



MONITOR.

Monitoring the mining industry in Australasia and the Pacific

EU BACKS STRICTER LAW AFTER ROMANIAN DISASTER

The European Union is examining ways to tighten legislation governing the mining industry after a tailings dam breached at a Romanian gold mine co-owned by the Perth-based Esmeralda Exploration resulted in cyanide and heavy metal laced tailings pouring into rivers.

According to the Romanian Minister for the Environment on 30 January "a 25 m section of the tailings dam ... ruptured" at the Baia Mare gold mine.¹ Over the following 48 hours 100,000 cubic meters of cyanide-laced water and tailings spilt from the damaged dam into the Lapus River.

The preliminary report on the impact of the spills, prepared for the Hungarian government, reveals that "the maximum values ... were 300 times higher than the limit value of the 'heavily polluted water' category... 100 times higher in the upper section of the river Tisza, and 20-30 times higher in the lower section of the river Tisza".²

The Romanian government shut the mine and began emergency repairs to the tailings dam. For its part Esmeralda claimed "there is no evidence that there has been any failure of the structural integrity of the dam nor any negligence".³

While cyanide normally breaks down when exposed to warm temperatures and oxygen, winter conditions resulted in the upper Tisza River in Hungary being covered in ice. Once the water got past the ice, however, the magnitude of the problem was obvious as tonnes of fish floated dead on the river.

Esmeralda remained silent for nine days. On 7 February, the Mineral Policy Institute (MPI) received an e-mail alert on the disaster. MPI's Information Coordinator, Igor



MPI Research Co-ordinator, Simon Divecha, outside the Hungarian Embassy after visiting the Ambassador.

*"the maximum values
...were 300 times higher
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water' category"*

*Romanian Minister for
the Environment*

O'Neill, contacted Esmeralda who confirmed the spill from their mine. A media release from MPI alerted the Australian media to the disaster. The next day Esmeralda's shares slumped before the Australian Stock Exchange suspended them from trading.

When Esmeralda finally fronted a media conference with its PR adviser they refused to accept responsibility. They argued that there really were not that many dead fish,

that their own undisclosed tests suggested it was not such a big problem.

Esmeralda referred to the disaster as the "alleged cyanide contamination" of the rivers and claimed that the link between the fish kills and a spill from its tailings dam was "speculative in nature". Esmeralda argued that "to date, no scientific evidence supporting those allegations has been made available".⁴

The company engaged Melbourne environmental consultancy, Natural Systems Research (NSR), to report on the spill. NSR is no stranger to controversial projects, having worked for Placer Dome on the Porgera mine in Papua New Guinea, which dumps its tailings into the Strickland River.

For twelve days the poisoned wastewater, stretching 30-35 kilometres flowed through Hungary then into Yugoslavia. The report for the Hungarian Government

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EUROPE

also revealed that beyond the cyanide pollution there were large amounts of copper and zinc in the rivers.

“In the river Szamos, the peak value of the copper was 160 times higher than the limit value for heavily polluted water ... and the concentration of zinc also exceeded the limit value set by this category. The maximum concentration of copper measured in the Tisza at Mindszent was 36 times higher than the limit value quoted above; for zinc it was 2.5 times higher”, the report said.

While dead fish dominated TV coverage, the impact on marine life was worse at the lower levels of the food chain. In the upper reaches of the Szamos and Tisza rivers almost all aquatic life was killed.

Lake Tisza in the Hortobágy National Park, that had been recently included in the World Heritage List, was polluted as well. The Hungarian Directorate of Environmental Protection is pessimistic about the likely rate of recovery. *“It can be expected that the restoration of the original state of the rivers will take years”,* they wrote.

After visiting the mine, the European commissioner for the Environment, Margot Wallstrom, said that the incident had *“demonstrated that we need to further tighten European legislation ... We must ensure that polluters can effectively be held responsible for damage”,* she said.⁵

Wallstrom foreshadowed the extension of a study into environmental hotspots in the mining industry, scheduled for completion by the end of the year, to include countries that have applied for European Union (EU)



Australian Minister for Environment and Heritage, Senator Robert Hill.

membership, such as Romania. Existing EU legislation, she said, would be revised to ensure the mining industry was covered

“We must ensure that polluters can effectively be held responsible for damage”.

*Margot Wallstrom,
European Commissioner
for the Environment.*

under laws on industrial accidents and a strict liability regime for environmental damage would be expedited.

The Hungarian government announced that it will take legal action against the mining company for damages to the Hungarian tourism industry, the professional fisherman along the Tisza River and for environmental damage. While governments in Europe were making commitments, the Australian Government and

mining industry sought to downplay the magnitude of the disaster. *“I think it is a mistake to rapidly draw conclusions that are adverse to this particular mining company unless and until all circumstances are known and have been properly and independently analysed”,* Australian Minister for Environment and Heritage, Senator Robert Hill said in response to a question from Democrat Senator, Andrew Bartlett.

Faced with calls for legislation to ensure Australian mining companies met high standards overseas, the Minerals Council of Australia (MCA) remained silent and left Hill to defend the voluntary code of conduct it had developed as the way to regulate the mining industry.

Australian Greens Senator Bob Brown pointed to the fact that Esmeralda is not a signatory to the code and even if it was, the code does not ensure good environmental practice. BHP's practice of dumping the tailings from its Ok Tedi mine is evidence of that, he said.⁶

Bob Burton.

