Abandoned Mines in the North
Les mines abandonnées dans le Nord

2002 Report – Chapter 3
Rapport 2002 – Chapitre 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
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- 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

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

Recent Federal Budget (February 18, 2003):

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