



MINING

MONITOR.

Monitoring the mining industry in Australia, Asia and the Pacific

WMC & RIO TINTO PUSH FOR GLOBAL MINING LOBBY

The Managing Director of Western Mining Corporation (WMC), Hugh Morgan, and the Chief Executive of Rio Tinto, Leon Davis, are among a small group of mining company executives seeking to create a new global industry group to counter the growing opposition to the mining industry.

Reeling from the rapid growth in environmental, labour, indigenous and human rights groups forming global alliances, the mining industry is investigating options for creating its own umbrella industry group.

Hugh Morgan told the Minerals Council of Australia's Minerals Industry Seminar that international industry bodies such as the International Council for Metals and the Environment (ICME) have *been invaluable in forming networks and connections*". Hugh Morgan has recently been elected as the Chairman of ICME which is an international industry association. Australian-based members of ICME are BHP Minerals, Pasminco, Placer Dome Asia-Pacific, Rio Tinto and WMC.

"The national associations are now interacting with each other far more than in the past", Morgan told the seminar. Industry sources told *MM* that the national mining associations include the Minerals Council of Australia, the National Mining Association in the US, the Mining Association of Canada, the Chamber of Mines of South Africa, the Japan Mining Industry Association, the Swedish Mining Association and industry associations in Mexico and Brasil.

Morgan told the seminar that *"recently a small group of mining CEOs representing a significant segment of the global mining industry, has come together to consider the problems the industry faces globally"*. The



Leon Davis. Photo: Bob Burton

meetings, Morgan said, were *"to review the numerous policy- and science-based institutions which serve the industry"*. The group is considering merging several of

"you really have to define what human rights you can have any impact on".

Leon Davis

the commodity and issue specific industry groups to form a more powerful global industry association. *"The time has come"*, Morgan said, *"to consider the seriousness of our current position and how we go forward from here"*.

"This small group of CEOs is now quickly enlarging itself to become representative of the global industry as a whole", he told the seminar. Morgan said he *"had high hopes that ... some very positive developments will take place"*.

One of the issues troubling the industry is the persistent criticism of human right

abuses by security forces guarding mining projects. Rio Tinto Chief Executive, Leon Davis, told the MCA's Minerals Industry Seminar, that a criticism by NGO's *"is that we don't interface enough with governments on human rights."*

MM asked Davis whether the mining industry should be more pro-active in speaking out against human rights abuses, given the controversies over Shell in Nigeria, Mobil in Aceh and the Grasberg mine in Irian Jaya. Despite past controversies Davis is wary of advocacy against human rights abuses. *"You really have to define what human rights you can have any impact on ... there is nothing more basic in the human rights areas than a right to education, the right to healthcare and the right to employment"* he said.

The Convenor of Amnesty International's Australian Business Group, Rory Sullivan, says *"the mining industry is seen as having a responsibility to promote human rights issues and to act in a manner which prevents human rights violations from occurring"*, he says.

Bob Burton.

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LETTERS TO THE EDITOR

A FAMILY ENGAGEMENT

Thanks for the articles on corporate engagement.

For me personally it was very timely. I had been discussing the issue of corporate behaviour with my brother (a corporate CEO) and came away unhappily suspicious of his very convincing arguments. (We had even discussed Nestles whom he claimed was quite reformed!).

I didn't know about Stauber's book – that should be very helpful in my family campaign!. Thanks

Janina Clark

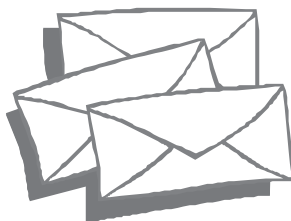
HOT AIR RISING

The following letter was sent to the Leader of the Australian Democrats, Senator Meg Lees after they supported proposals for reducing the price of diesel for the mining and transport industries. Ed.

Dear Senator Lees,

As part of its work monitoring global environmental and policy trends, the Worldwatch Institute has been following the recent tax debate in Australia. From a global perspective, we cannot but view the movement toward cutting transportation fuel taxes in Australia with alarm.

Cutting fuel taxes would send a dangerous signal to the global community at a time when the nations of the world are struggling to build consensus to take ac-



tion against global climate change. It would also increase traffic congestion and air pollution.

Numerous studies in western industrial nations show that cutting petrol and diesel taxes increases the amount of driving and leads. In 1994, for example, petrol cost US\$.53/litre in Australia, and per capita petrol consumption was 936 litres. In the United States, the price was lower (\$.34), and usage much higher (1600 litres). In Germany, the price was higher (\$.66) and usage was lower (497). The pattern was the same across all western countries.

Thus it is virtually certain that cutting fuel taxes will increase Australia's emissions of greenhouse gases, which would contradict the spirit of landmark international treaties on global climate change—treaties that Australia signed, in Rio in 1992 and in Kyoto in 1997. It would also mean more traffic jams and air pollution.

According to a report by the Department of Environment, Sport, and Territories (Subsidies to the Use of Natural Resources), air pollution from transportation does at least \$787 million a year in damage to the Australian economy, by raising such costs as hospital bills for lung ailments. In addition, cutting the fuel taxes would put Australia at odds with the glo-

bal trend toward cutting subsidies for fossil fuels. China, India, Russia, and most other nations outside the industrial west have slashed such subsidies during the 1990s.

