

# Embassy ignored killings at Indonesian mine

The Australian government has defended Embassy officials in Jakarta who lobbied Indonesian security forces and officials to deal with 'illegal miners' at an Australian-owned mine. In three separate incidents after the lobbying commenced, two people have been killed and another five injured.

Controversy over the lobbying activities of Australian Embassy erupted after the shooting incidents by the notorious Mobile Brigade (Brimob) – in June 2001, August 2001 and January 2002 – at the Mt Muro mine owned by the Perth based company, Aurora Gold.

Aurora Gold – and its predecessors – have encountered local opposition to large scale mining over concerns about the obliteration of traditional small scale mines, past abuses by security forces and pollution.<sup>1</sup>

Aurora's Chairman, Rory Argyle, has acknowledged that the collapse of the Indonesian economy has forced many people to turn to what the company calls 'illegal mining' as 'a means of survival'.<sup>2</sup> However, Aurora's economic survival was also tied to the Mt Muro mine, its only source of cash.

In answers to parliamentary questions by Australian Greens Senator Bob Brown, the Minister for Foreign Affairs, Alexander Downer, revealed that since November 1999 Embassy officials in Jakarta have worked with Aurora Gold representatives in lobbying Indonesian officials and security forces to eject illegal miners entering the Mt Muro mine.



Australian Minister for Foreign Affairs, Alexander Downer. Photo: Bob Burton.

Downer insists that the Embassy officials stressed that the difficulties Aurora – a signatory to the Minerals Council of Australia's voluntary Code for Environmental Management – was having with 'illegal miners' should be resolved 'in a peaceful manner'.<sup>3</sup>

Despite Embassy officials being aware of the deaths and injuries from the military crackdown, no inquiries were made of either Aurora or Indonesian police until after Senator Brown asked a series of questions in February 2002.

In October 1999 IMK unsuccessfully urged authorities to 'take control of illegal mining and unrepresentative groups'.<sup>4</sup> Aurora then turned to Australian Embassy officials. On 2 November 1999 Aurora Gold representatives briefed the then Australian Ambassador, John McCarthy, about their concerns. Just over two weeks later, McCarthy met the Indonesian Minister for Mining and Energy to discuss concerns of Australian mining companies, including Aurora's 'prob-

lems with illegal mining'.<sup>5</sup>

A follow up meeting was held on 2 March 2000 in Jakarta with the Governor of Central Kalimantan, the Bupati (regent) of the local regency, police and military officials. Embassy staff also attended 'as observers, at the request of Aurora Gold'. According to Downer, Embassy staff 'highlighted the damage to investor confidence in Indonesia if the Government was unable to honour contracts of work and resolve the Mt Muro dispute'. The following day Aurora welcomed assurances from Indonesian government officials that 'illegal' miners would be removed.<sup>6</sup>

On 25 May 2001, Richard Smith – who had taken over from McCarthy as Ambassador in January 2001 – visited the Mt Muro operations 'at the invitation of Mr Joe Ariti, President Director, Aurora Gold Indonesia'.<sup>7</sup> Smith addressed a meeting of provincial government officials and, according to Downer, stressed 'the importance of upholding the law, including

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*laws relating to illegal occupation of mining leases and theft, at Australian-owned mining operations in Indonesia to ensure an environment in which Australian investors could operate in accordance with their contracts of work*.<sup>8</sup>

On 5 June 2001, Brimob members shot at a group of small-scale miners scavenging waste rock in the waste rock dumps at the Kerikil mine, one of a number of pits at the Mt Muro minesite. Fleeing the Brimob, six of the miners fled into a flooded mine. From the pit edge Brimob members continued firing and threw stones at the trapped miners, killing two of them. Another three were injured, one crippled as a result of being shot in the knee.

Aurora's then Company Secretary, Michael Baud, later claimed that the deaths *'were drownings by people who were operating illegally in the mine and fell in to the water at the bottom of a disused pit and drowned'*.<sup>9</sup>

According to Downer, while the Ambassador was aware of media reports of the incident no attempt was made to obtain information from either Indonesian government

officials or Aurora.<sup>10</sup> Nor, wrote Downer, did Aurora inform Embassy staff of the incident.

Despite the killings, desperate miners continued their scavenging operations. Early on Monday morning 27 August 2001, Brimob fired three shots at a group of small boys scavenging in the Kerikil pit. One – a teenage boy – was shot and disabled with a bullet passing through one of his legs and entering the other.

According to Downer, *'the Ambassador was aware of media reports of the incident'* but made no inquiries of either Indonesian government officials or Aurora Gold.<sup>11</sup> Downer insists

*'the Ambassador was aware of media reports of the incident'*

Alexander Downer

Aurora did not inform the Australian Embassy of the incident.

In a further incident on Saturday 17 January 2002, a police officer shot and seriously wounded a 20 year old man who was searching through

waste rock at the Kerikil minesite. The man's two companions – who fled after the shooting – reported that he was shot in the head at close range. After the shooting protests resulting in the pit being occupied for a day.

A media release the following Thursday by the Mineral Policy Institute sparked media coverage by the *Australian Financial Review* and ABC's Asia Pacific program.<sup>12</sup> According to Downer, it was not until five days later that Aurora advised the Australian Ambassador of the incident. According to Downer, the Ambassador took no further action. However, two weeks after the shooting and protests in Indonesia, authorities announced that Brimob would be recalled from the minesite.<sup>13</sup>

The Australian Embassy in Indonesia only began inquiries into the series of shootings after Brown tabled questions in the Senate on 18 February 2002. Nine days later, the Australian Embassy *'sought clarification'* from the Indonesian police force about *'the reported incidents'*.<sup>14</sup> On 5 March 2002 Aurora sent a written briefing to the Ambassador on the series of incidents at the mine.

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Despite the controversy, Downer saw no need to review the role of Embassy officials in the affair. 'At no stage did the Ambassador or Embassy officials request Indonesian Government authorities act other than in a peaceful manner, in accordance with Indonesian law. In this context, the Minister does not consider a Departmental review necessary', Downer informed Parliament.<sup>15</sup>

Rio Tinto – a signatory to the United Nations Global Compact promising to voluntarily uphold international human rights standards – is also embroiled in the controversy. In November 2000 Rio Tinto took over Ashton Mining in order to control all of the Argyle diamond mine.<sup>16</sup> As a by-product of the deal Rio Tinto gained a 35% shareholding in Aurora. In February 2001 Rio Tinto appointed the Managing Director of Argyle Diamonds, Gordon Gilchrist, to Aurora's Board.<sup>17</sup> Gilchrist remained on the board until Rio Tinto sold its shareholding in October 2001. While it was a major shareholder two of the shootings occurred – in June and August 2001 – resulting in two deaths.

Rio Tinto guidelines on dealing with human rights abuses at projects where it is not the manager state 'we should also ... make clear that Rio Tinto strongly disapproves of human rights violations of employees or local people, and press for investigation

and prosecution if credible allegations arise'.<sup>18</sup>

Mining Monitor repeatedly contacted Rio Tinto's media spokesperson, Ian Head, requesting clarification on whether whether Rio Tinto staff had contacted Australian Embassy officials, Indonesian officials or Aurora about the incidents at Mt Muro while it was a major shareholder and had been a director on the board of Aurora. Head has not responded.



Local villagers have lost valuable land to the mine operations.

Photo: JATAM

### Bob Burton

<sup>1</sup> See Bob Burton, "Take control" Aurora tells Indonesian Governor', *Mining Monitor*, Volume 4 Number 4, November 1999, pp 1-2.

<sup>2</sup> Rory Argyle, 'Annual general meeting 2000 - address by the Chairman', [www.auroragold.com.au](http://www.auroragold.com.au), 4 May 2000.

<sup>3</sup> Minister for Foreign Affairs, Alexander Downer, *Senate Hansard*, [www.aph.gov.au/hansard/hanssen.htm](http://www.aph.gov.au/hansard/hanssen.htm), question number 116, 15 May 2002, p 1647.

<sup>4</sup> Aurora Gold, 'Update: Mining operations – Mt Muro', Announcement to the Australian Stock Exchange, [www.auroragold.com.au](http://www.auroragold.com.au), 11 October 1999.

