
 Indian and Northern Affairs Canada
 Affaires Indiennes et du Nord Canada
 P.O. Box 1500
 Yellowknife, NT X1A 2R3

April 29, 1994

Your file / Votre référence

Our file / Notre référence

Warren Johnson
 Regional Director General
DIAND, Northwest Territories Region

ENVIRONMENTAL ASSESSMENT OF BHP'S "NWT DIAMONDS" PROJECT PROPOSAL: REFERRAL TO FEARO

As part of the federal Environmental Assessment and Review Process (EARP), the NWT Regional Environmental Review Committee (RERC) has reviewed BHP's project description for a proposed diamond mining operation near Lac Des Gras, NWT. The project description was distributed to RERC members (see attached list) and reviewed by them. RERC has met with BHP representatives to discuss the project on several occasions, the most recent being March 30, 1994. RERC met again on April 12, 1994 to determine the most appropriate course of action with regard to the environmental review process for the BHP project.

BHP's project, if it proceeds, would be Canada's first diamond mine. Although much of the technology associated with diamond mining is well-known, the sheer scale of the BHP proposal and its potential longevity have raised concerns about long-term, cumulative effects on the environment. (Sixty million tonnes of waste rock and 18 million tonnes of tailings will be generated annually after the first 4 years of operation and the development will likely continue for many decades past the 20 years outlined in the project description.)

RERC members have identified specific areas requiring information or study beyond the normal baseline information which would be expected in a comprehensive environmental assessment. These include disposal and management of extremely large volumes of tailings and waste rock, the impacts of all-weather road construction and operation, regional water quality impacts, the potential loss of important esker habitat as a result of large scale gravel quarrying, the long term impacts of human activity in a remote region (including potential diminishment of the region's value for wilderness tourism and recreational use), direct and indirect loss of wildlife habitat, and the potentially significant cumulative effects on caribou and carnivores such as grizzly bears, wolverines and wolves. However, the primary concern focuses on the open-ended, incremental nature of BHP's development and the consequent potential for significant, long-term cumulative effects which are, at present, very difficult to predict.

.../2

Canada

Produced by the Department of Indian Affairs and Northern Development

- 2 -

RERC members agreed that:

- (i) the existing project description is insufficient to adequately identify impacts and mitigation measures. The project therefore should not be referred to the regulatory agencies before further assessment;
- (ii) the project has the potential for unknown, long term cumulative environmental impacts resulting from the concurrent and sequential development of an unknown number of kimberlite pipes; and
- (iii) there is growing concern being expressed by the general public and aboriginal communities regarding development activities, including potential diamond mines, in this region. The BHP project is significant in the regional context for both socio-economic and environmental reasons and should therefore be subject to a comprehensive public review.

RERC members recognized that deferring a decision on a referral to FEARO would likely needlessly delay BHP's construction and production schedule and that in any case, full public consultation would be required. RERC members agreed that RERC itself could not conduct an adequate public consultation process; they also agreed that the open-ended nature of the BHP proposal (both temporal and spatial) would likely result in RERC being unable to conclude that the effects of the project would be known and mitigable to insignificance. The latter conclusion would inevitably necessitate a referral to FEARO or its successor, or a public review by the untested Mackenzie Valley Environmental Impact Review Board.

In a letter dated April 27, 1994, Bruce Turner, Project Manager, NWT Diamonds, wrote the following:

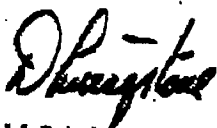
"... it is important to BHP and its Canadian partners, that the public perception of any diamond development in the NWT is favorable. Level III screening is better for our project in that regard, and we therefore fully support your recommendation for the higher level of screening."

Therefore, as chair of RERC, I formally recommend that the BHP project be referred to the Minister of the Environment for a public review by a Panel for the following reasons:

- the potentially adverse environmental effects that may be caused by the proposal are unknown (s. 12(d) of the EARP Guidelines Order (1984)); and
- public concern about the proposal is such that a public review is desirable (s. 13 of the EARP Guidelines Order (1984)).

I further recommend the following:

- (i) that the Minister of DIAND and the Government of the Northwest Territories, jointly refer the BHP project to FEARO;
- (ii) that DIAND, in conjunction with FEARO, the GNWT and other appropriate organizations develop the Panel terms of reference and operational procedures. RERC members have agreed to draft guidelines for the preparation of an environmental impact statement for the BHP project, for consideration by the Panel;
- (iii) that DIAND request a responsive review schedule (completion by June 1995); and
- (iv) that DIAND request a review which includes a Panel comprised of members from the NWT, or who have been long-term residents of the NWT, and hearings restricted to the NWT (North Slave and Kitikmeot communities).



David Livingstone

Chair

NWT Regional Environmental Review Committee

c.c.: RERC members

B. Turner