Meanwhile, Germany, Japan, Spain, and the United Kingdom have cut support for coal production. But according to the Australian Government report just mentioned, the Australian Government is subsidising energy use at the rate of \$2 billion a year. Cutting fuel taxes would effectively add to that subsidy.

I understand that your party was an important player in criticising the Australian Government's position on global climate change in Kyoto. I therefore urge you remain a force for prudence as policymakers worldwide work to reduce greenhouse gas emissions. The stakes could not be higher.

David Malin Roodman
Senior Researcher
Worldwatch Institute

MPI's NEW ADMINISTRATOR

MPI has a new administrator. Darryl Toohey has replaced Aran Robinson who is now doing full-time post-graduate study.

Darryl comes to MPI with extensive administration experience, and works three days each week with MPI, and two other days working with another NGO. We welcome Darryl and thank Aran for his hard work.

MINING MONITOR

EDITOR: Bob Burton

Mining Monitor is published quarterly by the Mineral Policy Institute (MPI). *Mining Monitor* is aimed at providing detailed, referenced information to inform and support community organisations concerned about the impacts of mining projects (including oil and gas projects) in Australasia and the Pacific.

Articles represent the viewpoint of the author and not the Mineral Policy Institute.

Please consult the editor prior to submitting material for major stories. Send your

suggestions, criticisms or praise relating to *Mining Monitor* as a letter to the editor.

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Mineral Policy Institute
Post Office Box 21
Bondi Junction NSW 2022
Australia

Phone 02 9387 5540
Fax 02 9386 1497

Email: mpi@mpi.hydra.org.au
<http://www.hydra.org.au/mpi/>

PATRON
Bob Brown

TREASURER
Geoff Lambert

STAFF

DIRECTOR
Geoff Evans

**RESEARCH
CO-ORDINATOR**
Nina Lansbury

PRESIDENT
Paul Chatterton

ADMINISTRATOR
Darryl Toohey

**INFORMATION
OFFICER**
Igor O'Neill

MIM ENCOUNTERS OPPOSITION IN PHILLIPINES

Protests have erupted on the island of Panay where Australian mining giant Mt Isa Mines (MIM) is currently exploring for gold.

Rallies, concerts, assemblies, an island-wide cavalcade and a regional conference are just some of the activities that have been undertaken over the past months to protest against MIM's activities and to raise awareness on the island.

The island of Panay lies just to the South of the main island of Luzon, in the Western Visayas, Central Philippines. It is predominantly agricultural with a large seafood industry. The island is divided into four provinces. MIM has applied for a Financial and Technical Assistance Agreement (FTAA) covering 81,000 hectares in two provinces.¹

The FTAA could allow MIM to develop a 100% foreign-owned operation with 100% repatriation of revenue until the mine recovers all exploration and development costs and begins to make a profit.

Provisions under the Agreement would be likely to include priority rights of water use and "easement rights" which ensure mining companies can enter private property and occupy areas within the lease for mining activities and necessary infrastructure, including roads, railroads, waste dumps, runways, airports, dams, new river beds, pipelines, port facilities, shafts, tunnels and mills.²

One journalist wrote of an FTAA granted to Australian mining company WMC, one of only two agreements signed to date, that "the principal agreements drawn up by the company reflect the harsh reality of the mining law which offers little real protection for tribal people". By signing the agreement, the tribes "agree to the surrender and waiver" of any ancestral land rights that are "inconsistent with rights granted under the FTAA".³



Despite the fact that MIM's FTAA has not been approved, it has been reported that MIM is exploring in the area with a partner local mining company, Teresa Marble Corp. MIM, under a Memorandum of Agreement, was given authority as the mining operator in the local company's exploration permit application (EXPA).⁴ As a result of this arrangement, MIM has come under criticism for its lack of transparency.

Many local officials in all four provinces in Panay island are opposed to mining activities due to concern over potential environmental impacts and the lack of consultation and transparency of the Department of Environment and Natural Resources (DENR) and mining companies.

An anti-mining cavalcade visited all four provinces of Panay in December, 1998. From a starting point of five vehicles, the cavalcade swelled to 23 trucks, buses and cars by the time it reached Roxas City three days later. In between stops, rallies, forums or *pulong-pulong*, and concerts were held. More than 2,000 individuals welcomed the cavalcade at stopovers in San Jose, Tibiao, Kalibo, Aklan, Roxas City, Maayon and Lemery.

"Our campaign is not just a campaign against the big foreign companies. This is a struggle for the Filipino's rights and our national patrimony", said Rev. Judson Herbilla Jr, chairperson of Madia-as Ecological Movement, joint organiser of the cavalcade.

Indigenous landowner, Victor Pallon, whose ancestral land falls inside MIM's mining lease application said he "was first alerted to the fact they were exploring in our land by the arrival of helicopters with white men inside. I asked the parish priest and he told me about the mining company and that they were from Australia."

"I fear for the future for the next generation. I fear their future is no longer bright. It is a threat to our people and our land," the 67-year-old said.