<sup>5</sup> Minister for Foreign Affairs, Alexander Downer, *Senate Hansard*, [www.aph.gov.au/hansard/hanssen.htm](http://www.aph.gov.au/hansard/hanssen.htm), question number 123, 15 May 2002, p 1650.

<sup>6</sup> Aurora Gold, 'Update: Mining operations – Mt Muro: provincial government gives assurances on illegal mining', Announcement to the Australian Stock Exchange,

[www.auroragold.com.au](http://www.auroragold.com.au), 3 March 2000.

<sup>7</sup> Minister for Foreign Affairs, Alexander Downer, *Senate Hansard*, [www.aph.gov.au/hansard/hanssen.htm](http://www.aph.gov.au/hansard/hanssen.htm), question number 116, 15 May 2002, p 1647.

<sup>8</sup> *ibid*.

<sup>9</sup> Environment News Service, 'Indonesian Man Shot at Australian Gold Mine', <http://ens-news.com/ens/jan2002/2002L-01-23-01.html>, 23 January 2002.

<sup>10</sup> Minister for Foreign Affairs, Alexander Downer, *Senate Hansard*, [www.aph.gov.au/hansard/hanssen.htm](http://www.aph.gov.au/hansard/hanssen.htm), question no 117, 15 May 2002, p 1648.

<sup>11</sup> Minister for Foreign Affairs, Alexander Downer, *Senate Hansard*, [www.aph.gov.au/hansard/hanssen.htm](http://www.aph.gov.au/hansard/hanssen.htm), question number 124, 15 May 2002, p 1651.

<sup>12</sup> Mineral Policy Institute, 'Shootings deaths at Aussie mine', *Media Release*, [www.mpi.org.au](http://www.mpi.org.au), 24 January 2002; Australian Broadcasting Corporation, 'Security forces shooting at goldmine provokes protests', [www.abc.net.au/asiapacific/location/asia/GoAsiaPacificLocationStories\\_466769.htm](http://www.abc.net.au/asiapacific/location/asia/GoAsiaPacificLocationStories_466769.htm), 25 May 2001.

<sup>13</sup> 'Mining: Brimob out after Muro shooting', [Laksamana.net](http://Laksamana.net), 3 February, 2002. [Translation].

<sup>14</sup> Minister for Foreign Affairs, Alexander Downer, *Senate Hansard*, [www.aph.gov.au/hansard/hanssen.htm](http://www.aph.gov.au/hansard/hanssen.htm), question number 119, 15 May 2002, p 1649.

<sup>15</sup> Minister for Foreign Affairs, Alexander Downer, *Senate Hansard*, <http://www.aph.gov.au/hansard/hanssen.htm>, question number 124, 15 May 2002, p 1651.

<sup>16</sup> Rio Tinto, *2000 Rio Tinto Annual report and financial statements*, [www.riotinto.com](http://www.riotinto.com), p 17.

<sup>17</sup> Aurora Gold, 'Board changes', Announcement to the Australian Stock Exchange, [www.auroragold.com.au](http://www.auroragold.com.au), 1 February 2001.

<sup>18</sup> Rio Tinto, 'Human rights guidance: Guidance for managers on implementing the human rights policy in *The way we work*', [www.riotinto.com](http://www.riotinto.com), April 2001, p 9.

## Obstructors should be shot, says mining executive

According to a December 2001 report by the International Crisis Group (ICG) – an international think tank funded largely by governments and foundations – Indonesian authorities have been lobbied to resort to violence to protect mining company projects. The ICG report on law enforcement and the exploitation of natural resources in Indonesia noted that some mining companies "have insisted that the government uphold their contractual rights by force if necessary, as in the Suharto era". The report noted that local government officials and police often considered this view as ignoring the underlying problems.

According to the report "an Indonesian, complained to ICG that an excessive preoccupation with human rights was deterring police from shooting at people who obstructed the operations of mining companies".<sup>1</sup> ICG did not identify either the individual or the company for which they worked.

<sup>1</sup> International Crisis Group, *Indonesia: Natural resources and law enforcement*, ICG Asia report no 29, 20 December 2001, page 19.

# Socially Responsible Climate Change?

Socially Responsible Investment, thrown about as the buzzword ‘SRI’, is the general term for investment that is ethical and sustainable. For the socially aware investor, SRI offers an opportunity to enter the sharemarket with the comfort of knowing the profits are not made at the expense of human rights, environmental conservation or traditional livelihoods.

Increased demand for profits without social and environmental loss means there are now twelve SRI ‘products’ on offer to the Australian investor. This is a great step forward for the world of capitalism with a conscience. A closer inspection, however, reveals that each of these SRI portfolios contains mining companies. The long term social and environmental impacts created by the



*Can funding a carbon-powered economy be called ‘socially responsible’? Photo: Bob Burton.*

mining and minerals industry are unlikely to meet the general perception of sustainability, responsibility or ethics of those seeking ‘ethical’ investments.

Of particular concern to MPI is that these SRI funds have shares in coal and oil companies, thus directly contributing to climate change through greenhouse gas emissions

(see the table below). The possible consequences of these gases include rising sea levels, changed weather patterns and altered incidence and location of significant weather events, such as hurricanes, monsoons, and droughts. The main impacts will be felt by those of the global South, who already suffer from much of the mining industry’s detrimental activities.

In current research by MPI, the SRI fund managers have a plethora of rational justifications for investing in climate changing energy sources while advertising their product as cleaner, greener or more progressive.

Resources, including coal and oil, form twenty per cent of the Australian stock exchange — a very significant presence, compared to the two per

## SRI Funds with Coal and Oil Investments

SRI Fund	Company (assets)
Australian Ethical AMP	Origin Energy (oil, gas); Iluka Resources (oil, gas); MIM Holdings (coal, oil); Origin Energy (oil, gas); Tap Oil NL (oil, gas); and Iluka Resources (oil, gas).
BNP	BHP Billiton (coal); Origin Energy (oil, gas); Tap Oil NL (oil, gas); Rio Tinto (coal); and Woodside Petroleum (oil, gas).
Challenger Equity Trustees, Glebe	Origin Energy (oil, gas); and Woodside Petroleum (oil, gas). Iluka Resources (oil, gas); and Woodside Petroleum (oil, gas). Beach Petroleum (oil, gas); BHP Billiton (coal); Oil Search (oil, gas); Rio Tinto (coal); and Woodside Petroleum (oil, gas).
ING	Australian Worldwide Exploration (oil, gas); BHP Billiton (coal); Centennial Coal Company (coal); Iluka Resources (oil, gas); MIM Holdings (coal, oil); Oil Search (oil, gas); Tap Oil NL (oil, gas); and Rio Tinto (coal); and Woodside Petroleum (oil, gas).
IOOF Rothschild	Iluka Resources (oil, gas). Austral Coal Ltd (coal); Centennial Coal Company (coal); MIM Holdings (coal, oil); Novus Petroleum (oil, gas); Oil Search (oil, gas); and Origin Energy (oil, gas).
SAM	Orogen Minerals (oil, gas); BHP Billiton (coal); Caltex Australia (oil, gas); Rio Tinto (coal); and Woodside Petroleum (oil, gas).
Tower	BHP Billiton (coal); Caltex Australia (oil, gas); Origin Energy (oil, gas); Rio Tinto (coal); Woodside Petroleum (oil, gas).
Westpac Eco	Caltex Australia (oil, gas); MIM Holdings (coal, oil); Origin Energy (oil, gas); and Woodside Petroleum (oil, gas).

cent presence on the global market. Fund managers attempt to ensure that SRI funds perform as well or better than mainstream funds, and try to minimise the difference — known as the ‘tracking error’ to three to five per cent either side. Excluding resources would increase this error — and thus amplify the risk — causing investors to ‘shy away from such a product’ says Mark Bytheway of the Sustainable Investment Research Institute.<sup>1</sup>

BHP is the sixteenth largest private sector polluter of greenhouse gases and the twelfth largest coal producer in the world, yet it features in five SRI portfolios, including ING.<sup>2</sup> Says Glenn Langton of ING, ‘as there is no current, viable alternative, ING instead seeks the coal company with the best environmental practices’.<sup>3</sup> He adds that ‘ING doesn’t aim to be a totally green fund’.<sup>4</sup>

