

Alan Ehrlich

From: kevin o'reilly <kor@theedge.ca>
Sent: February-22-12 11:43 PM
To: Joanna.Ankersmit@aadnc-aandc.gc.ca
Cc: Paradis, Adrian; TerriBugg; AmyTaylor'; Alan Ehrlich; Gordon VanTighem; LisaDyer
Subject: Re: Giant Mine Perpetual Care Funding Options Contract
Attachments: Giant Mine Perpetual Care Funding Options (Revised Feb. 17, 2012).docx

Importance: High

Joanna

Alternatives North and the Yellowknives Dene First Nation are partnering to contact a study on long-term funding options for Giant Mine as shown in the attached statement of work. We have hired the Pembina Institute to undertake this study using a portion on our participant funding.

You may recall that we briefly discussed the idea of a study on this topic at a break during the Technical Sessions back in October 2011. We expect the report to be finished by the end of March 2012 and will file it with the Review Board.

We would appreciate the cooperation of you and your staff should Pembina need to contact Aboriginal Affairs and Northern Development Canada. We will also provide you with a draft for your comments within a reasonable timeframe.

Should you have any questions, you can feel free to contact me. Thanks.

Kevin O'Reilly, Alternatives North

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Schedule "A"

STATEMENT OF WORK GIANT MINE PERPETUAL CARE FUNDING OPTIONS

Purpose:

The purpose of the study is to identify and evaluate long-term funding options for the long-term care and maintenance or perpetual care requirements for the Giant Mine, Yellowknife, NWT, Canada. The final product will be a submission to the Mackenzie Valley Environmental Impact Review Board that is currently carrying out an Environmental Assessment of the Giant Mine Remediation Plan.

Background:

The Giant Mine was a gold roasting operation from 1948 to 1999 just north of Yellowknife, NWT, Canada. A by-product of the roasting operation was arsenic trioxide, a proven human carcinogen. In 1951, pollution control devices were installed that allowed for the capture of some of the arsenic trioxide emissions. The dust that was captured was blown underground into mined out areas and later, purpose-built chambers. There is now 237,000 tonnes of arsenic trioxide dust stored underground at the mine. The site became a public liability in 2004. The federal and territorial governments, acting as co-proponents, developed a remediation plan for the Giant Mine that would see the arsenic trioxide frozen in-situ using an active/passive system forever.

The capital costs for the frozen block method have been estimated at \$480 million while the ongoing costs would be \$1.9 million/year. Aboriginal Affairs and Northern Development Canada (on behalf of the Government of Canada) has stated that:

...the budgeting and approval of expenditure authority, required for all government projects, are the appropriate mechanisms to address funding of perpetual care associated with the Giant Mine Remediation Project. INAC is not prepared to research and investigate funding options outside of the ongoing and well established approach (i.e., the parliamentary budget approval process). [Response to AN First Round Information Request #22]

While this may be the normal way of proceeding with such a project, Yellowknife residents remain concerned about the ability to continually fund the perpetual care requirements that may apparently be funded on an annual basis as part of the overall federal budgeting process.

Tasks:

1. Identify and describe the historical and current funding process for ongoing and proposed remediation work at the Giant Mine, including constraints and limitations of the following;
 - the Federal Contaminated Sites Action Plan;
 - Treasury Board guidelines, policies and procedures;
 - Financial Administration Act and regulations;
 - Any other applicable policies or procedures.
2. Identify and describe other funding processes used for perpetual care contaminated sites in Canada and whether there are any options for longer term, secure funding that have been used. Identify and describe other funding processes that may have been used in Canada to fund longer term projects, programs or services including trust funds, crown corporations or other mechanisms. Perpetual care funding options for ongoing care and maintenance and emergency or unforeseen events funding should be investigated. This task will likely require some contacts with and cooperation from Aboriginal Affairs and Northern Development Canada, Treasury Board and/or Department of Finance staff.
3. Identify and describe other funding processes used for perpetual care contaminated sites in other countries such as the United States and Europe for any lessons learned or options that might be applied to the Giant Mine.
4. Develop some evaluative criteria for various options for long-term funding of the Giant Mine perpetual care requirements that might include the following:
 - Responsiveness to new technologies and innovation;
 - Provide some measure of local control or input; and
 - Provide long-term financial sustainability and certainty.

Evaluate potential funding options for the perpetual care requirements at Giant Mine.

5. Make any recommendations on appropriate funding options, further research needs or other matters.

Estimated Budget:

Alternatives North (AN) and the Yellowknives Dene First Nation (YKDFN) will jointly fund the study to a maximum of \$20,000 including all fees,

disbursement and GST. Should additional funding be identified, there is a possibility of presentation of the study and findings to the Mackenzie Valley Environmental Impact Review Board in April or May 2012. All costs for such a presentation would be covered and for clarity, are currently outside the scope of the work set out in this contract.

Schedule:

The work is to begin as soon as possible.

March 15, 2012—Draft Report to be submitted to AN and YKDFN. The contracting authority may undertake to have the draft reviewed by officials at Aboriginal Affairs and Northern Development Canada.

March 22, 2012—Comments from AN and YKDFN on Draft Report provided to contractor.

March 30, 2012—Final Report to be submitted to AN and YKDFN.

Deliverables

Draft Report as outline in above Schedule

Final Report as both a Word and pdf file, with a plain language executive summary of no more than five pages, table of contents, and list of references.

Reporting Relationships:

The contractor will be expected to adhere to professional research standards and is free to express its assessments, views and opinions.

Alternatives North (AN) is the contracting authority. Kevin O'Reilly is authorized by AN to serve as the liaison and contact. All work will be performed to the satisfaction of AN and the YKDFN. AN will pay all invoices within the agreed upon amounts in a timely fashion. AN and the YKDFN will provide reasonable support in terms of assistance with locating materials, potential contacts and logistical support in Yellowknife as required.

Potential Resource Materials

[http://aged.alternativesnorth.ca/pdf/Perpetual%20Care%20Workshop%20Full%20Report%20\(lo-res%20revised\).pdf](http://aged.alternativesnorth.ca/pdf/Perpetual%20Care%20Workshop%20Full%20Report%20(lo-res%20revised).pdf)

Perpetual Care and the Future of the Giant Mine. September 2011 Workshop Report.

http://www.reviewboard.ca/upload/project_document/EA0809-001_Perpetual_Care_of_Contaminated_Sites_Theory_and_Practice_1311181243.PDF

The Theory and Practice of Perpetual Care of Contaminated Sites by Joan Kuyek.

http://www.er.gov.sk.ca/Institutional_Control-Decommissioned_Mines/Mills

Government of Saskatchewan Institutional Control Program for Abandoned and Closed Mines

<http://www.rff.org/RFF/Documents/RFF-DP-00-54.pdf>

Long-Term Stewardship of Contaminated Sites. Trust Funds as Mechanisms for Financing and Oversight.

http://www.federalcontaminatedsites.gc.ca/fcsap_pascf/index-eng.aspx

Federal Contaminated Sites Action Program

<http://www.sehn.org/pdf/DiscountingParadoxesTLCP.pdf>

Resolving the Paradoxes of Discounting in Environmental Decisions. *Joseph H. Guth*

Revised: Feb. 17, 2012