At Roxas City, where anti-MIM sentiment is broadest, the protests were joined by congressmen Mar Roxas and Vicente Andaya Jr., Vice Governor Vic Tanco, the Archbishop of Capiz as well as students, professional, peasants and indigenous people. The municipal government of Capiz declares that it too, was taken by surprise by MIM's exploration.

MIM STIRS PHILIPPINE OPPOSITION

MIM has explored an area of 200 hectares in Lemery, in the province of Iloilo to date. In response to concerns of local landholders, MIM representative Artemio Pagaduan stated "exploration is searching for minerals. It is not a land use activity and has no environmental impact." The company also paid P38,850 to the town for exploration and constructed a basketball court and a hall for the villagers⁵.

Drill holes have been dug and trenches and sumps have been excavated in privately owned rice fields. The drill holes have been kept open with PVC pipes. Mr Pagaduan said landowners use the holes as their source of water for irrigation. Although tests show the water is not safe for drinking, the company claims it is appropriate for irrigation use.⁶

In response to MIM's incursions into the municipality of Capiz, the provincial legislative board recently passed a resolution rejecting any mining for metal in the province. "We are the seafood capital of the Philippines and we have little to gain and a lot to lose by large-scale mining in our province", said Capiz vice-governor Vic Tanco, speaking for the governor for the province, Vic Bermijo.

The provincial board (Sangguniang Panlalawigan) of Iloilo has also opposed large-scale mining companies in the province.

Sarah Wright.

Sarah Wright was MPI's researcher and is about to start work on her PhD in Seattle USA. We wish her well with her studies.

1 Mines and Geosciences Board, Comparative data, November 1997.

2 Legal Rights and Natural Resources Centre, Mining legal notes and materials, LRC-KSK, 1995.

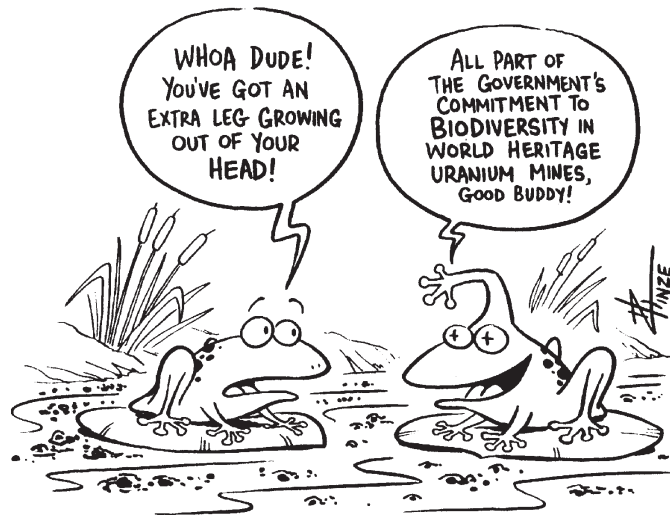
3 Annamarie Antonio and Steve Sharp, "Staking claims", *Sydney Morning Herald*, 2 December 1997, page 41.

4 Mada-as Ecological Movement, 'A proposal for the organisation of the convenors group of the broad coalition against commercial mining operations in Panay and Guimaras', 1998.

5 Panay News, 3 December 1998, page 1.

6 Ibid.

NORTH REELING



North Limited is reeling from having to call an Extra-Ordinary General Meeting (EGM) to discuss resolutions on the proposed Jabiluka uranium mine in Kakadu National Park.

Using the provisions available to them under the Corporations Law, the meeting was requisitioned by one hundred and twenty shareholders. The Wilderness Society and the Mineral Policy Institute have co-ordinated North Ethical Shareholders.

North is legally bound to distribute the resolutions drafted by the shareholders and requisition materials to all of its 57,000 shareholders. It has 21 days in which to announce the date of the meeting and to distribute the materials. The EGM must be held within sixty days of that date.

It is believed to be the first EGM ever called in Australia in relation to an environmental or human rights issue. North is the parent company of Jabiluka developer Energy Resources of Australia.

Janette Brown, who owns 75,000 shares in North and is a Company Director is the largest shareholder calling for the meeting. Days after the formal papers were lodged with North Ltd, announced it would launch a Supreme Court action against Mrs Brown and argue that it should not be obliged to call an EGM. Ms Brown refused to defend the case forcing North to find another shareholder to de-

fend the case. In desperation North has offered to indemnify one of the defendants legal costs in order to be able to get a hearing for its argument that. The Victorian Supreme Court is scheduled to hear the case on 12 July.

According to North Ethical Shareholders North faces at least \$200 million in unbudgeted costs to build a milling and processing plant on site at Jabiluka. North's share price has dropped over 65% since approval was first given for the project in 199. Kakadu now faces the likelihood of being placed on the World Heritage in Danger List in mid-July because of Jabiluka.

Shareholders requisitioning the EGM are asking the Board of Directors to commission a full independent report into how Jabiluka will effect North and shareholders' investment. Shareholders have also requested that a set of Principles for Responsible Development be incorporated into the company's constitution.

All North shareholders will be given the opportunity to vote on these resolutions at the meeting.