Another investor of BHP is Sustainable Asset Management (SAM), which aims to invest in ‘sustainability leaders’, on the path to more sustainable practices. SAM’s Fund Manager, Francis Grey, emphasises that investors demand all industry sectors are represented, even in an SRI fund. He sees SAM’s scrutiny to be ‘converting companies to sustainability thinking’. When asked about the environmentally and socially dubious ‘sustainability’ of BHP and Rio Tinto, which have made the list, Grey emphasises, ‘SAM is a Devil’s Index, not an Angel’s Index. Perhaps it will force the companies to become angels... The only truly sustainable company would be an organic lentil farm on the North Coast, anyway’.<sup>5</sup>

AMP Hendersen sees fuels on a spectrum, from the most greenhouse gas-emitting brown coal, to black coal, gas, through to renewables. Although AMP’s Ian Woods says the fund ‘favours the forward-looking role that Origin is playing with regard to greenhouse liabilities’, he sees ‘a very important role in gas as a transition fuel’, and reiterates the risk of raising the tracking error beyond



Subsidies to carbon fuels undercuts renewable energy sources such as solar power. Photo: Bob Burton.

five per cent.<sup>6</sup>

Glebe’s David Andrews describes his clients as investors with a ‘Christian World View, rather than being deep green’. Although they have shares in fossil fuels, ‘cumulative discomfort’ of clients by recent environmental and social activities of

*‘The only truly sustainable company would be an organic lentil farm on the North Coast’.*

Francis Grey, Fund Manager,  
Sustainable Asset Management

Rio Tinto have seen the company removed from Glebe’s stock.<sup>7</sup>

Before launching its SRI product, Rothschild undertook a survey of 5000 random community members which found that when prompted investment in uranium was considered to be unacceptable. According to Rothschild’s Leanne Bradley, climate change and fossil fuels were not major concerns — although these were not included as prompts.<sup>8</sup>

Australian Ethical Investment, the ‘deepest green’ SRI fund with a strong positive and negative screening and an (albeit profitable) disregard for straying from the top 100 companies of the Australian Stock Exchange (ASX), invests in only one oil company — Origin Energy, better known for its renewable energy stocks. Origin’s decreasing oil exploration, and increasing moves towards gas and renewables allowed it to

feature in this otherwise worthy portfolio.<sup>9</sup>

Despite these numerous reasons and justifications, the case still remains: investors are being sold fossil fuels under the banner of SRI. The reality is that, through burning these fuels, electricity production, agriculture, stationery energy and transport make up 81 percent of Australia’s greenhouse gas emissions — totalling an eyebrow-raising 430 million tonnes of emissions each year.<sup>10</sup> Brown coal is the worst offender, burning up 1200kg of carbon dioxide equivalent for each megawatt hour. Black coal burns only a little cleaner at 1000kg/MWh, while natural gas — hailed as the ‘transition’ fuel, burns at half the rate of brown coal, at 650kg/MWh.<sup>11</sup>

The obvious alternative for both SRI and energy sources is renewable energy which does not produce any climate-changing gases. It’s an exciting place to be, according to AMP’s Michael Andersen, who says, ‘whereas coal-fired energy growth rates are close to single digits, growth rates in the renewable energy industry of 20-30% are typical’.<sup>12</sup>

But the renewable energy market is hampered by price — not its own, but rather the unrealistically low price of coal, made cheap by the government subsidies and incentives given to the industry. ‘It makes it so hard to develop clean projects, because our coal is so cheap’, says Andrew Richards of Pacific Hydro.<sup>13</sup>

This truly clean industry will be significantly helped by the introduction of Australian government’s Renewable Energy (Electricity) Act, which requires an additional 9,500 gigawatt hours of electricity to be generated from renewable sources including solar, wind and biomass by 2010.<sup>14</sup> This Act will assist renewable energy to become price-competitive through Renewable Energy Certificates, and an additional capacity 2800GWh must be built to meet the government’s target by 2010.<sup>15</sup>

Although this is a positive starting

point, there is not currently a big selection of renewables in the ASX, and as Glenn Langton of ING states, 'Although we do seek renewable energy companies, most are in startup phase, so they don't meet the financial criteria of ING: start up companies don't earn enough, and many fail'.<sup>16</sup>

MPI is undertaking discussions and research to convince the SRI industry that it is not ethical, responsible or sustainable to support fossil fuels under the guise of SRI. Instead, SRI funds should be supporting the renewable energy companies on the market, which are working towards a carbon-free future. According to Michael Walsh, an SRI industry analyst at *Corporate Monitor*, 'Mainstream SRI funds could easily drop oil, as oil exploration and refineries are not a major player in the ASX. Coal might be considered on a negative screen, but gas is unlikely to be dropped. However, SRI funds want to include the resources sector because there's action there. If fossil fuels were dropped, there would be more reliance on gold for resource performance'.<sup>17</sup>

But is the sharemarket really the place to push for climate change abatement anyway? Despite the good intentions and cosy statements of

SRI, if 'tracking error' is the driving force and profit is the bottom line, then perhaps Australians should put their energy into changing the government stance instead. 'Clean energy needs government regulation to take off. Ethical investment is not driving the market. It has an influence at the margins only', says Bill Hare of Greenpeace International.<sup>18</sup> Until then, scrutinise your SRI portfolio and ask some curly questions of your fund manager about the true social responsibility of funding climate change.



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<sup>1</sup> Mark Bytheway, *Personal Communication with Chief Executive Officer, Sustainable Investment Research Institute (SIRIS)*, 15 May 2002.

<sup>2</sup> Natural Resources Defence Council, *Kingpins of Carbon: how Fossil Fuel Producers Contribute to Global Warming*, [www.nrdc.org/globalwarming/carbon/kocinx.asp](http://www.nrdc.org/globalwarming/carbon/kocinx.asp), July 1999.

<sup>3</sup> Glenn Langton, *Personal Communication with Fund Manager, ING Sustainable Investments*, 30 May 2002.

<sup>4</sup> *ibid.*

<sup>5</sup> Francis Grey, *Personal Communication with Fund Manager, Sustainable Asset Management (SAM)*, 21 May 2002.

<sup>6</sup> Ian Woods, *Personal Communication with Senior Research Analysts, AMP Henderson Sustainable Future Funds*, 31 May 2002.

<sup>7</sup> David Andrews, *Personal Communication with Fund Manager, Glebe Asset Management*, 30 May 2002.

<sup>8</sup> Leanne Bradley, *Personal Communication with Product Manager, Rothschild Asset Management*, 31 May 2002.

<sup>9</sup> Duncan Paterson, *Personal Communication with Corporate Researcher, Australian Ethical Investment*, 21 May 2002.

<sup>10</sup> National Greenhouse Gas Inventory (2001), cited in Macpherson, Sholto (2001), 'Making a Clean Switch', *Ethical Investor*, Issue 5, October, p 27.

<sup>11</sup> Paddy Manning, 'Big Gains to be made During Transition', *Ethical Investor*, Issue 5, October 2001, p 31.

<sup>12</sup> Ross Kendall, 'Positive Investing', *Ethical Investor*, Issue 10, April 2002, p 28.

<sup>13</sup> Sholto Macpherson, 'Strong Winds Bear Good News', *Ethical Investor*, Issue 5, October 2001, p 30.

<sup>14</sup> Murray Hogarth, 'Finding the Energy', *Ethical Investor*, Issue 6, November 2001, p 24.

<sup>15</sup> Ian Woods, *Personal Communication with Senior Research Analysts, AMP Henderson Sustainable Future Funds*, 31 May 2002.

<sup>16</sup> Glenn Langton, *Personal Communication with Fund Manager, ING Sustainable Investments*, 30 May 2002.

<sup>17</sup> Michael Walsh, *Personal Communication with Director, Corporate Monitor*, 31 May 2002.

<sup>18</sup> Paddy Manning, 'Clean Energy Needs Government Action', *Ethical Investor*, Issue 2, July 2002.

