



Independent Environmental Monitoring Agency

P.O. Box 1192, Yellowknife, NT X1A 2R2 • Phone (867) 669 9141 • Fax (867) 669 9145
Website: www.monitoringagency.net • Email: monitor1@yk.com

September 9, 2004

David Livingstone
Director, Renewable Resources and Environment
Indian and Northern Affairs
Bellanca Building
P.O. Box 1500
Yellowknife, NT X1A 2R3

Doris Eggers
Director, Policy, Legislation and Communications
Resources Wildlife & Economic Development
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT X1A 2L9

Re: Budget of the Independent Environmental Monitoring Agency

Dear Mr. Livingstone and Ms. Eggers:

On June 30, the Independent Environmental Monitoring Agency received a letter from Chris Hanks of BHPB with a note explaining that it was going to deduct \$28 490 (the amount of carry over in our budget at the end of March) from the third quarter payment because “the Environmental Agreement did not envision the Agency operating with a surplus budget”. The letter, addressed to me as Chair, suggested I talk with Chris Hanks if we had a problem with this. Following discussion with my colleagues and mainly because BHPB and the Agency had discussed working hard to achieve a better working relationship, I phoned Chris shortly thereafter. He explained that the BHPB auditors do not permit such funding practices within the company and that the Company insisted this practice be applied to the Agency. I asked Chris if the Company had made a final decision on this matter and he indicated we needed to talk about it face to face. At our next Board meeting (August 27), we met with the Company and it reiterated the reasons and said it had indeed made a final decision to withhold the funds.

We object very strongly and believe it is entirely improper, as well as inconsistent with the Environmental Agreement, to treat the Agency as if it were a part of the Company. The Environmental Agreement is a regulatory tool. The Agency is not something to which funds can be directed by the Company only when times are good; funding for the Agency is required as a condition of approval for the Mine and the independence of the Agency is essential for credibility.

The only references to funding in the Environmental Agreement suggest: “In the event that BHP and the Monitoring Agency cannot agree on a Core Budget, they shall consult with Canada and the GNWT”. In this case, we did agree on a core budget at the beginning of 2003, which budget, in accordance with the Environmental Agreement, is valid through March 2005. Now the Company is unilaterally withholding funds because of our carry over¹. Thus, the Agency is requesting that the two governments should be consulted and should rule on this matter in accordance with the Environmental Agreement (Article IV 6 c iii, cited above). The Agency is not of the view that this is in any sense a financial issue. It is an issue that is very fundamental and deals with whether the Agency is a part of BHP Billiton, and hence the Company can apply its internal rules to the Agency, or is an independent watchdog, in which case such application can only serve to undermine the credibility of the Agency and the effectiveness of the Environmental Agreement.

We look forward to hearing from you very soon, as the third quarter payment is due at the end of September. We will be pleased to provide such further information as you would require to make a determination on this matter.

Sincerely,

-ORIGINAL SIGNED BY-

William A. Ross
Chairperson

Cc: BHPB, Society Members

¹ In the year 2003-2004, we over-expended our budget by approximately \$14 000, reducing our carry over to this amount.