

# Deficiencies in Post-Mt Polley Reclamation Changes:

- BC Financial Surety for Mines
- BC Mine Reclamation Code Changes

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# **Facts to Consider Post-Mt Polley**

- ❖ **BC has an unfunded total reclamation liability of \$1.2 billion\***
- ❖ **BC intends to reduce, but not eliminate, this liability over the next 8 years\*\***
- ❖ **BC still intends to continue to utilize a risk-based approach:**
  - A risk-based approach means a company does not need to have the entire amount of the financial surety in collectable instruments, part of the surety is supplied by a corporate guarantee
- ❖ **BC has no financial surety for a catastrophic event at a mine**
- ❖ **Mt Polley Expert Panel predicted 2 failures every 10 years in BC**



# **BC Utilizes A Risk-based Approach**

## **A risk-based approach:**

- Creates unacceptable risk for the public if a mine/company is not evaluated properly – like Imperial Metals/Mt Polley
- Creating winners and losers in mining (anti-free market)
- Requires a program that is unnecessarily complicated and resource intensive (over regulation and expensive to implement)
- Is not justified by the cost savings to the companies, the costs of administration, or the increased risk to the public
- BC has claimed it needs to allow corporate guarantees to stay competitive. Corporate guarantees are not necessary to keep BC mines competitive - if anything it creates a competitive advantage for regulatory jurisdictions that use this approach
- Is an approach favored (but not exclusively) in Canadian Provinces and Australian States, but much of the world has already, or is moving toward, requiring 100% reclamation at the time of mining.

# **SURVEY OF REGULATORY APPROACHES TO FINANCIAL ASSURANCE**

## ❖ **Canada**

- British Columbia – risk based
- Alberta – risk based - unfunded liability of \$19.3 billion\* (FA info confidential)
- Manitoba – based on financial strength
- Nova Scotia – minister has wide discretion (FA info confidential)
- Ontario – based on financial strength (FA info confidential)
- Saskatchewan – corporate guarantees
- Quebec – 100% 2-yr payment period (public disclosure)
- Yukon – 100%
- Nunavut – 100% (DIAND)
- Northwest Territories – 100% (DIAND)

## ❖ **Australia**

- Western Australia – rehabilitation fund contribution, optional bond (FA info confidential)
- Victoria – risk based, moving to 100%
- Northern Territories – 100%
- New South Wales – coal (no info available)
- Queensland – minister has wide discretion
- South Australia – rehabilitation fund contribution, optional bond
- Tasmania – minister has wide discretion

## ❖ **US**

- BLM / USFS – 100%
- Most states – 100%
- Alaska & Nevada – can use corporate guarantees

## ❖ **Chile** – 100% (phased payment)

## ❖ **European Union** – polluter-pays principle (details left to individual countries)

## ❖ **Ghana** – 100%

## ❖ **South Africa** – 100%



# Post-Mt Polley BC Reclamation Code Changes

## DAM SAFETY

*“Safety attributes should be evaluated separately from economic considerations, and cost should not be the determining factor.”* (Mt Polley Expert Panel)

### ❖ Code:

- safety versus cost in tailings dam design is not addressed

### ❖ Code Guidance Document

- Alternatives Assessment:

- *Physical stability is of paramount importance, and options that require a compromise to physical stability should be discarded”*

- Risk Assessment:

- *“Elements for consideration should be selected as appropriate for the scope and complexity of the structure and the site, and may include the following consequence categories:*

- ...

- *Safety and health*

- *Financial Impacts*

# Post-Mt Polley BC Reclamation Code Changes

## WATER

### “Eliminate surface water from the impoundment” (Mt Polley Expert Panel)

- **Code:** has no requirement for minimizing water in the tailings on closure
- **Guidance Document:** requires an “*effort to reduce and remove water from containment within tailings facilities should be made*” and that “*alternatives to water covers should be considered in planning stages.*” (emphasis added)
- The **Code** and **Guidance Document** rely on site-specific considerations, which include cost.
- **All sulfide-mines operating or proposed in the Transboundary Region utilize wet closure.**

# Post-Mt Polley BC Reclamation Code Changes

## ❖ **Draft Code Part 10 published 20Jul16**

- CSP2 submitted 19 pages of comments on the July, 2016, Draft Code & Guidance Document to MEM in September, 2016

## ❖ **Final Code Part 10 published 28Feb17**

- Only grammar & formatting changes from 20Jul16 Part 10
- No response to comments

## ❖ **Code Guidance Document**

- Identical to July 2016 version

## ❖ **Red Chris Final Operating Permit issued 28Feb17**

- \$12 million financial surety required, but liability is probably 3-4 times that amount

## ❖ **KSM – permitted but construction has not commenced**

- EIS predicts the copper and lead could exceed AWQS at border
- Requires post-closure treatment of 171 million gal/day (= Berkeley Pit full water every 2 weeks) – CSP2 bond estimate of ~ \$1.2 billion



***“The Panel firmly rejects any notion that business as usual can continue.”***

(Mt Polley Expert Panel)

**QUESTIONS?**