## BP ends donations to political parties

In response to public pressure British Petroleum (BP) has announced that it will no longer make donations to political parties anywhere in the world. In a speech to the Royal Institute of International Affairs, BP Chairman, Lord Browne, said 'We have to remember that however large our turnover might be, we still have no democratic legitimacy anywhere in the world ... We've decided, as a global policy, that from now on we will make no political contributions from corporate funds anywhere in the world'.<sup>1</sup>

However, BP will continue to participate in industry lobbying campaigns and the funding of think-tanks. 'We will engage in the policy debate, stating our views and encouraging the development of ideas - but we won't fund any political activity or any political party,' he said. In response to a question, Browne said that over the long term donations to political parties were not effective.<sup>2</sup>

<sup>1</sup> Lord Browne, Group Chief Executive, BP 'International relations - the new agenda for business', [www.bp.com/centres/press/s\\_detail.asp?id=147](http://www.bp.com/centres/press/s_detail.asp?id=147), 27th February 2002.

<sup>2</sup> Lenore Taylor, 'BP stops making political donations', *Australian Financial Review*, 1 March 2002.

# SRI funds worry miners

Former WMC Executive Officer – now consultant – Ray Evans, told a mining industry conference in 2001 that ‘capital markets in London and New York are key to the mining industry. The culture permeating the elites of these two cities will affect how decisions on allocation are made’, he said.<sup>1</sup> Evans worried that with the success of activists in persuading financial institutions to divest from controversial companies, ‘they can do it to mining companies as well’.

In the United States it is estimated that Socially Responsible Investment<sup>2</sup> — SRI — funds account for approximately 15% of all the funds under management.<sup>3</sup> While less than 1% of managed funds in Australia could be classed as ‘ethical’, there is rapid growth in the sector. According to Dr Don Hamson, the Chief Investment



Dr Don Hamson, the Chief Investment Officer of Westpac Investment Management. Photo: Bob Burton.

Officer of Westpac Investment Management, an August 2000 survey for Westpac indicated that 69% of surveyed investors would consider an SRI fund if they had the option.

Shaun Mays, the General Manager of Westpac Financial Services, told a 2001 MMSD workshop ‘sur-

veys of pension fund managers show that human rights and environment are their two major concerns ... mining companies that do not address sustainability run the risk of increased cost of capital and loss of their licence to operate’.<sup>4</sup>

Hamson told a June 2002 Minerals Council of Australia seminar that much of the controversy about the mining industry was because ‘minerals companies are easy targets’.<sup>5</sup> He urged the audience to put more effort into communication. “Sell [the] message more”, he told the seminar.

The bad news for the mining industry is that surveys reveal little support for the inclusion of uranium mining companies in SRI funds. Despite this, Sustainable Asset Management and ING include WMC within their SRI portfolio.

**Bob Burton**

## SRI funds with mining investments (other than coal and oil)

SRI fund	Mining company
<b>AMP</b>	Iluka Resources, MIM Holdings, Sons of Gwalia
<b>BNP</b>	BHP Billiton, Portman, Rio Tinto, Sons of Gwalia
<b>Challenger</b>	Virotec International
<b>Equity Trustees</b>	Iluka Resources, ING, MIM Holdings,
<b>Glebe</b>	BHP Billiton, Lihir Gold, Newcrest, Rio Tinto, Sons of Gwalia
<b>Hunter Hall</b>	Mineral Corporation, Pima Mining NL, Selwyn Mines
<b>ING</b>	BHP Billiton, Gympie Gold, Iluka Resources, Newcrest, Rio Tinto, WMC
<b>IOOF</b>	Iluka Resources
<b>Rothschild</b>	Gold and Resources Developments, MIM Holdings, Portman, Sons of Gwalia, Ticor
<b>Tower</b>	BHP Billiton, Newcrest, Portman, Rio Tinto
<b>Sustainable Asset Management (SAM)</b>	Anglogold, Aurion Gold, BHP Billiton, Normandy NFM, Rio Tinto, WMC
<b>Westpac Eco and Westpac Sustainability</b>	MIM Holdings, Sons of Gwalia

<sup>1</sup> Ray Evans, ‘The north-south divide’, *Proceedings of Finance Mining and Sustainability conference*, Mining, Minerals and Sustainable Development Project, www.iied.org, 8-9 April 2001, page 9.

<sup>2</sup> The promotion of the term SRI as a substitute for the term ‘ethical investment’ itself reflects the politics of the debate over how low the benchmarks for corporate performance should be. A report on SRI prepared by the Allen Consulting Group (ACG) for a coalition of Australian foundations argued ‘the values based language that is commonly used may be inhibiting broader understanding and performance of this investment’. ‘Language: SRI or screened, not ‘ethical’, the ACG recommended. The ACG has done lobbying and consultancy work for various mining companies and the Minerals Council of Australia.

<sup>3</sup> Allen Consulting Group, *Socially Responsible Investment in Australia*, Ethical Investment Working Group, www.allenconsult.com.au, August 2000, page 2.

<sup>4</sup> Shaun Mays, ‘An investment management perspective’, *Proceedings of Finance Mining and Sustainability conference*, Mining, Minerals and Sustainable Development Project, www.iied.org, 8-9 April 2001, page 10.

<sup>5</sup> Don Hamson, ‘Market expectations: evolution not revolution’, Presentation to Minerals Council of Australia Annual Industry Seminar, unpublished, Canberra 5 June 2002.

# Coming Clean with Old King Coal

Australia is undeniably a world leader — not in environmentally responsible behaviour, not in climate change prevention, but in trading coal. Since 1984, Australia has headed the global trade list of thermal and coking coal.<sup>1</sup> This energy source, infamous as one of the major contributors to global warming is Australia's biggest export-earning commodity,<sup>2</sup> earned \$10.8 billion in 2000, or eleven per cent of Australia's total export earnings.<sup>3</sup>

'Up in Smoke', a new report from the Mineral Policy Institute tells the tale of the government's favourite child — the coal industry — over its lesser-loved sibling, the renewable energy industry. While responsible countries around the world start to devise a future with clean energy, the Australian government is eyeing off the growing energy demand in Asia, and frantically re-packaging coal to be an environmentally-acceptable option. In 2000, steaming coal exports to Asia formed over ninety per cent (\$3.4 billion) of the 8.7 billion tonnes of coal exported by Australia.<sup>4</sup> In the near future, Asia is expected to have the world's highest increase in electricity consumption and energy capacity,<sup>5</sup> and Australia is hoping that its 'clean' coal, with lower ash and sulfur content will be classified as a 'cleaner development mechanism' under the Kyoto Protocol.<sup>6</sup> It would be a triumph for the Australian coal industry if coal profits could be increased while simultaneously meeting the requirements of the Protocol!

The government's pro-industry stance supports this move. In the last decade, it has shrugged off its funding responsibilities to the Commonwealth's research body, the CSIRO, forcing the CSIRO to sing for its supper by seeking 40% of all research funding from industry. The



Concern about climate change have had little impact on budget priorities. Photo: Bob Burton.