Chris Doran.

Chris Doran is co-ordinating North Ethical Shareholders for The Wilderness Society.



COPING WITH CORPORATES

As part of her work for her Masters in International Studies at Sydney University, Alison Cleary undertook research into the changing nature of the relationship between environmental and social justice non-government organisations (NGOs) and companies in the gold mining sector.

* * *

Companies better known for the exploitation of environments and communities in some of the most beautiful and inaccessible parts of the world are beginning to sound like radical 1990s versions of Native American, Chief Seattle. Companies traditionally identified with uninhibited industrial and economic growth, are adopting the language of sustainability and 'sustainable development'.

On the other side of the table, activists who were more comfortable in "tie-died t-shirts waving banners"¹ have given up demonstrations, put on suits and headed for the boardrooms of some of the largest mining companies in the world.

This shift is having a profound effect on the relationships between NGOs. To explore these issues I conducted a series of interviews with NGO activists in Australia currently working on mining issues. I also interviewed consultants and academics that have either been either participants in, or observers of, the interaction between the two. I also interviewed Placer Pacific – a company seen to be a leader in the area "constructive engagement" in Australia.

Driving the enthusiasm for "engagement" with corporations is the belief by some that traditional forms of protest and challenge are no longer useful tools for effecting change in an increasingly globalised world. Among NGOs pursuing engagement, tension has been rising as they vie for attention from a limited number of potential financial supporters, who accept the notion that "constructive engagement" is the most acceptable approach to dealing with corporations.

These NGOs have also accepted notions of 'sustainable development' and the need to work in partnership with industry to



Alison Cleary. Photo: Bob Burton

bring about social and environmental change.

The resulting publicity and fundraising spin-offs that can flow from "successful constructive engagement" with corporations has ensured a receptive response from some NGOs approached by companies to enter into relationships. This in turn has fuelled increasing tension with those NGOs who choose not to enter into such relationships preferring to maintain a critical analysis of, and distance from, such "partnerships".

"Engagement has usually been at the instigation of industry"

Alison Cleary

Among NGOs there is a general consensus that the relationship had changed between NGOs and mining companies. The initial position of NGOs had been largely antagonistic and responding to concerns over individual mining projects. Over time more NGOs have shifted from antagonism to the industry to one of much greater dialogue with companies on a broader range of issues. This engagement has usually been at the instigation of the industry.

Perceptions of how NGOs related to each other in the face of increased pressure to be seen to be "constructively engaging" provided starkly contrasting views. A

number of interviewees agreed it was important that there be a variety of responses from NGOs to companies. However, the importance of NGOs comparing notes on specific dealings with companies and sharing general knowledge was not a shared view. Some felt that NGOs did not consult each other enough, leading to division and competition within and between NGOs. Another felt that NGOs caucus too much and were afraid to "go it alone".

Some respondents acknowledged the role of the UNCED process and notions of "sustainable development" as having been a factor in changes in the way that NGOs and companies relate have occurred. Worryingly, only one respondent identified the need for debate and action amongst NGOs to be "focussed on the basic values and assumptions around mining such as the idea that growth is good and industrialisation is the key to progress".

A number of NGOs and industry consultants observed that the engagement agenda is set by industry, with NGOs reacting to that set agenda. This was backed up by NGO respondents who saw their role as improving the impacts of mining projects on communities and the environment, with few defining their role as questioning the broader context in which mining operates.

When asked to identify contentious issues facing NGOs as they embark on a path of engagement, few identified external policy issues. Most pointed to internal and organisational issues. All identified issues of co-option, resourcing, representation, NGOs becoming "unpaid consultants" and divisiveness amongst NGOs as they become victims of a divide and conquer strategy by companies as issues of concern.

Only one respondent raised the potential impact on the broader regulatory and policy framework as a concern, stressing that "successful" engagement could facilitate further deregulation by demonstrating that industry has channels of accountability to the public other than government, thereby justifying current government direction.

FORUM: CORPORATE ENGAGEMENT

COPING WITH CORPORATES

When asked to identify what were the likely outcomes of the changed relationships, respondents were divided into three distinct groups. The first expressed a belief that closer relationships would result in: an increase in community participation and a minimisation of social and environmental impacts at mine sites; greater trust and understanding between companies and NGOs; and greater accountability and transparency on behalf of business.

The second felt that the outcomes would be much more negative. They pointed to a risk of legal action against those NGOs chose to endorse mining projects that then turned out to be damaging for the environment and communities. They also identified "engagement" as assisting industry further legitimising the windback of the State as a regulator, and increasing the success of corporate campaigns against NGO critics. One respondent made the point that there have so far been no concrete outcomes of these changed relationships (other than the relationships themselves), it was difficult to judge the potential.

The final group was hesitant to commit either way. While acknowledging possible gains on behalf of NGOs and communities, they felt that could be balanced by an increased ability of companies to use NGOs and then abandon them once their purpose had been served. Others in this group felt there would be an inevitable compromising of NGOs' ability to publicly confront companies with whom they are in a relationship. Interestingly, all respondents felt there was the potential for increased tension and division between and within NGOs as they compete for possible funding opportunities and/or disagree on, or fail to set, objectives.