¹ Translation of the Press Release issued by the Romanian Ministry of Waters, Forests and Environmental Protection on 15 February 2000.

² Ministry for Environment of the Republic of Hungary, Directorate for Environmental Protection, “Preliminary evaluation of the cyanide pollution in the rivers Szamos and Tisza”, February 2000.

³ Esmeralda Exploration, Media statement, 16 February 2000, <http://www.esmeralda.com.au>

⁴ *ibid*

⁵ Margot Wallstrom, “Cyanide pollution statement”, Media Release, 21 February 2000.

⁶ Senator Bob Brown, ABC Radio National, PM, 9 February 2000.

An extensive collection of media stories on the Esmeralda disaster is at the MPI website at www.mpi.org.au

MINING MONITOR

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NEWCREST LOANS HELICOPTER TO INDONESIAN MILITARY

Australian gold company, Newcrest Mining, has defended its decision to loan a helicopter under contract to a Indonesian subsidiary to the notorious Indonesian armed forces (TNI).

The Gosowong project lies within a Contract of Work (COW) licence area held by PT Nusa Halmahera Minerals (PTNHM), in which Newcrest holds a 82.5 percent interest. The first gold from the mine was poured 25 July 1999. However, only three weeks later the mine was shut down for five days after conflict in the local villages. The mine was re-opened, but Newcrest warned, *"the situation remains unresolved"*.¹

Just prior to Christmas, intense fighting broke out once more across the North Maluku province. Newcrest warned investors that there had *"been a number of clashes between villages in the region of the mine"*.²

While Newcrest says it has a *"high level of support that it continues to receive for the project"*, not all local people are supporters. One Muslim group claimed to have seen a helicopter leased by PTNHM carrying arms and personnel for use by Christian gangs. Mohommad Yusuf Ely, a retired naval officer and Islamic preacher said *"those Australians think they can send in Interfet to do as they wish, just like they did in East Timor. They can't. We Jihad forces will stop them ... we will not let them take our gold"*.³

On December 31, a group of Muslims hijacked one of the helicopters leased to the Newcrest subsidiary. At the same time a group of hundreds of protesters vandalised one of the company's offices in the Ternate district.

The Indonesian news agency, Antara, carried a story that claimed that a helicopter leased to Newcrest had been ferrying Indonesian military and supplying ammunition to those provoking the conflict. Fol-



Newcrest CEO, Gordon Galt.

lowing the Antara story, Newcrest's Chief Executive Officer, Gordon Galt, issued a statement to the Australian Stock Exchange confirming that *"Indonesian Army and other government personnel have used a helicopter leased to PTNHM"*.

Newcrest claimed that *"PTNHM is not involved in the unrest in any way"* and that it had remained neutral in the conflict, and it said this had *"been acknowledged by all parties"*.

*"... well that's what
[peacekeeping missions]
they said it was for"*

*Peter Bird
Newcrest*

Newcrest's Investor Relations Manager, Peter Bird, told *Mining Monitor (MM)* that it used its helicopter to ferry bullion from the mine to the port. It was possible, he suggested, that it might have flown over towns and people seen the armed guards. *"Perhaps people had confused the guards with the movement of troops"*, he said.

However, Bird told *MM* that he had *"no idea"* exactly who in the military requis-

itioned the helicopter. Asked who in Newcrest could say, Bird told *MM* that *"the answer is that it is a security matter ... Our response would be it's their (TNI's) business. They can do what they want to"*.

"The issue is, if they make a decision that they need some equipment ... it's a little different from here – you can't just go down the road and hire a truck or hire a chopper for the local airport", he explained.

"I don't know the exact machinations of that particular situation," he told *MM*. However, challenged as to how he knew that the military who used the helicopter were only involved in *"peacekeeping missions"*, Bird told *MM* *"well that's what they said they wanted it for"*.

The helicopters, Bird insisted, were to allow military officials to get a *"bird's eye view of what is taking place ... again that's not our business as to what they do"*, he said.

Bird insists that there is no reason why Newcrest would get involved in supporting one side in the violence or helping the military if they thought they were involved in other than peacekeeping activities. *"Why would we, a relatively small Australian listed company, play that game? We would pull out, we wouldn't be involved, we wouldn't be in the country"*.

Amidst the widespread violence in the province, the Army mounted a major security operation involving more than 2000 military personnel, including mass evacuations of refugees from North Maluku.

At first Bird told *MM* that he was uncertain how often the helicopters had been provided to the TNI. Later he insisted it had been for only one day. However, the Newcrest statement to the Stock Exchange stated the helicopter had been used on a *"number of occasions"*.⁴ After media cov-

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AUSTRALIA

REPORT EMBARRASSES EFIC

Arms to Indonesia, support for a Chinese nuclear power plant and insurance for Bougainville copper mine form part of the unsavoury legacy of the Australian government's Export Finance and Insurance Corporation (EFIC). In a report, titled 'Putting the ETHIC into EFIC', MPI and AID/WATCH revealed controversial projects supported by EFIC using taxpayers' money.



EFIC helped fund the Ok Tedi mine

EFIC is a statutory corporation, established by the Federal Government and answerable to the Federal Minister for Trade, Mark Vaile. It assists Australian-based companies to compete overseas for contracts and trade. EFIC does this by providing low-cost finance, credit insurance and political risk insurance directly to exporters, and by providing loans to overseas buyers of Australian exports.