CSIRO's Division of Energy Technology's mission is to 'improve the competitive advantage and environmental acceptability of the coal, energy and related industries', and it is sitting on a pot of \$20 million.<sup>7</sup>

*'[there is] nothing to say that [CSIRO's] portfolio has to be balanced'*

Chris Thompson,  
Marketing Manager of CSIRO

The marketing manager of CSIRO, Chris Thompson, in an ironic statement for a research body seeking international credibility, stated that there is 'nothing to say that [CSIRO's] portfolio has to be balanced' when questioned about the strong focus on coal-associated research compared to renewable energy. Indeed, he stated that CSIRO's research program is 'proportional to external funding'. Very little is spent on renewable energy due to the small size of the industry, compared to the significant funds devoted to coal R&D by the larger and wealthier coal industry.<sup>8</sup>

Cooperative Research Centres (CRC), the think-tank melting pots with funding and researchers from universities, government and the private sector, are taking a similar

coal-focused path. \$9.7 million per year is channeled to CRC R&D supporting fossil fuels while only \$1.6 million leaches its way to finding clean energy answers through renewable energy sources.<sup>9</sup> Even more disconcerting, in the government's Greenhouse Gas Abatement Program (GGAP), \$82 million of the total \$92 million was given to projects that at least partially support the fossil fuel industry. Of this, the coal industry received \$30 million.<sup>10</sup>

If these figures belie a reluctance to commit to the good, green intentions of 22 countries globally that have ratified the Kyoto Protocol, former federal Minister for Resources and Energy, Warwick Parer, stated it bluntly, saying 'because of Australia's...substantial coal deposits, Australia is particularly vulnerable to the effects of actions to reduce greenhouse gases'.<sup>11</sup> (Interestingly, this Minister was exposed two years later as having a significant conflict of interest by owning \$2 million worth of shares in a Queensland coal mine.<sup>12</sup>) This tendency still seems alive and well in government, as the current Minister for the Environment, Dr David Kemp, eagerly signed up with the US 'Climate Action Partnership' in February 2002. His strategy, far from getting the government to get serious and take real action, is to 'engage with business to create economically efficient climate change solutions'.<sup>13</sup>

'Clean coal' and its related technology have contentious environmental benefits. Many scientists, politicians and activists are increasingly questioning the ability of 'clean coal' to reduce greenhouse gas emissions. They argue that the very nature of coal and its combustion defies its ability to be 'clean', and that true 'clean energy' lies in the use of renewable energy sources, such as



wind, solar steaming and photovoltaic cells.<sup>14</sup> More specifically, the much-touted low sulphur content is irrelevant to the amount of greenhouse gas emissions, which are based on the carbon content of coal, and sulfate aerosols actually act to briefly suppress global warming and reduce projected temperature increases by one degree.<sup>15</sup>

Further criticism of the ability of 'clean coal' technology to bring about a reduction in greenhouse gas emissions has been labelled as a 'business as usual' scenario, with minimal reductions when compared to the total emissions associated with coal fired energy generation. Between 1989 and 2000, greenhouse gas emissions related to improved coal mining and coal combustion techniques, such as 'clean coal' initiatives were reduced by up to 3.6%, while the growth in emissions was over 50%.<sup>16</sup>

It's painfully obvious that the Australian government is keen on coal, at the cost of finding cleaner, greener alternatives. The responsibility for preventing massive climatic crises has now fallen to the non-

government sector which are keeping the issue on the agenda, while tirelessly promoting the alternatives to fossil fuel. MPI's report feeds into this information base and will support new campaign initiatives to prevent complete capitulation to Old King Coal.

**Nina Lansbury**

**Nina Lansbury, 'Up in Smoke: Australian Coal Exports to South East Asia', Mineral Policy Institute and Climate Action Network Australia, May 2002 is available on request from MPI.**

<sup>1</sup> Department of Industry, Science & Resources, *Australia's Export Coal Industry*, Energy Minerals Branch, Department of Industry, Science & Resources, Australia, 1999.

<sup>2</sup> Australian Bureau of Agricultural and Resource Economies, 'Coal Price Talks Heating Up as Steel and Power Producers Stake their Claims', *Australian Commodities and Trade to Asia*, December, Volume 1, Number 4, 2000.

<sup>3</sup> M. Farrow, 'Welcoming Address', *4<sup>th</sup> APEC Coal Flow Seminar*, APEC Energy Working Group, Honolulu, 11-13 November, 1997.

<sup>4</sup> Joint Coal Board and Queensland Department of Natural Resources and Mines, *Australian Black Coal Statistics 2000*, Joint Coal Board and Queensland Department of

Natural Resources and Mines, Brisbane, 2000.

<sup>5</sup> J. Moullakis, 'Coal to continue firing economy', *Australian Financial Review*, Commodities section, 23 January, 2002.

<sup>6</sup> G. Compton, *Personal Communication with APEC Section, Energy Division*, Federal Department of Industry, Science & Resources, 22 March 2002.

<sup>7</sup> Division of Energy Technologies, Division of Energy Technologies, CSIRO website, www.det.csiro.au, 2001.

<sup>8</sup> Chris Thompson, *Personal Communication with Marketing Manager*, Commonwealth Scientific and Industrial Research Organisation, Sydney, 22 March 2002.

<sup>9</sup> Chris Riedy, *Public Subsidies and Incentives to Fossil Fuel Production and Consumption in Australia*, Institute for Sustainable Futures (draft), Sydney, November 2001.

<sup>10</sup> *ibid*

<sup>11</sup> Warwick Parer, 'Coal and Investment: Regional Investment Strategies for Coal, Power Infrastructure and Technology Transfer', 3<sup>rd</sup> APEC Coal Flow Seminar, APEC Energy Working Group, Terrigal, Australia, 26 November 1996.

<sup>12</sup> Construction, Forestry, Mining and Energy Union, Media Release, *September 1998*.

<sup>13</sup> Kemp, David, 'US/Australia Climate Treaty', Minister of the Environment's Media Release, www.ea.gov.au, 27 February 2002.

<sup>14</sup> Towards Ecological Recovery and Regional Alliance, 'Facing up to Climate Change in the Mekong Region', *Watershed*, Volume 7 Number 1, 2001, pp 52-63.

<sup>15</sup> Mark Ellis, 'Can Coal be Clean?: "Clean Coal" Technologies and their Potential Impact on Global Warming', AID/WATCH and Greenpeace Australia, 1997.

<sup>16</sup> *ibid*

## Rio Tinto chairman annoyed investors listen to activists

The Chairman of Rio Tinto, Sir Robert Wilson, was exasperated when he faced questions at a seminar organised by Rio Tinto on social and environmental reporting. 'I think ...perhaps this is inevitable, that a Group like this is always going to be subject to attack by single interest NGOs on one particular ground or another', he said.<sup>1</sup>

'That is not something we feel that we need necessarily be defensive about because, in fact, if you look at the culture and philosophy of sustainable development it is we who are in step, not the single interest NGO wanting to take decisions on the basis of just that single interest', he audaciously claimed.



Sir Robert Wilson.  
Photo: Rio Tinto

What irritated him, though, was that ethical investors took community groups' documentation of Rio

Tinto's activities seriously. 'The fact that we are subject to campaigns by single interest groups means that we are also subject to a bit of casual smearing by those same groups as well, and sometimes that gets absorbed by the SRI community', he said.

'There is no doubt that there are certain types of project in operation

that we would probably avoid simply because of the hassle, the reputational adverse consequence, because we will be blamed once we get there — we will be blamed by parts of the NGO community for everything that we have inherited, even though we might actually be doing our best to put things right!', he said.

Wilson also revealed his irritation at publicity over human rights abuses at the Kelian mine in Indonesia, which the company attempted to conceal.

**Bob Burton**

<sup>1</sup> Rio Tinto, 'Questions and Answers', *Proceedings of Social and Environmental Performance Seminar London*, www.riotinto.com, 30 April 2002, p 3.

# SRI advisers rely on media to ring alarm bells

Many fund managers and advisers of ethical fund advisers – with limited in-house research staff themselves – rely on monitoring the mainstream media for stories raising issues about controversies over environmental and social impacts of companies.

Proponents of voluntary corporate reporting point to the prospect of stories exposing corporate sins filed quickly being picked up around the world. It is, they argue, a vital antidote to the spin contained in volumes of glossy corporate reports.

However, within the journalism profession, there is increasing soul-searching about the failure of media organisations to cover important stories about powerful corporations. In the wake of the collapse of Enron the prestigious *Columbia Journalism Review* has pointed its finger at US journalism as having failed the public.

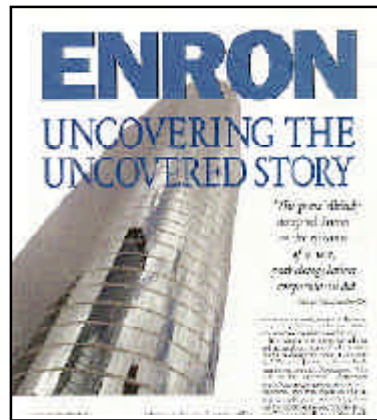
'How, and why, did it happen?', CJR contributing editor Scott Sherman asked. His conclusion was that most journalists and editors were victims of corporate spin while the more sceptical journalists had a hard time swimming against the current.