In the mining industry both sets of actors have had to review the way that they relate to their traditional "enemy" in the absence of the State. Increasingly NGOs have found themselves responding to company requests to take part in consultative and advisory panels, becoming, by default, unpaid consultants to companies struggling to come to terms with what it means to be a "sustainable" company in an inherently unsustainable industry. Some in-



ACFOA member groups contemplating the pros and cons of corporate engagement

dicated that the role of NGOs was to support communities not act as a paid or unpaid consultant to companies.

This new climate of consultation and engagement may have cost companies some money, but it has also silenced a number of industry critics, now too busy talking to companies to be able to spend time suing them, and in doing so has saved companies much more money than it has cost them.

"This new climate of ... engagement may have cost companies some money, but it has also silenced a number of industry critics"

The models of engagement seen in Australia to date have nearly all been initiated by industry, and conducted on industry's terms, on issues with which industry wants to deal. The editorial of the December 1998 *Mining Monitor* detailed attempts to research a number of issues involving Australian mining companies. All attempts to garner information from individual companies and the industry body were unsuccessful. In stark contrast, one of the respondents to the interviews for this research complained about his unsuccessful attempts to remove himself from the mailing list of Placer Dome, who consistently faxed and mailed unsolicited updates on the company's work.

One of the most crucial tasks NGOs need to undertake is an analysis of engagement processes and mining company operations that is set in a larger socio-political con-

text, taking into account the values and assumptions upon which mining is based. This is important for all NGOs, as it strategically places any partnerships that may develop within a much broader framework and should assist NGOs in the process of deciding whether or not to become involved in any one particular project or relationship. Until this happens, NGOs will find themselves continuing to respond to industry agendas, playing the role of unpaid consultants, with little opportunity to address the issues that are important to their constituents.

The reality is that engagement will continue, and NGOs will find themselves under increasing pressure to respond to industry requests for assistance and consultation. It is crucial that NGOs use this engagement as a strategic tool. Engagement should be only one of many campaigning tools that NGOs use to achieve a clearly defined goal. It is not an end in itself.

¹ Kylie Morris, The Feel Good Factor, Background Briefing, Australian Broadcasting Corporation, Radio National, programme transcript 16 August 1998.

Alison Cleary

Alison is a former President of MPI, and has worked for both Community Aid Abroad and MPI. She is currently working as a program officer for WWF South Pacific Program based in Madang, PNG.



Do you have a view?

If you have a view why not write a letter (keep it to 1-200 words) to the editor (bburton@hydra.org.au or PO Box 157 O'Connor ACT 2602 Australia).

ROLL OUT THE BARRELS

There is increasing debate within academic and industry circles about the possibility of depletion of the largest and cheapest oil reserves to exploit. The Australian Government and the oil industry dismiss the possibility of oil depletion at a global level but are grappling with decreasing domestic production in traditional areas.

In this article, oil policy analyst Charlie Richardson looks at how industry and government are likely to handle the debate.

* * *

As the reality of world oil depletion becomes more widely accepted, it is likely that we will face a situation in which industry and most governments will seek to "keep the ball rolling" in as close to the same old way as possible.

The oil industry has a long and ignoble history of warning of shortages or glut in order to achieve its current objectives. It will scream "shortage!" to try to get tax breaks from governments. It will scream "glut!" when moves are afoot to conserve petroleum. The industry is likely to continue this in these new circumstances. In particular, will also seek to overturn old decisions made on environmental grounds to disallow drilling in sensitive areas (such as is occurring in Alaska right now).

As far as SUPPLY of petroleum is concerned, the industry push is likely to pursue a number of parallel policy demands.

Firstly, it will campaign to be allowed to drill in areas previously forbidden on environmental grounds.

Secondly, it will promote oil from shale as a solution. Oil from shale will never be the "cheap oil" which has underpinned economic growth for most of this century. The true cost (minus rents, royalties and taxes) of oil from the Persian Gulf, for instance, is not more than a couple of dollars per barrel (159 litres).

To produce oil from shale, however, we must establish an open cut mine, putting the overburden somewhere. Then we mine the shale, crush it, put it in a retort and



Transport accounts for much of world fossil fuel consumption. Photo: Bob Burton.

heat it to 500 degrees Centigrade.

This gasifies the kerogen in the shale. The kerogen is then distilled back to a liquid, and then processed into something like crude oil. Then it can be refined in pretty much the normal way. And ... for each barrel of oil we produce this way, we must mine about a tonne of shale.

"The oil industry has a long and ignoble history of warning of shortages or glut in order to achieve its current objectives".

To replace just one per cent of the world's supply with shale oil we would have to mine 250 million tonnes each year, crush it all and heat it all up to 500 degrees. This is not on, economically or environmentally. The mining of shale is tremendously destructive, leaves a horrible legacy and simply will not help us.

Thirdly, the industry will campaign for governments to reduce their "take" from petroleum licensing, exploration and extraction - it will be presented as being vital to make the project viable, and necessary to bring in the massive investments required. It will be presented as vital to the nation's economy, and fear will be whipped up over a "return to the 70s".