EFIC is generically known as an Export Credit Agency, and similar agencies exist in most countries. Unlike some its international counterparts, EFIC lacks any environmental and social standards to screen out harmful projects. While most of EFIC's projects are uncontroversial, 'horror' projects such as BHP's Ok Tedi mine in PNG have proceeded with its assistance.

Worse still, EFIC relies on claims of 'commercial-in-confidence' to prevent public scrutiny of its activities. This secrecy has resulted in poor accountability to taxpayers.

The report was launched by cross-party Senators, ALP Senator Trish Crossin, Democrats Senator Vicki Bourne, and Greens Senator Bob Brown on November 30. (See 'Resources' for report details).

*"more [information]
could be made available"*

**Michael Jackson,
EFIC's General Manager**

Following the press conference, MPI and AID/WATCH spoke with Ministerial advisers and met with EFIC executives. The launch resulted in extensive media coverage of EFIC's activities, and raised questions in parliament regarding EFIC's activities.

In discussion with MPI and AID/WATCH following the launch of the report, man-

agers of EFIC discussed the environmental and social guidelines EFIC is developing in anticipation of environmental legislation coming into effect in July 2000. Prior to the report's launch, EFIC had planned to develop these guidelines in-house, but will now consider adopting a more public process.

Michael Jackson, EFIC's General Manager Corporate, stated that "more [information] could be made available" with regard to the 'secrecy provision' under which EFIC's activities are hidden.

Subsequently, EFIC has published new material on its website to justify projects criticised in the MPI/AID/WATCH report, and claimed that the export of Australian weapons systems to Indonesia was for 'non-lethal' purposes. However, EFIC admits that it had no ability to monitor the use of the weapons.

MPI and AID/WATCH will maintain communications with EFIC while continuing to campaign against EFIC's lack of transparency and lack of environmental and social standards.



*Nina Lansbury,
MPI Research Co-ordinator.*

EFIC's GREATEST HITS

- \$242m loan to the Ok Tedi mine in PNG, which resulted in the destruction of livelihood for 30,000 local and regional landowners.
- US\$250m guarantee of commercial bank finance for PNG's Lihir Gold Mine that continues to dump millions of tonnes of cyanide on to the coastal coral reefs every year.
- \$80m guarantee of commercial bank finance for the Bougainville copper mine, whose negative impacts on local environments and people precipitated the war in Bougainville.
- \$60m in loans to coal fired power stations in China between 1996 and 1998, despite China's attempts to reduce its reliance on greenhouse gas-emitting fossil fuels such as coal.
- \$16m loan to the Indonesian government to buy Australian weapons systems.
- \$16m loan to China to expand a nuclear power plant.
- EFIC also loaned funds to the controversial company, Alstrom. Alstrom is the company responsible for constructing the Three Gorges Dam in China, which threatens to displace and render homeless 1.9 million people.

BOUGAINVILLE

TROOPS CONSIDERED BY CABINET BEFORE MINE BUILT

The release of archived Australian Government documents from 1969 reveals that Australia, which administered Papua New Guinea at the time, considered the use of military force to overcome landowner opposition before the Bougainville copper mine had even been built.



Bougainville copper mine.

Cabinet was less enthusiastic than Barnes, referring his proposal to an Inter-Departmental committee.

In a separate submission in August 1969 Barnes supported a proposal from CRA that it be allowed to use up to 1600 Asian workers for the construction of the project. *“It is suggested that workers indentured from Asian countries are more amenable to control and discipline and would be less likely to cause serious social problems on Bougainville than large numbers of Australian or European construction workers”*, he wrote.⁹

The environmental damage and social dislocation caused by the mine catalysed a rebellion against the PNG government leading to a war which lasted from from 1988 to 1997. The war cost over 10,000 lives, mainly due to a PNG Government blockade that prevented medical supplies from reaching the island.

¹ C.E. Barnes, Minister for External Territories, “Papua New Guinea national unity and public order”, Cabinet submission no 577, 9 May 1969, page 2.

² *ibid*, page 3.

³ P.H. Bailey letter to G Jockel, 18 August 1969, page 3.

⁴ C.E. Barnes, Minister for External Territories, “Papua New Guinea national unity and public order”, Cabinet submission no 577, 9 May 1969, Annex A, ‘extract from Territory Intelligence Committee report, 2nd May 1969, page 2.

⁵ *ibid*, page 4.

⁶ Department of External Territories, “The Bougainville Copper project”, 29 August 1969, page 1.

⁷ C.E. Barnes, Minister for External Territories, “Papua New Guinea national unity and public order”, Cabinet submission no 577, 9 May 1969, page 4.

⁸ *ibid*, page 5.

⁹ C.E. Barnes, Minister for External Territories, “Territory of Papua and New Guinea - Bougainville copper project”, Cabinet submission no 654, 8 July 1969, page 7.