Chuck Lewis, the Executive Director of the Center for Public Integrity – a Washington DC based non-profit journalism group – believes



Center for Public Integrity  
Executive Director, Chuck  
Lewis. Photo: Bob Burton.

there are fundamental problems with the mainstream media covering stories on major corporations. Lewis, a former CBS *60 Minutes* producer in the US, believes commercial media outlets want soft stories that garner ratings to attract advertisers, not news that challenges the powerful.<sup>1</sup>



Reviewing the impact of CPI – which has established a global network of 80 investigative journalists in 40 countries – Lewis noted that exposés on corporations gained much less media coverage than that exposing government officials or bureaucracies. "When we did investigative reports about companies the thresholds were much, much higher and very frequently nothing would be mentioned in the media ... There is no question in my mind there is a reluctance ... by most media corporations, from the people managing them down to the street level reporters that you better be careful when you go after them [corporations]", he said.

If major stories – such as the Enron scandal – go underreported where there is a free press, what does it mean for fund advisers supporting mining companies with projects in distant countries?

Throughout the mid-1990s villagers in a remote rural area of Turkey opposed a gold mine proposed by Normandy Mining, even staring down tanks sent in to break a tractor blockade of the minesite. The issue gained no coverage in mainstream Australian media.

In April 2000, fifty Turkish villagers marched in protest against the mine to coincide with the annual Gallipoli commemoration ceremony. As a

result they gained a small amount of coverage on the wire service, *Australian Associated Press (AAP)*.

After the AAP article, the head of Monash University's Centre for Environmental Management, Doug Holmes, who advises Westpac on environmental research and ratings for Westpac's Eco Pool ethical funds, contacted Normandy.<sup>2</sup> 'The thing that triggered it was the march of the fifty villagers', Normandy's Public Affairs Manager, Dr Chris Anderson, told *Mining Monitor*.<sup>3</sup>

'I ... went over [from Adelaide to Melbourne] to meet Doug ... and spent a few hours with them and we provided them with lots of documents including the EIS [Environmental Impact Statement] and a range of other reports', he said. 'As a result of that they seemed satisfied', he said.

Anderson also said he discussed the issue with Melbourne staff of the World Wide Fund for Nature, Community Aid Abroad-Oxfam and the Australian Conservation Foundation – none of whom were working on the issue. Neither Anderson nor Holmes made inquiries with either members of the Turkish community in Australia or MPI who were in contact with community groups in Turkey.

It is telling that until media coverage of the protests SRI advisers had no idea about the opposition to Normandy's Turkish project. Early in 2002, Westpac dropped Normandy from its Eco-Pool but Sustainable Asset Management (SAM) continues to include it.

**Bob Burton**

<sup>1</sup> Interview with author 30 May 2001.

<sup>2</sup> 'Monash holds Normandy on negative watch over Turkish mine', 30 December 2000.

<sup>3</sup> Interview with Chris Anderson 3 August 2001.

# Bringing it back home

The World Summit on Sustainable Development (WSSD) in Johannesburg in August 2002 will test how much governments and corporations will embrace a broad view of sustainable development.

Sustainability should be about providing food security to people, ensuring access to decent healthcare, employment, housing, education and a healthy environment. However, in the wake of the September 11 attacks on the US, the 'security' agenda has been overshadowed in many places by anti-immigrant border protection and repressive 'anti-terrorist' measures that threaten basic democratic rights.

The Mineral Policy Institute (MPI) is a key participant in the Global Mining Campaign (GMC), a network of communities and human rights, environment and development and other organisations from all continents, established in Washington DC in December 2001. Through a comprehensive process of consultation across the world, GMC has been actively lobbying in the lead up to WSSD, preparing a set of demands for responsible minerals use, lobbying to ensure that the section of the WSSD on minerals is embedded in commitments to human rights and a shift from ever greater mining to minerals conservation and reuse.

The GMC has established a website 'The Mining News' ([www.globalminingcampaign.org/theminingnews.html](http://www.globalminingcampaign.org/theminingnews.html)) as a resource for activists to document the experience of citizens around the world with the mining industry.

The mining industry is active in the lead up to WSSD too. It is pressing governments — particularly Australia and Canada — to ensure constraints on an ever-expanding mining industry are eased. It illustrates the impact of mining on democracy with corporations — which can't vote — often



*Global campaigns are required to control global mining and energy companies. Photo: Bob Burton.*

wielding far more power than citizens.

However, it is time to make a sober assessment of how the mining industry fits with Australia's future. A few years ago it was possible to say that mining was perhaps the only global industry where Australian corporations were major players.

*The global airline industry has some minimum mandatory standards as a condition of having a license to operate.*

We can't say that today. In the last few years most Australian companies have been swallowed by overseas rivals. Rio gobbled up North, Billiton merged with BHP, Newmont took over Normandy, Placer is taking Aurion... the list goes on. Only WMC is left and the sharks are circling there too.

With capital raising and management decisions increasingly being made in London, Denver, Vancouver, Toronto and Johannesburg, Australian companies are being left to implement decisions made in distant offices.

The merger mania of the mining industry is throwing up new challenges for communities, environmentalists and human rights organisations trying to ensure accountability and

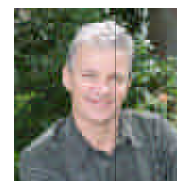
better practices. Where campaigns in the past could often be run and won locally or with support from groups within the same region, today global campaigns through the emerging citizens networks are essential.

Our campaigns for responsible mining have forced the industry to respond with initiatives like the Mining, Minerals and Sustainable Development project, which has opted for timid mechanisms to improve corporate practices. The reports imagine they can sidestep the tension between embracing the free trade agenda and urging the adoption of higher standards which often result in higher costs structures. Dumping wastes in rivers and oceans is cheap, storing wastes more expensive.

Nor will voluntary measures prevent the poorer performers from undercutting the inevitably higher costs of the 'responsible miners and minerals re-processors'.

The WSSD therefore is an important forum for exposing and challenging the free trade agenda and demanding instead a higher mandatory standard of environmental and social performance of corporations across the world, wherever they operate and wherever they are based.

This is not such a far out call. The global airline industry has some minimum mandatory standards as a condition of having a license to operate. There is no reason why the same principles cannot be applied to the global mining and minerals industry.



**Geoff Evans**  
**Director**

# Costa Rica

## President wants country mine free

The tiny Central American nation of Costa Rica is headed to become the first country in the world to ban open cut mining and become free of oil exploration. In his inaugural speech the newly elected President of Costa Rica, Dr. Abel Pacheco, empathically declared his commitment to a future for the country without reliance on oil or mining. Here is a translation of his speech.

*'We will compete without destroying nature because, beyond the events of the moment, our rich biodiversity will always be a great wealth and we will preserve it.*



President of Costa Rica, Dr. Abel Pacheco

*Before becoming an oil enclave, before becoming a land of open pit mining, I plan to initiate a sustained effort to transform Costa Rica into an ecological power.'*

*'The true fuel and the true gold of the future will be water and oxygen; they will be our aquifers and our forests.*

*Before we declare peace among ourselves and we declare peace among all nations; now we should declare a peace with nature.*

*Costa Rica does have a future.*

*As part of the effort to guarantee this promising future, I want to announce that I have adopted the proposal from a group of young environmentalists that was transmitted to me by Gabriel Quesada, grandson of Víctor Quesada, editor of the Social Guarantees and by my son Fabián and that I will press forward surely and decidedly, to incorporate in the Constitution of the Republic a Chapter on Environmental Guarantees.*

*As part of this new Chapter in the*

*Constitution, we will create the security of absolute protection for primary forests so that not a single tree there is cut; absolute protection for the aquifers and the rivers; the absolute protection for the coral ecosystems, of the mangroves and the wetlands; the absolute protection of wild fauna and flora.*

*We will create the legal system so that deforested areas will be reforested with native species and to make clear that we won't be an oil enclave or land of open pit mining.*

*At the same time we will incorporate in this new Chapter of the Constitution all that is necessary to ensure appropriate processes for treatment of solid waste; to begin a systematic process of recycling and to foster the vigorous development of organic agriculture.*

*Added to this, we will guarantee Costa Ricans that technological developments; including the genetic advances, will have to be made in harmony with the nature.*

*The inclusion of Social Guarantees, moved forward by Dr. Calderón Guardia, gave us social peace; the inclusion of the Chapter of Environmental Guarantees will give us sustainability and survival.*

*I call on all Costa Ricans, especially the youngest, to help me with this initiative, to contribute with their ideas, to reinforce with their proposals their right to make of this country a sanctuary for nature and for humanity.*

*Costa Rica has a future and we will assure it'.*

The day after the President's inaugural speech, the San Carlos country council of the northern region of Costa Rica announced that it would not permit any gold mining developments in the region. As local councils have veto power over the decisions of the central government the proposal by gold exploration company, Vanessa

Ventures, appears doomed.

