

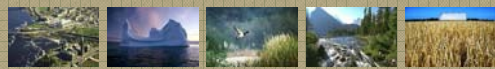


Abandoned Mines in the North Les mines abandonnées dans le Nord

2002 Report – Chapter 3
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Presentation Outline

- About the Office
- Abandoned Mines in the North
- Recent Federal Budget Announcement



Office of the Auditor General of Canada Bureau du vérificateur général du Canada

- The OAG scrutinizes how well programs and services are managed by federal departments and agencies
- Our audits are all based on well-established value-for-money audit methodology
- Internally/externally audited
- Shorter, plain language reports



Commissioner of the Environment and SD Commissaire à l'environnement et au DD

- We audit the federal government's activities to respond to environmental and SD issues that are important to Canadians
- We hold the federal government accountable to achieve the goals in its SDSs
- We are the guardians of the Environmental Petitions Process
- Our reports are available at: www.oag-bvg.gc.ca



Abandoned Mines in the North Les mines abandonnées dans le Nord

- Very complex and costly contaminated sites
- The federal government inherited these sites from the private sector
- Hundreds of thousands of tons of highly toxic chemicals are found at abandoned mine sites
- Some sites represent a serious threat to human health and the environment
- In many cases, perpetual care will likely be required



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- INAC is mandated to manage these problems on behalf of the federal government
- We have identified capacity and policy gaps at INAC – caused some delays
- This year alone, INAC will spend \$26M to stop contaminants from escaping these sites
 - Mostly care and maintenance work
 - INAC taking money away from other programs
 - Patching problems instead of fixing them
 - Not optimal use of funds (growing costs)



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- INAC estimates that long-term solutions will cost Canadian taxpayers at least \$555M (conservative number)
- “Permanent” solutions are not being implemented because INAC does not have the necessary funds
- This is a new and huge issue for the fed. gov. and the government has not yet come to grips with it
- INAC laid out options to deal with the problems and continues discussions with central agencies
- At the time of the audit, the government had no funding strategy in place to support the recent efforts of INAC



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- Application of the « polluter pays » principle:
 - Impossible in the case of bankrupt mining companies
 - Highlights the need to collect sufficient financial security while the companies are in operation
- INAC has legal & contractual tools in place to collect financial security from companies:
 - working for new northern mines (diamond)
 - may not work for older northern mines still in operation



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- 4 case studies - 90% of total costs
 - **Colomac Mine (NWT)** – \$11.3 million spent to date, \$70 million to clean-up, \$1.5 million in security
 - **Giant Mine (NWT)** - \$1.2 million spent to date, \$53 to \$400 million to clean-up, \$7.4 million in security
 - **Faro Mine (Yukon)** - \$14 million spent to date, at least \$200 million to clean-up, \$14 million in security
 - **Mount Nansen Mine (Yukon)** - \$4 million spent to date, \$6.3 million to clean-up, \$445K in security



Abandoned Mines in the North Key Recommendations

- INAC must take measures to ensure that abandoned mines in the north do not represent a threat to human health and the environment
- INAC must take measures to ensure that currently operating and future mines in the North do not become an additional financial burden to Canadians



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- Industry-Government Working Group (2000)
- Orphaned/Abandoned Mines Workshop (June 2001) in Winnipeg
- Mines Ministers' Conference (Sept. 2001), creation of Advisory Committee
- « Action on the ground is slow »



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Recent Federal Budget (February 18, 2003):

- \$175M over two years (central fund)
- Address highest-risk federal sites