress, Nicole Waia, says the Goro nickel plant is not needed and is unlikely to be built. Nicole Waia says the project is faced by delays and unresolved issues. She says these include the environment, the planned arrival of thousands of Filipino workers and controversy over mining rights at Prony. "Frankly, we don't need Inco here because SLN [Societe Le Nickel, owned by Eramet] is here in the south and SMSP [Société Minière du Sud Pacifique] is in the north, so the balance of the country is there," she said (Asia Pulse, Noumea, October 29, 2002).

For more information see the Issues section of our web site, www.miningwatch.ca.

Thailand: Canadian Potash Company Faces Opposition

Vancouver-based Asia Pacific Resources Ltd. (APR) is facing both constitutional challenges and vigorous community opposition to its plans to exploit the Udon Thani potash concession in northeastern Thailand. APR holds 90% of the concession and wants to exploit the resource through underground mining.

There has never been large-scale underground mining in Thailand to date, necessitating an amendment to Thailand's Minerals Act for this project to go ahead. There is strong opposition to the amendment from the National Human Rights Commission of Thailand and from independent Senators who argue that the amendment violates landholder property rights under section 48 of Thailand's Constitution by allowing underground mining without the permission of, or compensation for, landholders above the proposed mine. The bill allowed mining beneath private land without the need to seek permission or compensate the owner, if the mining was to take place at least 100 metres below ground.

The Constitutional Court has started to hear the case. Mr. Parinya, one of the senators testifying in the court case said, "mining poses environmental concerns. Even if the operation took place at more than 100 metres below the surface, it could still affect artesian wells. Many owners dug their wells below 300 metres which meant their right to use their property extended further than 100 metres." (From an update by Supawadee Susanpoolthong of the Thai environmental organisation Project for Ecological Recovery (PER).)

Another Senator, Jon Ungpakorn, said, "Landowners should have a say in whether access was granted and be properly compensated." (Update from PER.)

There is also strong opposition to the proposed mine from local communities who fear widespread subsidence, salt contamination of agricultural land, and groundwater contamination. Their concerns are backed by APR's own findings, which are reflected in the environmental impact assessment, as well as by independent scientific reviewers.

Protests over damage done by exploration began in 1993 and have gained considerable momentum with currently over 1000 people from 21 villages within the proposed mining area, joining regular protest marches and rallies at the provincial hall, local temples and in Bangkok in front of Parliament house.

Mr. Suwit Gulapwong of the Northeastern Mineral Resources Management Committee reports that the site has been effectively blockaded for the past six months by local villagers.

According to recent reports, APR has recently set up a public relations office in the village closest to the mine site and hired a Australian public relations expert to run the operation.

For more detailed information, see the September 24 press release and backgrounder in the Publications section of our web site.

Romania: World Bank Rejects Controversial Gold Mine Project

On October 10, the International Finance Corporation (IFC), the World Bank's private lending arm, announced that it would not financially support the controversial Rosia Montana gold mine project in Romania's Apuseni mountains. The project had come under fire from an international coalition of NGOs based on fundamental problems in the project proposal and concerns about Gabriel Resources, the project sponsor. In an official statement, the IFC said that it had "concluded that it is in everybody's best interest that we do not pursue discussions with the company regarding IFC's involvement in the [Rosia Montana] project."

The Rosia Montana project, if realized, would be Europe's largest open-cast gold mining operation. Gabriel Resources' plan, in order to be economically feasible, would transform the valley of Rosia Montana, the oldest documented settlement in Romania, into four open-pit mines. The neighbouring valley of Corna would be converted into an unlined cyanide storage 'pond' covering a surface of up to 600 hectares, held back by a 180-metre high dam. The pits would generate roughly 196.4 million tonnes of cyanide-laced waste. The international coalition opposing the mine points to the disastrous experience at the Baia Mare gold mine in Romania, where a cyanide spill in 2000 polluted the Tisza and Danube Rivers, contaminating the drinking water supplies of 2.5 million people and killing 1200 tonnes of fish.

In order to make way for this mega-project, more than 2000 people would have to be relocated. Many are subsistence farmers who do not wish to leave their lands. The IFC had projected that the mine would employ a workforce of 250 to 300 people over the mine's estimated lifespan of 15 years.

Toronto-based company Gabriel Resources (registered in Barbados) had approached the IFC for a loan rumoured to be approximately $250 million. The company has no previous mining experience. According to Dundee Securities, Gabriel Resources' founder and chairman Frank Timis has two convictions for possessing heroin with the intent to sell. An earlier venture of Mr. Timis, a Ukrainian petrol company, had been barred from the Toronto stock exchange. Gabriel Resources (T.GBU) is currently listed on the Toronto exchange.

In March this year, the mining company started an aggressive relocation program, in the absence of adequate public hearings or any Environmental Impact Assessment (EIA) studies. Toronto-based Planning Alliance is responsible for the resettlement. Prior to working with Gabriel Resources, it had been involved with the controversial relocation of 20,000 people at the Gold Fields mine in Tarkwa, Ghana.

The NGO coalition opposing the project welcomed the IFC's statement. In addition to MiningWatch Canada, coalition members include Alburnus Maior (a local community group), CEE Bankwatch Network, Mineral Policy Center (Washington, DC), Friends of the Earth International (Amsterdam), Greenpeace CEE (Vienna), and the Halifax Initiative (Ottawa).

The project was also heavily criticised by a group of 83 economics professors from Romania's renowned ASE university as well as by a host of international archaeologists who are extremely worried about the project's destructive impact on the area's unique Roman mine galleries and other archaeological treasures.

As part of MiningWatch's support to the affected communities, we arranged a visit to Canada by Codruta Nedelcu, a geologist working for Alburnus Maior.

Codruta was in Toronto on September 16 and 17 and in Ottawa on September 18 to 21. She met with journalists, ethical investment firms, other NGOs, government officials and the Export Development Corporation, to talk about the community concerns. She was accompanied in her meetings by David Brooks of Friends of the Earth Canada, Ioanna Cotutiu of Greenpeace and Joan Kuyek of MiningWatch Canada.

Following meetings in Canada, she traveled to Washington to meet with World Bank officials, with positive results.

For more information, visit Alburnus Maior's web site at www.rosiamontana.org, or go to the Case Studies section at www.globalminingcampaign.org.



Voisey's Bay camp and dock facilities, Voisey's Bay, Labrador, September 2002. (Don Blake/Innu Nation photo)

Voisey's Bay Nickel Company Refuses Site Access to MiningWatch Canada

From October 22-27, Mel Quevillon visited one of MiningWatch Canada's founding members, the Innu Nation, in Sheshatshiu, Labrador.

Despite an attempt to visit the Voisey's Bay site in its construction phase, Voisey's Bay Nickel Company (VBNC) was unwilling to have her on site. Members and staff of the Innu Nation were, however, very welcoming and hospitable and she was able to meet with many people as they settle into their new roles implementing the Impact-Benefit Agreement recently signed with VBNC.

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