The following day the government of Nicaragua announced that it was opposed to any open cut mining developments in the San Juan River, which is shared between Nicaragua and Costa Rica. The following day the Costa Rican Minister of the Environment, Carlos Manuel Rodríguez, stated that exploration or mining permits would not be issued in the catchment.

# USA

## Mine assessment stalled

Legal action by a coalition of environment groups has forced the US Fish and Wildlife Service to re-evaluate a copper and silver mine proposed adjoining and underneath the Cabinet Mountains Wilderness Areas in Montana.

The legal action centred on the likely adverse impact of a mine on the habitat for bull trout and grizzly bears. Biologists estimate that the grizzly bear population in the Cabinet Mountains wilderness area may be as low as eleven.

*'This decision pushes back the imminent threat of extinction, but only temporarily. The Cabinet Mountains grizzly remains on death row as long as the Rock Creek Mine remains in the works'*, said Earthjustice attorney Tim Preso, who represents the conservation groups challenging the mining plan.<sup>1</sup> The mine's former owner, ASARCO, sold the troubled project to the Sterling Mining Company based in Washington state.<sup>2</sup>

<sup>1</sup> "Lawsuit Prompts Withdrawal of Montana Mine Approval", *Environment News Service*, 28 March 2002, <http://ens-news.com/ens/mar2002/2002L-03-28-09.html>.

<sup>2</sup> For more information see [www.rockcreekalliance.org](http://www.rockcreekalliance.org).

## Filling rivers faces legal challenge

In early May 2002 a US federal court ruled as illegal permission granted by a US government agency to allow river valleys to be filled with waste rock from 'mountaintop' mining projects.<sup>1</sup> While environmentalists hailed the ruling as a significant breakthrough, it was overturned on appeal shortly afterwards.

Kentuckians for the Commonwealth initiated the original lawsuit, which drew a fierce response from



Waste from "mountaintop mining" obliterates adjoining rivers.

the coal industry and the Bush Administration. The ruling by Chief U.S. District Judge

Charles H. Haden II in West Virginia would have had the effect of preventing the Army Corps of Engineers from authorising further projects that dump waste in Appalachian valleys.

A change by the Bush Administration early in May 2002 to the Army Corps' own regulations sought to overturn a 1977 rule prohibiting mine wastes being dumped into rivers. Haden's decision was scathing. *'The final rule for 'discharge of fill material' highlights that the rule change was designed simply for the benefit of the mining industry and its employees ... The agencies' attempt to legalize their long-standing illegal regulatory practice must fail. ... The regulators' practice is illegal because it is contrary to the spirit and the letter of the Clean Water Act'*, Haden's decision stated.<sup>2</sup>

The environmental law group, Earthjustice, argued that the new rule – introduced late on a Friday – was a special favour for political donors. *"Now that citizens have taken state and federal agencies to court to ensure our environmental laws are enforced, coal companies have*

*sought – and been granted – legal relief from the Bush administration. Their lavish contributions to the Bush-Cheney campaign have just been paid back,'* Joan Mulhern said in a statement.<sup>3</sup>

Haden's decision was overturned on appeal but further legal action is pending. A bipartisan group of fifty-seven members of Congress has announced that they will introduce legislation to overturn the new rules.

<sup>1</sup> Ken Ward Jr, 'Judge blocks new valley fills Corps of Engineers' practice illegal, violates Clean Water Act, Haden rules', *West Virginia Gazette*, 9 May 2002, [www.wvgazette.com/news/News/2002050838/](http://www.wvgazette.com/news/News/2002050838/)

<sup>2</sup> A link to the judgement and other court documents is at [www.wvgazette.com/news/News/2002050838/](http://www.wvgazette.com/news/News/2002050838/).

<sup>3</sup> Earthjustice, 'Bush Administration Approves Most Damaging Change to Clean Water Act in Decades Allows Waste Dumps in Streams Nationwide', Media Release, [www.earthjustice.org/news/display.html?ID=365](http://www.earthjustice.org/news/display.html?ID=365), 3 May 2002.

## Climate scientist toppled for EXXON

In response to lobbying by oil giant ExxonMobil, the Bush administration decided to oppose the candidacy of Dr Robert Watson to chair of the UN-aided Intergovernmental Panel on Climate Change (IPCC). The 2500-member IPCC drafts expert advice for policymakers on global warming and its causes.

Watson, a highly respected atmospheric scientist and currently the chief scientist at the World Bank, had chaired the IPCC since 1996.

A memorandum from ExxonMobil to the White House Council on Environmental Quality was obtained by the US based environmental organisation the Natural Resources Defense Council (NRDC) under the Freedom of Information Act. The memo was sent to Bush's chief environmental adviser just after he was sworn in as President and identified as an issue *'can Watson be replaced now at the request of the US?'*<sup>1</sup>

The memo recommended 'Re-

*structure the US attendance at upcoming IPCC meetings to assure none of the Clinton/Gore proponents are involved in any decisional activities'*. Randol also proposed that noted climate sceptic, Dr Richard Linzden be appointed to *'conduct an immediate review of the comments on the Working Group reports ... and to review the US comments to be submitted'*.

During the 1990s ExxonMobil spent more than \$1bn financing the Global Climate Coalition (GCC), a group of oil, motor and heavy industries opposed to action against global warming.<sup>2</sup>

After release of the letter, a White House administration official claimed that the decision to oppose Watson was unrelated to ExxonMobil's lobbying.

At the subsequent meeting IPCC meeting, ExxonMobil's lobbying came to fruition, with Watson voted out of the position.

<sup>1</sup> Memo from Randy Randol, Senior Environmental Advisor ExxonMobil to John Howard, Council of Environmental Quality, 6 February 2002. The memo is available as an Acrobat file at [www.nrdc.org](http://www.nrdc.org).

See also Natural Resources Defence Council (US), 'Confidential Papers Show Exxon Hand in White House Move to Oust Top Scientist from International Global Warming Panel', Media Release, [www.nrdc.org](http://www.nrdc.org), 3 April 2002.

<sup>2</sup> Paul Brown, 'Oil giant bids to oust expert on climate', *The Guardian Weekly*, 11 April 2002, page 5



Whether it is back copies of *Mining Monitor*, copies of MPI reports or news updates, drop in to the MPI website [www.mpi.org.au](http://www.mpi.org.au)

## Insubordinate advice

An Alaska Department of Environment and Conservation (ADEC) employee has been charged with insubordination for writing an e-mail identifying legal problems with a proposed BP exploration project.

Bill McClarence identified nine legal problems with the proposed BP permit. These included the failure to account for more than 25 tons of hazardous pollutants to be emitted each year and the evasion of pollution standards by improperly counting the facility as a separate operation when it is part of a larger operation. ADEC Manager John Kuterbach charged McClarence with insubordination for violating a direction that McClarence should not communicate regulatory problems to any staff members under his supervision.

*'Bill McClarence is being harassed for refusing to ignore major pollution violations by a favoured company',* stated Jeff Ruch, Executive Director of Public Employees for Environmental Responsibility (PEER) a legal



PEER Executive Director, Jeff Ruch.  
Photo: Bob Burton.

support group for public employees.<sup>1</sup>

Earlier in the year PEER released the results of a survey of ADEC employees reflecting a widespread perception of regulatory favouritism toward the petroleum industry, political manipulation of pollution enforcement and weak agency leadership.