In a submission to Cabinet in April 1969, the Minister for External Territories, C.E. Barnes, informed his Cabinet colleagues of opposition to the mine before the project had been established. Barnes warned *“until CRA has entered into occupation of the land that it requires, difficulties with the native people, including in some areas opposition to the acquisition of land or pressure for secession may be expected”*.¹

“If the CRA project is allowed to falter the Government’s policy for the economic, social and political development ... will be placed in jeopardy”, Barnes warned. Worse still, he wrote, the Australian Administration could *“also be liable to pay substantial damages to CRA”* if the project did not proceed.²

Government officials too, were determined to ensure that the project proceeded. In a letter to an Australian Embassy official in Jakarta, P.H. Bailey, the First Assistant Secretary at the Cabinet Office, wrote *“some of us have been fairly horrified the way events seem to be moving in Bougainville. Given that the local residents are unsophisticated and in any case likely to resent the intrusion of modern big business, it does seem that perhaps insufficient time has been taken at this stage in the process to try to bring the inhabitants round by a mixture of persuasion and bribery [of the appropriate kind]”*.³

A 1969 intelligence committee report, appended to one of the Cabinet submissions, reveals officials ridiculed mine opponents as *“collaborators with the Japanese”* during World War II, dismissed the motives of a member of Papua New Guinea’s Parliament leading concerned landowners as *“suspect”* and argued that he was *“prob-*

ably motivated by self interest”.⁴ Barnes rated the prospect of a secessionist movement emerging as *“unlikely”* but conceded that there was *“a possibility of passive or active resistance to the occupation of land in conjunction with the CRA project ... nor can the possibility be ruled out that a secessionist campaign will develop”*.⁵

After police resorted to tear gas and baton charges to counter protests against the mine development, the Department of External Affairs sent a briefing note to all Austral-

“perhaps insufficient time has been taken to try to bring the inhabitants round by a mixture of persuasion and bribery (of the appropriate kind)”

P Bailey

ian embassies stating *“speaking generally we do not favour initiating or stimulating oversea [sic] interest or discussion about this project because of the many political and economic complexities ...”*.⁶

Barnes urged his Cabinet colleagues to consider the possibility of *“deployment of elements of the Pacific Islands Regiment (PIR)”*.⁷ Barnes noted that Cabinet had already given its approval for *“planning to be put in hand for the provision of military assistance as a last resort”*.⁸



INDONESIA

NEWCREST LOANS HELICOPTER TO TNI

erage of the issue, Newcrest defended its decision to MM on the grounds that “it would be different if we owned the helicopters”.

The Australian Government has encouraged the Indonesian Government to defend Newcrest’s mine. In a meeting with the Indonesian armed forces chief, Admiral Widodo, and the Minister for Mines and Energy, General Bambang, the Australian Ambassador, John McCarthy, stressed the “importance of protection for the mining company”.⁵

While Newcrest is confident that the role of the military was peaceful, others are less convinced. Tamrin Amal Tomogola, a sociologist at the University of Indonesia and a member of the reconciliation team established in the province, blames the military for the pre-Christmas violence.

Tamrin points to the proximity of the violence to the summons of former Coordinating Minister for Political Affairs and Security, General Wiranto, to appear before the inquiry into human rights violations in East Timor. “It is suspicious that when Wiranto was summoned on December 24, unrest erupted on December 26 in three different areas of Ambon, Ternate and Halmahera all at once”, he told the *Jakarta Post*.⁶

“The Army needs to maintain its territo-

rial grip”, Tamrin said. “Every time Soeharto and the Army are troubled riots erupt. There is an obvious correlation between the two ... They twist a national dispute into a local conflict and tell the people they are sectarian matters ... Because of the riots, they can justify sending more troops ... the more troops the more reason to upgrade an area’s military status”.

“They twist a national dispute into a local conflict and tell the people they are sectarian matters”

Tamrin Tomogola
University of Indonesia

Concern about the potential bias of TNI troops extended to the head of TNI, Admiral Widodo, who cautioned troops dispatched to Maluku that “all TNI and police personnel who are assigned to handle riots here must be able to act professionally and impartially”.⁷

Newcrest is confident that the military have not done anything more than “peacekeeping activities”. Responding to MM queries about statements of Maluku leaders that TNI had been destabilising the province, as reported in the *Jakarta Post*, Bird insisted “we haven’t heard of that”. After the New Year violence Wiranto told a meeting of community leaders and gov-

ernment officials in Maluku that the situation had calmed thanks to the presence of security personnel.⁸

While Newcrest says it has “introduced specific reporting and control mechanisms to manage significant risks”, there is little evidence it has considered how to handle requests from the military. MM asked what Newcrest’s policy was in terms of managing the risk of the use of their leased helicopter being used for other than peacekeeping activities. “We do have one ... I can’t tell you what we have got in place specifically for there”, Bird said.

MM requested a copy of a map Bird used to illustrate where the mine, lease area and the violence had occurred. While Newcrest says it “recognises the importance of communicating openly and clearly with all stakeholders”, Bird refused. “It’s confidential”, he said.

Bob Burton.

¹ Newcrest, Quarterly Report, 30 September 1999, <http://www.newcrest.com.au>.

² Newcrest, Quarterly report, <http://www.newcrest.com.au>.

³ Damon Frith, “Newcrest burned in Indonesian war”, *The Australian*, 13 January 2000.

⁴ G Galt, “Gosowong mine status report”, ASX company announcement, 6 January 2000.

⁵ Lindsay Murdoch, “Australian in danger zone as fights rage”, *Sydney Morning Herald*, 11 January 2000.

