



NOV -1 1999

The Honourable Bob Nault, P.C., M.P.
Minister of Indian Affairs and Northern Development
Room 407, West Block
House of Commons
Ottawa ON K1A 0A6

Dear Colleague:

I am writing to advise you of my decision regarding the environmental assessment of the Diavik Diamonds Project and to inform you of my recommendations on this matter.

On June 25, the Canadian Environmental Assessment Agency and I received the comprehensive study report on the above-mentioned project from your department on behalf of Fisheries and Oceans Canada and Natural Resources Canada, which are also responsible authorities for the project. Indian and Northern Affairs Canada has reviewed the report, and has indicated its agreement with the recommendations and conclusions contained in the report.

I am referring the project back to you, as Minister of Indian Affairs and Northern Development, as well as to the Minister of Fisheries and Oceans and the Minister of Natural Resources, for action under section 37 of the *Canadian Environmental Assessment Act*. In making my decision, I have taken into consideration the comprehensive study report, all public comments filed pursuant to subsection 22(2) of the Act, the response to public comments by the responsible authorities, and the views of the Mackenzie Valley Environmental Impact Review Board. I have concluded that with the implementation of the mitigation measures identified in the comprehensive study report, the project as described, is not likely to cause significant adverse environmental effects and that public concerns do not warrant a referral to a review panel.

.../2



I recommend that your department, jointly with Fisheries and Oceans Canada and Natural Resources Canada, ensure that all mitigation measures and recommendations described in the comprehensive study report and supporting documentation are implemented. Considering the nature of the power that your department may exercise in relation to the project, I also recommend that the responsible authorities jointly design and implement a follow-up program that can determine the effectiveness of measures taken to mitigate any adverse environmental effects, and can verify the accuracy of the environmental assessment of the project.

Although a referral to a review panel is not warranted, I have concluded that in order to address concerns raised through public consultation and the views expressed by the Mackenzie Valley Environmental Impact Review Board, specific commitments are warranted. These commitments will also contribute to further reducing any residual environmental effects. I recommend that:

1. regulatory approvals for the Diavik Diamonds Project by federal responsible authorities be conditional upon the project proponent's agreement to participate in a regional cumulative effects management framework. All appropriate federal, territorial and Aboriginal governments, regulatory agencies, non-governmental organizations, as well as appropriate industry, including Diavik, should be involved in the design and implementation of the management framework.

This framework must consider both scientific and traditional knowledge, and be used in conjunction with adaptive management to ensure sustainable development, as suggested in comments by the Mackenzie Valley Environmental Impact Review Board and others. An action plan to finalize the framework should be developed with interested parties and presented to our respective offices by March 31, 2000, and the final framework should be implemented by April 1, 2001;

2. related to this, and in conjunction with the regional cumulative effects management framework, the responsible authorities and Diavik Diamonds Inc. establish a monitoring mechanism to ensure that monitoring of the Diavik operation occurs. The monitoring mechanism should involve Aboriginal peoples. Given the multi-year nature of the project, regular reports should be prepared by Diavik Diamonds Inc. and submitted to the responsible authorities with respect to project activities and how public concerns are being addressed. These monitoring activities should also be integrated into the overall cumulative effects framework;

.../3


3. federal regulatory approvals ensure that Diavik's abandonment and restoration plan, referred to in the comprehensive study report and submitted by Diavik Diamonds Inc. as part of the regulatory approvals process, be revised, adapted, and approved as necessary over the life of the mine. The abandonment and restoration plan should be based on new information and technology as well as regulatory requirements so that the project will be abandoned incrementally, in a manner consistent with sustainable development.

Over the course of the project, the Agency will be requesting, on my behalf, information on measures taken to mitigate the environmental effects of the project, as well as the details and results of the follow-up program. This information will assist the Agency in ensuring compliance with the *Canadian Environmental Assessment Act*, and will help to determine whether the environmental assessment validly predicted effects. I would appreciate your department's co-operation in the supply of this information in a timely manner.

The Agency will be contacting your department in order to co-ordinate the issuance of a public notice of my determination.

Please accept my best wishes.

Yours sincerely,


David Anderson, P.C, M.P.