"We must look after our nation's future". This will apply particularly to what are regarded as high-risk areas, offshore in deepwater etc. The fact is, as the price of petroleum increases, the companies will want to explore and exploit anyway, and they'll pay the price if we make them.

Finally, oil companies will even seek higher tax breaks to encourage them to explore and gain territory overseas - one Australian company is pushing for this right now, using oil depletion as its argument.

"We must secure Australia's supply". In fact, countries are not "allowed" under various trade rules, and more specifically under a couple of treaties on oil supply to which we are signatory, to quarantine oil supply for their own use, whether that oil comes from the country concerned or not. It MUST be available for sale on the world market. So it doesn't secure anything for Australia at all, except the profits that flow to the company concerned - and much of that will not actually end up in this country.

Once the companies come out of denial, they will use the oil depletion argument to secure better deals from their host governments and better deals from their home governments.

Claims of shortages will be used to overwhelm environmental arguments against exploration or production, and to suck investors into the production of oil from shale

FORUM: OIL DEPLETION

ROLL OUT THE BARRELS

(and of course to overwhelm arguments against shale mining). They can't just stop.

As far as the CONSUMPTION of petroleum is concerned, the push is likely to be:

First, industry will boost the number of grave faces on the TV making reassuring statements

Secondly, government and industry will do almost anything EXCEPT implement measures which would cause people to make lifestyle changes or would cause the energy companies to have a seriously hard time, for as long as possible. (By lifestyle changes I mean limiting driving, changing land uses and building proper public transport systems.)

Thirdly, to manage carefully the production of more fuel-efficient vehicles, in particular the hybrid car and maybe vehicles using fuel-cell technology. The design and production of hybrids is well underway by most of the major car companies. They claim that they are motivated by the desire to reduce greenhouse gas emissions, but the fact that they use only around half the fuel of comparable conventional vehicles must also figure in the thinking, and may in fact be the primary motivation. They are due to be produced in large numbers within the next three or four years.

Finally, will be the move to introduce factory-fitted LPG and Natural Gas powered vehicles.

The attempt by the industry and its allies in governments to manage the decline in annual petroleum production is likely to be quite complex. It will also be very difficult due to the existence of monopolies and vertically integrated companies.

"tech fixes provide only respite, not cure."

The introduction of more fuel-efficient vehicles will be carefully managed in such a way that the percentage of the world fleet of vehicles which are, say, hybrids (or which are fuelled by gas) would ideally increase as petroleum supply diminishes. But not too fast, not too slow. Too fast and the price of petroleum crashes, too slow and the price rises at a rate which will damage the economy and possibly prevent the purchase of the new vehicles.

By implementing only technical fixes on both the supply and consumption side, instead of lifestyle changes, the entire infrastructure of the oil, auto and related industries can roll on in its customary merry way for some time into the future.

However, it has the potential to go horribly wrong, either through misjudgment of the timing or through political events in the Middle East, whose share of the world supply is rapidly rising as production in

the rest of the world diminishes. We must also be very careful of what we do with our gas, because of its importance in the production of agricultural fertilisers.

In any case, these tech fixes provide only respite, not cure. The problems with oil supply will come back after not very long at all, and we will then have far less room to manoeuvre than we would have had if we had bitten the bullet and implemented the lifestyle changes ALONG WITH the tech fixes. After all, this is serious, Mum.

Charlie Richardson.



Charlie Richardson has been looking at the world oil supply/demand balance for the past four years. His interest in oil supply flows from his much longer term interest in transport issues and the central place that oil occupies in our economies and lifestyles.

OK TEDI

In early June BHP released provisional results of reviews of environmental management options for the disposal of tailings from the Ok Tedi mine. In a media statement BHP said that the "environmental impact of the mine will be significantly greater than expected in earlier studies commissioned by OTML".¹

However, BHP has declined to release the preliminary reports even though it announced that it will "commence an information program with local communities to discuss these preliminary results". BHP has said that the preliminary reports will be "peer reviewed" and finalised in July prior to presentation to the board of Ok Tedi Ltd in August. The reports were commissioned by BHP as a part of the settlement of the class action against BHP by 30,000 villagers.

BHP announced "there is not an easy answer to the environmental issues faced by the mine". BHP has indicated that one option it is considering is closure of the mine. *MM* will feature a more detailed story when the reports are released.



PUTTING THE ETHIC INTO EFIC

Did you know that the Australian taxpayers' funds have been used to finance and underwrite some of the world's most destructive mining projects? BHP's Ok Tedi mining disaster, and the Lihir mine, also in PNG, where tailings are dumped directly into the Pacific Ocean, are just two.

These projects were funded by Australian government's export credit agency, the Export Finance and Insurance Corporation (EFIC). But, what the "efic" are they up to?

EFIC, like export credit agencies (ECAs) of other industrial countries, provides low-cost loans and economic and political risk insurance to help locally-based companies compete overseas for contracts and trade.

EFIC, with a budget of about A\$8 billion, is a relatively small player compared to some of the largest operators in the world (Japan's Ex-Im Bank, for example, has an annual budget of US\$23 billion which is almost as big as the World Bank). EFIC nevertheless plays a crucial role in facilitating the financing of many major projects.