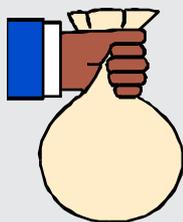
⁶ “Army responsible for Maluku riots”, *The Jakarta Post*, 8th February 2000, page 2.

⁷ “Soldiers told to remain impartial in troubled Maluku”, *Jakarta Post*, 11 January 2000, page 1.

⁸ “Calm returns to Maluku, claims government”, *The Jakarta Post*, 14 January 2000, page 1.



POLITICAL DONATIONS



Australia’s mining sector remains one of the biggest donors to political parties in Australia with more than two-thirds of the donations being contributed to conservative political parties.

Electoral funding disclosure returns for the financial year 1998-99, released for public viewing in early February, reveal the largest donors as being gas company Santos, Western Mining Corporation (WMC), Wesfarmers and the developer of the Jabiluka uranium mine North, all of which heavily backed the Liberal and National parties. A number of other companies such as Australian Gas Light, and Boral hedged their bets by also donating a slightly reduced amount to the Labor Party.

Major mining contracting companies, MacMahon and Theiss, have also joined the ranks of political donors.

WMC donated \$20,000 to the ALP in South Australia, \$165,000 to the Liberals and \$35,000 to the National Party in Western Australia. Oil and gas producer Santos contributed \$30,000 to the ALP and \$260,000 to the Liberal Party. North donated \$40,000 to the Liberal Party, \$20,000 to the Labor Party and \$20,000 to the National Party.

RIO TINTO'S DEAL WITH NGO TO WRITE INDONESIAN LAWS

The success of the world's biggest mining company, Rio Tinto, in establishing a "partnership" with an Australian human rights group is likely to result in Rio staff helping draft human rights, environmental and corporate legislation in Indonesia.

After several years laying the groundwork, Rio Tinto plans to announce a formal partnership with the Australian Legal Resources International (ALRI), a human rights group affiliated with the Australian Council for Overseas Aid (ACFOA). The project, developed with the support of Rio Tinto and the Australian Embassy in Jakarta, aims to provide assistance for "legislative drafting and comprehensive legal and judicial reform". Part of the project will involve legislative drafting of "environmental law, human rights law, constitutional law, bankruptcy and corporate law".

While ALRI is a small organisation with a handful of staff and a budget of approximately \$750,000, it has an impressive list of backers. ALRI's list of patrons features many respected people in Australian legal circles, including former Justice of the High Court, Sir Ronald Wilson, and the Governor General, Sir William Deane. ALRI's current Chairman is Federal Court judge, Justice Marcus Einfeld.

Instead of funding a project at arms length, Rio insists on a "a high degree of involvement" in the partnerships they fund, including participation of Rio's staff in the project work. Underlying the partnership is Rio Tinto's insistence on selecting projects that have "strategic relevance" to the company and "the opportunity for direct involvement of Rio Tinto people and operations".

Rio Tinto's head of External Affairs, Dr Tim Duncan, is candid about Rio's role in encouraging ALRI to take an interest in legal reform work for post-Sueharto Indonesia. "What we wanted to do was bring to the attention of ALRI a close focus



Rio Tinto Australia's External Affairs Manager, Tim Duncan. Photo: Bob Burton.

Partnerships must have "the opportunity for direct involvement of Rio Tinto people and operations"

Rio Tinto

... they were operating in Palestine and the Caribbean and places like that", Duncan told *Mining Monitor* (MM).

"We felt that if we could encourage them to focus on Indonesia, which they wanted to do ... you could see there was an enormous need for basic legal infrastructure in Indonesia", Duncan said. Duncan acknowledges that Rio Tinto has a degree of self-interest in legislation in Indonesia. Rio Tinto has major mining interests, including in the Freeport mine in West Papua, coal mines in Kalimantan and the Kelian gold mine, which have all been subject to criticism over labour, environmental, or human rights issues.

"One of the big problems that Indonesia has as a developing country is the quality of the court system, the strength of contracts ... the extent that the law is being applied in a way that promotes freedom that underpins the growth of a viable

economy", Duncan says.

Duncan agrees that a partnership with a legal NGO gives the work added legitimacy that would otherwise be lacking if a corporation were doing it by itself. ALRI, Duncan said, is "a human rights organisation which works as a development organisation and has all the same relationships with AusAID, ACFOA as any of those organisations would have".

ALRI's relationships have already proved useful to Rio. One of the first parts of the ALRI 'partnership' is a project that has gained funding from the Australian overseas aid agency, AusAID, for a project to assist in judicial training.

With funds provided by Rio Tinto, ALRI gained matching funds from AusAID for the \$100,000 project, with the first stage being a judicial training program.

Should corporations be helping write legislation that affects their own operations? Duncan concedes that "it's not their business" to be working on legislation. However, in Duncan's view concern about "corporates" being involved in law reform work only applies if they are doing so uninvited.

"If we think there is an opportunity and if we think there is a significant section of Indonesian opinion that thinks it is in their national interest to do that, we can act as brokers", he says. "We can through our own influence attract resources, we can put people together, we can run programs and we can to some extent begin to do work that contributes", he said.

ALRI's Executive Director, John Pace, told *MM* "we are conscious of the delicate aspects of the partnership". The first step in the partnership, he said, "will be a series of workshops with components of Rio staff for them to understand us and what we stand for and what we do and how we do it, and for us to understand them a little better".