<sup>1</sup> Public Employees for Environmental Responsibility, 'ADEC employee disciplined for protesting BP permit', Press Release, www.peer.org, 2 April 2002.

## New Zealand

### BP outed on anti-Kyoto lobbying

Greenpeace New Zealand revealed in May that despite BP and Shell publicly claiming they supported the Kyoto climate change convention both were participating in a New Zealand coalition lobbying the government not to ratify the convention.

Greenpeace wrote to both BP and Shell demanding they withdraw from the New Zealand Climate Change Pan Industry Group (CCPIG). *'BP and Shell's hypocrisy is difficult to understand. Both these companies need to*

*set the record straight in New Zealand. They need to withdraw from the Pan Industry Group and clearly state their positions on climate change'* wrote Greenpeace campaigner, Robbie Kelman.<sup>1</sup>

The following day BP claimed that they had not participated in the coalition. It was a claim Greenpeace rejected pointing to a February 2002 report produced on behalf of the Climate Change Pan Industry Group (CCPIG) which listed as one of its members the Greenhouse Policy Coalition (GPC) of which BP is a member. The Chair of the GPC itself had also written an opinion column for a New Zealand newspaper titled *'Nothing to gain from Kyoto Protocol'*

*'BP cannot remain silent any longer. The company must make a clear public statement on its stance on climate change, renounce the anti-Kyoto CCPIG and guarantee the Greenhouse Policy Coalition (GPC) is not associated with the CCPIG, or it should remove itself from the GPC',* Kelman said.

<sup>1</sup> Greenpeace New Zealand, 'A decade of dirty tricks', Media Release, 14 May 2002.

<sup>2</sup> Greenpeace New Zealand, 'BP New Zealand: too little, too late', Media Release, 15 May 2002.

## Cost cutting and that sinking feeling



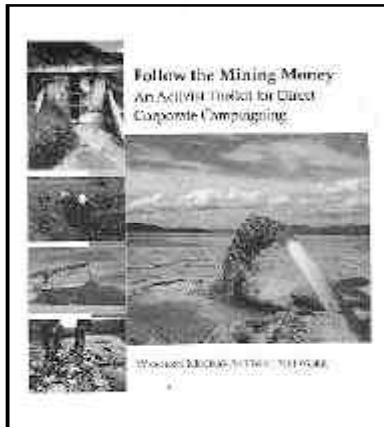
*'Petrobras has established new global benchmarks for the generation of exceptional shareholder wealth through an aggressive and innovative program of cost cutting on its P36 production facility. Conventional constraints have been successfully challenged and replaced with new paradigms appropriate to the globalised corporate marketplace through an integrated network of facilitated workshops the project successfully rejected the established constricting and negative influences of prescriptive engineering, onerous requirements and outdated concepts of inspection and client control. Elimination of these unnecessary straightjackets has empowered the projects' suppliers and contractors to propose highly economical solutions with win-win bonus of enhanced profitability*

*margins for themselves. The P36 platform shows the scope of things to come in [the] unregulated global market economy of the 21<sup>st</sup> century'.*

A statement by a Petrobras executive prior to an explosion on the P36 oil platform in the Atlantic Ocean off Brazil in March 2002 which killed ten workers and resulted in the platform sinking.<sup>1</sup>

<sup>1</sup> American Oceans, 'Quality assurance and the sinking of the largest offshore oil platform', March 2001, www.americanoceans.org/oil/main.htm.

# Reports



## Lisa Sumi, Sandra Thomsen and Alan Young

Follow the mining money: an activist toolkit for direct corporate campaigning

*Western Mining Activist Network, November 2000, 38 pages.*

This is a very useful guide for campaigners who want to develop their skills in lobbying those companies financially supporting mining companies. While not as comprehensive as Hildyard's and Mansley's (see below) more recent contribution, this provides plenty of useful background information and pointers to free resources. It is well worth reading.

The report is available from <http://emcbc.miningwatch.org>

## Judith Richter

Codes in Context: TNC regulation in an era of dialogues and partnerships

*The Corner House, February 2002, 204 pages.*

This paper challenges the greater reliance on self-regulation of corporate activities – including by some non-government organisations – rather than binding legal regulation. Richter illustrates the limits of self-regulation by examining the corporate response to the voluntary code on breast milk substitutes. The paper

also reviews the PR aspects of corporate 'dialogue' meetings with critics and the increasing corporate influence in United Nations agencies.

This report is available at [www.thecornerhouse.org.uk/briefing/26codes.html](http://www.thecornerhouse.org.uk/briefing/26codes.html)



## Nicholas Hildyard and Mark Mansley

*The campaigners guide to financial markets: effective lobbying of companies and financial institutions,*

*The Corner House, October 2001, 204 pages.*

This is a comprehensive guide for public interest groups keen to understand the potential of lobbying the financial markets, shareholders and banks as part of campaigns to protect human rights and the environment. While the guide concentrates on the major UK and UK financial institutions, it provides plenty of pointers and case studies on how campaigns can effectively advance their goals. The guide also contains an 80-page guide to researching companies and industry sectors with a big list of recommended websites and library resources.

Zipped PDF files are available from [cornerhouse@gn.apc.org](mailto:cornerhouse@gn.apc.org). Printed copies for non-profit groups cost £27 (including airmail costs) with payment by cheque only made out to 'Corner House Research', The Corner House, PO Box 3137, Station Road, Sturminster Newton, Dorset DT10

1YJ, United Kingdom.

## Friends of the Earth – Netherlands

*'Raw Materials versus Poverty?': A conference on the role of the World Bank in financing fossil fuel and mining projects.*

*September 2001, 4 pages.*

This is a brief report on a public forum organised by Friends of the Earth Netherlands last year on whether the World Bank should continue to be involved in funding mining and energy projects. If you have been following the debate over the role of mineral developments in creating rather than alleviating poverty this is worth reading.

The report is available at [www.milieudefensie.nl/wto/publicaties/reportconferenceworldbank.pdf](http://www.milieudefensie.nl/wto/publicaties/reportconferenceworldbank.pdf)

## Gary Scott and Mark Wakeham

*Uranium Exploration in West Arnhem Land: a report for the Environment Centre Northern Territory and the Australian Conservation Foundation*

*November 2001, 36 pages.*

This paper reveals, through detailed maps, the increase over the last five years in uranium exploration in Arnhem Land. The report examines the background to mineral exploration on Aboriginal land in the Northern Territory and some of the current uranium exploration programs.

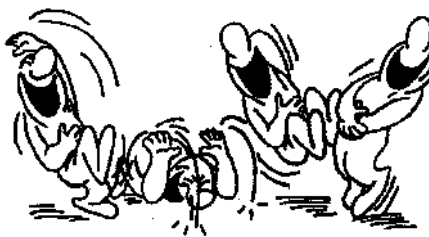
The report is available at [www.ecnt.org/uranium/west\\_arnhem.htm](http://www.ecnt.org/uranium/west_arnhem.htm)

**Miners cure for insomnia**

*'The international report is 566 pages long. If you suffer from insomnia then I highly recommend it for night-time reading'.*

The President of the Minerals Council of Australia [MCA], Barry Cusack, explaining the highlights of the final report of the industry sponsored Mining, Minerals and Sustainable Development (MMSD) process.

(Source: James Chessell, 'Greed', *The Age*, 19 April 2002.)



**Happy to be hijacked**

*'It [the MCA] has been very quick to hijack me and my staff'.*

Australia's Minister for Industry, Tourism and Resources, Ian Macfarlane.

(Source: Macfarlane addressing the Minerals Council of Australia's Minerals Industry Seminar, 5 June 2002.)

**Buck passing**

The international Minerals, Mining and Sustainable Development project, commissioned by the world's largest mining companies, *'did not address climate change. The issue was considered too large and complex to be addressed within the project's time and resource constraints. There were also significant national and international processes pushing forward our understanding and developing responses in this area, and little value to be added by duplicating effort'.*

(Source: Australian Minerals and Energy Environment Foundation (AMEEF), *Facing the Future: The Report of the MMSD Australia Project*, Minerals, Mining and Sustainable Development, Australia, AMEEF, April 2002, page 50.)



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