ECA financing or underwriting of coal-fired power stations, dams, mines, pulp and paper mills and other large infrastructure projects are having severe political, environmental and economic impacts on millions of people living in low income countries.

ECA loans have grown by over 400% from 1988 to 1996

Often the projects serve only the interests of corrupt elites, like former Indonesian dictator Suharto and his cronies.

ECA loans have grown by over 400% from 1988 to 1996, from US\$26 billion to US\$105 billion, and now account for 56% of low-income country debt. ECAs are corporate welfare on a grand scale, and yet there is very little awareness of it.

There is a good chance that EFIC supports the vast majority of overseas mining projects that Australian companies are in-

involved with. But don't expect easy access to information about EFIC's "investments" from any inquiries you might want to make. The old "commercial in confidence" trick means that the details of EFIC's operations are secret. EFIC's corporate welfare program, funded with public money, stays nicely under wraps.

MPI is campaigning for all EFIC activities to be transparent, and to apply rigid environmental and social impact screening. EFIC's environmental and social accountability compliance should not be subject weak scrutiny or to the "whims" of government ministers, as they currently are.

It's time there was some ethic put into EFIC!



Geoff Evans, MPI Director

Ramu Mine –Tailings Dumping in Paradise

MPI is supporting communities and NGOs in PNG concerned about the proposed Ramu nickel/cobalt mine, a project which proposes to dump thousands of tonnes of tailings into the Bismarck Sea, site of some of the world's most healthy coral reefs.

A recently released report of the PNG Department of Fisheries highlights the threat that the mine poses to the region's fisheries and tourism industries. MPI's discussion paper, *Environmental Risks Associated with Submarine Tailings Disposal in Astrolabe Bay*, has received wide coverage in PNG.

The Bismarck Sea fishery is essential for the food security and health of local people along the Rai Coast of Madang on PNG's beautiful northern coastline. Fishing and tourism, the major growth industries in the Madang region, and the environment and livelihoods of thousands of people are threatened by the Ramu project. Local community opposition to the project is strong with arrests and damage to company property earlier this year.

The Ramu mine's proponents, Highlands Pacific, are seeking finance for their project, yet financiers should be aware that, if the Ramu project goes ahead, another expensive Ok Tedi-type compensation payout to local communities could result.

AUSTRALIA

ROSS MINING SUFFERS TIMBARRA SETBACKS



Dr John Wilson, Timbarra Protection Coalition. Photo: Bob Burton.

Ross Mining has suffered two legal setbacks in its push to develop the Timbarra gold mine in northeast New South Wales. In February the NSW Court of Appeal ruled in favour of the Timbarra Protection Coalition's (TPC) appeal against a decision of the Land and Environment Court that allowed the Timbarra gold mine to be expanded without requiring a species impact statement (SIS).

The Environmental Defender's Office acted for the TPC, which challenged the validity of the development consent for Ross Mining's new goldmine on the basis that it did not have a SIS. The Environmental Planning and Assessment Act provides that where a development is likely to have a significant impact on threatened species, developers must prepare a SIS. In the case of the Timbarra mine, Ross Mining did not submit a SIS, and Tenterfield Council granted consent without one being prepared. The TPC challenged this decision before the Land & Environment Court (L&E Court). During the case the L&E Court refused to hear the TPC's new evidence of likely impacts on threatened species.

The Court of Appeal held that the L&E Court could accept that evidence. The matter has now been referred back to the L&E Court to determine whether a SIS was in fact required and allow the TPC to present its expert evidence. Before the case could be re-heard Ross Mining submitted a SIS which was approved by the NSW Parks and Wildlife Service. Following the approval of the SIS the TPC discontinued its action.

NSW Environmental Defender's Office solicitor Chris Norton says that the decision has important implications for the protection of threatened species in NSW. "In particular, councils will need to closely scrutinise the material provided by developers regarding the impact on threatened species, as a councils decision not to require an SIS will be open to challenge in the L&E Court" he said.

Despite the withdrawal of TPC action Ross Mining applied to the High Court for special leave to appeal against the NSW Court of Appeal decision. In mid-May the High Court refused the application by Ross Mining for special leave to appeal against the Court of Appeal decision. Justice Gleeson said that Ross Mining's case failed to raise legal issues which were of sufficient importance for the High Court to hear a full appeal. Ross Mining has been ordered to pay the TPC's costs for the L&E court hearing, the Court of Appeal hearing and the High Court hearing.

QLD MINES MOVED TO EPA



Queensland Greens spokesman Drew Hutton. Photo: Bob Burton.

After years of campaigning by environment groups, the Queensland Premier, Mr Peter Beattie, announced that responsibility for mining assessment, licensing, compliance and monitoring would be transferred from the Department of Mines and Energy to the newly created Environment Protection Agency.

The week before the announcement, Environment Minister, Mr Rod Welford, announced that the EPA would only be responsible for mines with more than 25 staff. Following an outcry from conservation groups and the Queensland Greens the government backtracked. Drew Hutton from the Queensland Greens welcomed the change as one of the most significant environmental reforms ever achieved in the State.