FORUM: CORPORATE ENGAGEMENT

"The second step is they would send one or two of their people to help us on a project we agree on and we have one or two of ours work with them", he said.

Pace acknowledges that the Rio staff are likely to be those with a legal background. "We would be using them for expertise they could help us with ... wherever there is experience that would be useful such as on civil and political rights in a constitution", he said.

Pace acknowledged that Rio staff could be involved in the project drafting legislation in Indonesia. How will ALRI deal with the potential conflict between what is in the legal interests of Rio Tinto and the interests of the Indonesian people and environment? "They will not be involved in a determinant role, they will not have a controlling role, but we must review that before we get them in", he said.

Pace said that while while ALRI had to be aware of the possible conflict they also had to protect "the standing of our own organisation that so far has a good name for itself". Concerns about the close relationship between ALRI and Rio have



Tailings damaged forests near the Freeport mine. Photo:Project Underground

"So I said [to ALRI's CEO John Hall] 'come here and work for six months' "

Duncan

been further fuelled by a six month secondment of ALRI's former Executive Director, John Hall, to the PR section of Rio Tinto working on partnerships with NGO groups. "He was very interested in our partnership programs and wanted to see how they worked ... so I said 'come

here and work for six months'", Duncan told MM.

Hall's secondment raises other issues too. Hall was elected to the Executive of the Australian Council For Overseas Aid (ACFOA) in late 1999, a position he still holds. At the time it was unknown that Hall would be working in Rio Tinto.

ACFOA is the peak human rights organisation including specific work on human rights issues in Indonesia. In 1995 ACFOA published a damning report on human rights abuses at the Freeport mine in West Papua, a project in which Rio Tinto subsequently became a major shareholder.

Pace acknowledges that there have been discussions about Hall's dual role on both the ACFOA Executive and with Rio Tinto. However, it is not something that bothers Pace much. "Quite frankly, as far as I can see, there is nothing particularly to worry about", he said. ACFOA's Executive thought otherwise. According to Pace, in early March the ACFOA Executive requested Hall stand aside for the duration of his secondment.

Bob Burton.

HOW SPIN DOCTORS SET OUT TO CULTIVATE NGOs



Rarely do documents come to light which set out how corporations and the PR advisers view corporate sponsorship deals as a part of their overall political strategy. In 1999, a large amount of documentation on one campaign was leaked and formed the basis of *Secrets and Lies: the anatomy of an anti-environmental PR campaign*, co-authored by New Zealander Nicky Hager and *Mining Monitor* editor, Bob Burton.

In New Zealand the government owned logging company, Timberlands, hired the PR firm, Shandwick, to advise it on how to counter a campaign by environmentalists against rainforest logging. Part of Shandwick's strategy was to cultivate World Wide Fund for Nature NZ (WWF). Shandwick's PR papers devoted considerable attention to strategies for "bridge building" with "Environmental Lobby Groups." One strategy paper stated: "Identify key opposition groups and the individuals within them who are likely to be more supportive/less opposed to Timberlands".

It set out to court environmentalists from WWF and another group. Timberlands thought the place to start was to "develop points of agreement or commonality with these groups, ideally leading to joint agreements/statements, etc." The plan was to "establish or develop existing relations with individual group members on common or non-contentious areas eg. scientific research on forest wildlife." To cement the courtship, Timberlands considered offering "appropriate support" for "some of their projects." Eventually, WWF publicly endorsed Timberlands logging plans, though it subsequently withdrew following public controversy.

(More details of the Timberlands story are in the February edition of PR Watch, <http://www.prwatch.org> or in Nicky Hager and Bob Burton, *Secrets and Lies: the anatomy of an anti-environmental PR campaign*, Craig Potton Publishing, 1999, \$29.95. *Secrets and Lies* can be ordered at bookshops from John Reed Book Distribution in Sydney.)

WWF SIGNS \$1.2M PARTNERSHIP WITH RIO TINTO

The announcement of a \$1.2 million 'partnership' over four years between Rio Tinto and the World Wide Fund for Nature (WWF) has sparked controversy over sponsorship deals between mining companies and non-government organisations.

After discussions in 1995 with the US corporate giant, Weyerhaeuser, Rio Tinto's predecessor, CRA, decided to change how it handled its public relations program.

The first step was to commission the US based "management and communications consultancy", HRN, to survey opinion leaders on perceptions of the company. With poor results in a number of key areas, CRA decided to develop a program of partnerships to communicate that it was a responsible corporate citizen.

Rio Tinto Australia's External Affairs Manager, Tim Duncan argues that corporations have to develop much closer relationships with community groups. "The days of isolationism are gone, it's not sustainable". Corporations, he says, "need to find platforms into the community, or the part of the community that either through self selection has got some sort of interest in our business or our industry or the sort of things we do".

WWF currently earns almost \$500,000 of its \$2.4 million annual budget from corporate sponsorship, including projects funded by Alcoa (40% owned by Western



WWF Ceo David Butcher. Photo: WWF.

"The ones that are squeaky clean we are not all that interested in".

