



INDEPENDENT ENVIRONMENTAL MONITORING AGENCY

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September 29, 2005

Honourable Michael Miltenberger
Minister of Environment and Natural Resources
Government of the Northwest Territories
Box 1320
Yellowknife NT X1A 2L9

Bob Overvold
Regional Director General
Department of Indian Affairs and Northern Development
Box 1500
Yellowknife NT X1A 2R3

Sean Brennan
President and Chief Operating Officer
BHP Billiton Diamonds Inc.
#1102 4920-52nd Street
Yellowknife NT X1A 3T1

Gentlemen

Re: Dispute Resolution Process for IEMA Core Budget and Work Plan for 2005-7

This letter is to document our efforts to date to resolve the on-going disagreement over the core budget and work plan for 2005-7 as submitted to BHP Billiton on February 11, 2005. Almost eight months have passed since this initial submission, and we are now almost half way through the financial year without any prospect of a timely settlement.

Here is a summary, although not an exhaustive list, of the events related to our 2005-6 core budget and work plan:

February 11, 2005	Agency sends 2005-7 Core Budget and Work Plan proposal to BHPB
February 18, 2005	Agency Chair sends e-mail to Chris Hanks (BHPB) suggesting a meeting on the budget and work plan proposal
February 25, 2005	Agency Chair sends e-mail to Chris Hanks (BHPB) suggesting a meeting on March 4 to discuss the budget and work plan proposal
March 14, 2005	Agency Chair and Vice-Chair meet with David Scott (BHPB) and Chris Hanks (BHPB) to discuss the budget and work plan proposal



March 18, 2005	Agency Chair and Vice-Chair meet with Chris Hanks (BHPB) and Jane Howe (BHPB) and are informed that BHPB has rejected the 2005-7 budget and work plan
March 21, 2005	Letter from Wayne Isaacs (BHPB) to Minister Bell (GNWT) and Bob Overvold (DIAND) to request a meeting to discuss the Agency's proposed core budget and work plan for 2005-7
April 25, 2005	Letter from Bob Overvold (DIAND) to Wayne Isaacs (BHPB) agreeing to a meeting and suggesting the use of a mediator with three candidates suggested
May 4, 2005	Letter from the Agency to Minister Miltenberger (GNWT), Bob Overvold (DIAND), and Wayne Isaacs (BHPB) suggesting key issues for dispute resolution
May 13, 2005	Letter from Minister Miltenberger (GNWT) to Wayne Isaacs (BHPB) agreeing to participate in consultation process outlined in the Environmental Agreement concerning the dispute over the Agency's budget and work plan
June 9, 2005	Parties to the Environmental Agreement and the Agency meet in Yellowknife to discuss areas of disagreement; minutes are to be prepared jointly by Agency Manager and Jane Howe (BHPB) and to be circulated to all and another meeting is suggested
June 24, 2005	Agency Manager sends e-mail to Jane Howe (BHPB) regarding preparation of June 9 meeting minutes
June 28, 2005	Agency decides to try to expedite a resolution by creating draft minutes of the meeting
July 4, 2005	Agency Manager sends draft minutes from June 9 meeting to Jane Howe (BHPB)
July 14, 2005	Jane Howe (BHPB) sends e-mail to Agency Manager stating that June 9 meeting minutes will be reviewed in early August
July 18, 2005	Agency Chairperson sends e-mail to Jane Howe (BHPB) expressing disappointment that the review of the minutes has been put off to early August
August 24, 2005	Agency Chairperson calls Jane Howe (BHPB) for a general update and BHPB has not yet reviewed the June 9 meeting minutes. Agency Chairperson suggests that a time for a follow-up meeting might be scheduled around upcoming Agency Board meeting scheduled for September 23-25, 2005.
September 19, 2005	Letter from DIAND and GNWT to BHPB triggering section 14.1 of the Environmental Agreement (appointment of a mediator).
September 23, 2005	Agency Board meets with David Scott (BHPB) and Jane Howe (BHPB). The lack of progress on the dispute resolution is reported to be due to the difficulties created by staffing changes at BHPB.

Agency Chair indicates that a letter (this letter) will likely be sent on this matter to the Environmental Agreement signatories.

Please find attached a copy of the draft minutes from the June 9, 2005 meeting as prepared by the Agency representatives at the meeting. BHPB has yet to comment on these notes but we believe that they fairly and accurately lay out the substantive areas of disagreement. We reiterate our frequently made observation that we believe this dispute to be mainly about process, the independence and credibility of the Agency, and much less about our budget.

The Agency Directors and staff have always conducted themselves in an open and constructive manner in attempting to resolve the dispute over our budget and work plan. We are anxious to move forward with a resolution to this important matter. We would much rather focus on our regular activities and duties under the Environmental Agreement than continue to expend a significant amount of our time and resources on something that should have been resolved months ago. We call upon the two governments, GNWT and DIAND, to exercise some leadership in moving the process along immediately.

In the interim, we think it reasonable to request that BHPB honour the proposed 4th quarterly payment for our 2005-6 budget of \$150,410 without prejudice to whatever settlement is reached. We were quite content to receive payments at last year's rate when we believed the dispute would be resolved quickly, but we have now received three quarters of funding at that rate and believe this suggestion to be fair.

We look forward to a timely reply and action to resolve this dispute that will allow all parties to put this problem behind us and get back to enhancing good environmental management at Ekati.

Sincerely,

-ORIGINAL SIGNED BY-

Bill Ross
Chairperson

cc. David Livingstone, Director, Environment and Conservation, DIAND
Gavin More, Environment and Natural Resources, GNWT
David Scott, BHP Billion Diamonds Inc.
Aboriginal society members

Attachment: Draft Minutes of the June 9 Meeting