MIM ORDERED TO CLEAN UP COLLINSVALE MINE

An internal Mount Isa Mines (MIM) document leaked to *The Courier Mail* has revealed a series of unauthorised spills and overflows from the Collinsvale mine into nearby waterways.¹

Following local landowners complaining about a creek running black with sludge, the Queensland Department of Mines eventually ordered the mine to clean up its emissions. Mike Menzies, an executive manager with MIM, said he would be "stupid to deny" that there had been problems at the mine. Drew Hutton, the spokesperson for the Queensland Greens, said that documents obtained under the Freedom of Information Act revealed that the Collinsvale mine was an environmental disaster.

¹ Siobhan Ryan, "Firm ordered to act on polluted creek", *The Courier Mail*, 15 May 1999, page 13.

RIO EXEC NEW CHIEF SCIENTIST

Dr Robin Batterham, the managing director of research and technological development for the world largest mining company, Rio Tinto, has been appointed as the Federal Government's chief scientific adviser for a three-year term.¹ The role of Chief Scientific Adviser involves chairing the bi-annual Prime Ministers Science and Engineering Council and briefing the Prime Minister on scientific issues.

Dr Batterham will continue in his position with Rio Tinto three days a week while working as Chief Scientific adviser two days a week. For the last 11 years Dr Batterham has worked for Rio Tinto and its predecessors, CRA and CRA-RTZ. He is also currently a director of Rio Tinto subsidiaries Comalco Aluminium and Hismelt and a number of Co-operative Research Centres.

¹ Senator Nick Minchin, Minister for Industry, Science and Resources, "New Chief scientist to advise Government", Media Release, 20 May 1999.



RESOURCES

BOOKS



International Federation of Chemical, Energy, Mine and General Workers Union, *Rio Tinto Behind the Facade: 1998 Stakeholders Report*, ICME, 32pp.

This report is the second international report on the world's most powerful mining company. The report details controversies over human rights at the Freeport mine in Indonesia, its failings in areas of worker health and safety; and its large-scale pollution of the environment. The report also shows that Rio Tinto fails in its financial performance with profits down on 1997 and prospects already looking grim for 1999.

This report is available free as an Acrobat file from the web at <http://www.cfmeu.asn.au/Mining-Energy/>. Hard copies are available from the CFMEU Level 3, 361 Kent Street, Sydney NSW 2000 Australia. Fax +61-2-9262 1928 or Email : admin@cfmeu.com.au

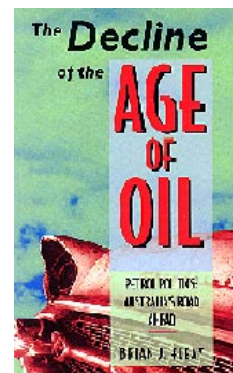


David Mulligan, *Environmental Management in the Australian minerals and energy principles and practices*, UNSW Press in association with the Australian Minerals and Energy Environment Foundation, 808 pages \$69.95.



This publication from the Australian Minerals and Energy Environment Foundation is a collection of mainly technical papers and case studies from environmental researchers and managers from within the mining industry and associated institutions. If you are interested in mitigating damage through better mining techniques it is a useful collection but the underlying theme is how the industry is doing well.

If your interest in mining is in preventing impacts and looking to broader changes beyond technical fixes the book will be of little use. The absence of any critical perspectives or coverage of broader issues such as social, human rights and ethical issues illustrates how the industry prefers to believe that conflicts with community groups can be solved by technical fixes.



Brian Fleay, *The Decline of the Age of Oil: petrol politics: Australia's road ahead*, Pluto Press, 1995, 152pp, \$14.95.

For those interested in an Australian perspective on the oil depletion this is a good place to start. While it is a readable review of trends in oil production and patterns of consumption, it tends to be a little academic.

Fleay argues that oil production is "going over the hill" and the depletion of easily accessible and cheap oil resources will have profound implications for Australia. In particular he identifies the problems of major cities heavily reliant on oil for transport and the need to develop alternative energy sources.

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NUGGETS

ECONOMIST CONCEDES DEFEAT

"I don't understand it ... I guess it's just because I'm a simple neoclassical Chicago School economist ... there must be something else out there that I am missing", he said.

Executive Director of Australian Bureau of Agricultural and Resource Economics, (ABARE) Brian Fisher, explaining his frustration by European opposition to "flexibility" mechanisms.

(Source: Brian Fisher speaking at the ABARE Outlook Conference in Canberra, 17 March 1999.)



WE HADN'T NOTICED

"In recent years we became an industry that was often behind community opinion in our understanding of environmental stewardship ..."

(Source: Hugh Morgan, Chief Executive of Western Mining Corporation speaking at the Minerals Council of Australia's Minerals Industry Seminar 2 June 1999.)

BIG DEAL

"It is nothing extraordinary for this project".

John Lawton, the chief executive of Ross Mining, commenting on being charged only \$209.80 per year for 183 million litres of water for use in the Timbarra gold project.

(Source: Simon Grittle, "Goldmine charged 60 cents for 1m litres of water, *The Sun-Herald*, 17 January 1999.)

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