David Butcher, WWF

Mining Corporation), as well as BHP, Placer Dome Asia-Pacific and Rio Tinto.¹

WWF says it prefers a "mutually beneficial approach" of working with industry. WWF guidelines on corporate relations state that it "emphasises co-operation rather than confrontation as the key to achieving WWF's mission". WWF's policy states it will accept corporate funding providing it is "consistent with WWF's ethi-

cal and environmental principles ... The ones that are squeaky clean we are not all that interested in", said WWF's CEO, David Butcher.

Butcher sees developing corporate partnerships as akin to walking into the lions den on a mission to tame the worst performers. "There's 80 per cent of the others out there are a bit disastrous but actually want to start jumping the hurdles so no matter what their previous record has been, providing they show real interest in improving their record we are prepared to work with them", Butcher told MM.

Rio, as a leading member of the Minerals Council of Australia, continues to campaign for mining in National Parks, against the Kyoto greenhouse protocols and against stronger environmental legislation. While WWF argues the main aim in corporate partnerships is to change corporate practice, Butcher concedes there is little prospect of persuading Rio, BHP, Alcoa or Placer Dome from participating in campaigns against WWF priorities.

Why develop partnerships with companies if there is no prospect of achieving the conservation goals of most importance to WWF? "There are more ways of getting those positions in place than just working with mining companies", he told MM. "There's a whole suite of other forums involved from governments at one end to individuals at the other", he said.

SHOULD PARTNERSHIP CONTRACTS BE PUBLIC?

Rio insists that its partnership arrangement be done in a "businesslike manner" and is formalised in a written contract. Should the contract be open to the public? For its part WWF CEO, David Butcher, sees no problem. "Yes I think it has been signed and sealed now so it is a public document", Butcher told MM. WWF Conservation Director, Ray Nias was less certain. "I'd have to double check with Rio about that. We have no real concerns about the document being public but I would have to get their approval for that", he said. Rio Tinto's, External Affairs spokesperson Tim Duncan was less enthusiastic. "No" he said before elaborating further. "Because WWF and ourselves would regard that [the contract] as an expression of our relationship, we don't think it is a useful subject for being public", he told MM.

FORUM: CORPORATE ENGAGEMENT

What does Duncan think there is in it for WWF other than the money? "I think there is a pedagogical element in their policy making and thinking about corporates that says that if WWF gets close to a corporate they can to some extent influence them", he said.

Corporate funding carries a price to organisational independence too. Butcher agrees it is common for corporate donors to ask to review draft reports that may criticise them. "Oh sure, if they don't agree with the report they can have their connection removed", he said. However, he agreed that reports could be changed "if they can show that it is not factual what we have written ... But when it is factual material then if it has some negative effects upon the donor then you are moral bound to put it in".

How was a project on frogs, negotiated in secret over three years, arrived at? "It was one of our high priorities", Butcher said. "There is a risk", he said, of being "donor driven" by individuals or "right the way through to corporations which will try to very tightly define you down to what they want".

WWF Conservation Director, Ray Nias, remembers the origin of the project slightly differently. "They came to us and said 'Look, we are interested in doing a project along the following lines ... are you guys interested in something that would involve the community, have a scientific background, could be linked in with our remote area presence?'" , Nias said.



Rio Tinto's partnerships conform to strict guidelines set out in its policy.

"So we basically had a discussion along those lines ... and then we batted around a few ideas and then settled down in dialogue on this idea of a frogs project", Nias said.

*"They came to us and said,
'Look, we are interested in
doing a project along the
following lines...'"*

Ray Nias, WWF

The General Secretary of the Construction, Forestry, Mining and Energy Union, (CFMEU), John Maitland, sees the Rio partnership as a cynical move by Rio Tinto to restore its poor public standing. "The company has an appalling record with respect to the environment, to the rights of indigenous people and to the rights of its employees", he wrote to WWF.

Butcher prefers to confine criticism of Rio to its past performance. "Rio Tinto, especially in the past, has not been particularly well noted for the way it handles the environment".

Maitland dismisses the \$1.2 million budget of the Rio Tinto-WWF Frogs! project as a pittance. "This is equivalent to about 1-2 days revenue from one major coal mine in Australia. It is less than the cost of a single large truck, of which the company has many hundreds", Maitland wrote.

Butcher rejects Maitland's criticism and defends taking funding from Rio. "It makes sense ... that some of the resources derived from their operations ... be devoted to the protection of the natural environment upon which their activities impinge", he wrote.

"Those of us who are fighting for our rights and in some cases our very existence against Rio Tinto will now be confronted with the PR machine of Rio Tinto smoothly asserting how wonderful the company is because it has a partnership with WWF. The partnership will be used to counter-balance an overwhelming volume of negative activity by the company elsewhere", Maitland wrote.

Bob Burton

¹ World Wide Fund for Nature, Annual Report 1998, WWF.

² John Maitland, letter to David Butcher WWF, 18 January 2000.

³ David Butcher, Letter to John Maitland CFMEU, 28 January 2000.



HANDLING POTENTIAL CONFLICTS OF INTEREST

WWF CEO, David Butcher, acknowledges that non-government organisations need to be eternally vigilant about the potential of corporate sponsorship to directly or indirectly influence the organisation's policies, priorities and public credibility. Any involvement with companies, Butcher says, "has to be completely transparent".

However, Butcher concedes WWF probably strayed across the line in 1999 in its report comparing the environment reports undertaken by mining companies. The report, "Ore or Overburden" was prepared for WWF by a consultant, Carolyn Pickburn, a former Western Mining Corporation (WMC) PR person. The report assessed the environment reports against a set of benchmarks and ranked Western Mining Corporation's report as the best.

However, the report did not identify that WWF received corporate sponsorship for separate programs from Alcoa (which is 40% owned by WMC), Rio Tinto, Placer Dome Asia-Pacific or BHP, even though all these companies reports were being assessed. *MM* does not suggest that either WWF or Pickburn's relationships with any of the companies influenced the content of the report, only that WWF donors should have been made transparent. Butcher agrees that it was an oversight. "Yes, well that is a point, we most probably should have put that in", he told *MM*.

CYANIDE SPILL POISONS INDUSTRY CREDIBILITY

Two events in the first months of the new millennium highlight the destructive activities of Australian mining companies in different parts of the world. The vital work of small community organisations, like the Mineral Policy Institute, in exposing and challenging their behaviour, has never been more prominent or necessary.

The cyanide spill from the Esmeralda Exploration Baia Mare mine in Romania has devastated rivers and communities through Central Europe. Amazingly, it wasn't until MPI broke the story in the Australian media that the company was forced to inform the public and its shareholders that an accident happened.

A little over a month later BHP announced its decision to walk away from the Ok Tedi mine in PNG, and seek legal indemnity for environmental impacts caused by future owners' operations. MPI's critique of BHP's decision has been widely publicised in both Australia and Papua New Guinea. The mine still relies on dumping its tailings in the river and poses long-term threats of copper toxicity and acid drainage.

Surely the Ok Tedi mine is a liability rather than an asset. BHP hopes that the funds from its sale to another company, the PNG Government or local landowners (or a combination) will fund a trust it wants to establish to oversee environmental rehabilitation.

Esmeralda and Ok Tedi graphically demonstrate two things. Firstly, high risk practices such as the use of cyanide heap leaching and riverine tailings disposal must stop. Mining operations in areas of high ecological or cultural risk is untenable.

Secondly, self-regulation of Australian mining company operations is not protecting environments or communities.

Prevention is better than cure. As the global reach of corporate power increases dramatically, MPI is campaigning for mecha-

nisms that set international environmental, labour and human rights standards for mining that are rigorous, consistent and globally enforceable.

The Minerals Council of Australia (MCA) voluntary Code for Environmental Management for Australian mining companies is inadequate. It depends merely on "peer pressure", does not address social and human rights issues, and has no sanctions for non-compliance. Many Australian mining companies, such as Esmeralda, are not even signatories to the Code.

The Australian government can tackle the all-time low credibility of Australian mining companies by legislating for all overseas operations involving Australian mining companies to be subject to Australian environmental and human rights laws and regulations.

If companies set higher standards for their

"MPI is campaigning for ... international environmental, labour and human rights standards for mining that are rigorous, consistent and enforceable globally".

own operations, or the laws of particular countries are more rigorous than those applied in Australia, then clearly companies should abide by these regulations as well.

MPI's call, supported by many NGOs and also by major political parties including Labor, the Democrats and the Greens, is for companies to be forced by law to:

- honour legal, ethical and financial obligations to the people in the communities affected by their operations,
- develop and fully fund a cleanup plan for the affected areas; and
- put a financial guarantee or bond in

place for the full cost of cleanups.

MPI has recently met with NGO and company executives involved in Placer Dome's Stakeholder Roundtable, with BHP senior managers, and with consultants to a World Business Council for Sustainable Development initiative for setting new directions for the mining industry to become a "sustainable minerals industry" (the Global Mining Initiative).

These discussions have some potential to improve corporate practices. However, our willingness to remain involved is conditional on corporations:

- actually demonstrating changed practices on the ground;
- addressing the industry's assumption that ever-increasing production and consumption of mineral products is desirable or possible, and
- recognising that self-regulation is no substitute for more rigorous public regulation and accountability mechanisms.

The dead fish and traumatised communities along the Tisza, Ok Tedi and Fly Rivers are evidence that despite the rhetoric of "good corporate citizenship" profits and maximising shareholder value still come before the environment and human rights.



Geoff Evans.

*Geoff Evans,
Director,
Mineral Policy Institute.*

TAILINGS

PAKISTAN

GENERAL BACKS MINERS

Australian mining and oil and gas companies are looking to Pakistan's military government of General Musharraf to relax foreign investment and taxation regulations on the minerals and oil and gas sector. Musharraf came to power in a coup in October 1999.

In a national broadcast aimed at reassuring both domestic population and international business and diplomats Musharraf said, "the development of recently discovered large reservoirs of gas will be expedited".¹

In an attempt to woo foreign investors Musharraf has promised to encourage foreign investment in the oil and gas sector by ensuring deregulation and the privatisation of state assets.

"Regulatory authorities will be established for the orderly operations and development of the oil and gas sectors", Musharraf said without further explanation.

The US Government is pressing Musharraf to announce a timetable for a return to civilian rule. To date Musharraf has refused.

Australian companies operating in Pakistan include BHP Petroleum, Novus Petroleum, BHP Minerals and P&O Ports Australia.

1 Tahir Ikram, "Pakistan wants oil/gas exploration boost", *Reuters*, 17 December 1999.

INDIA

INDIA APPROVES BIG LICENCES

After lobbying from international mining companies, including BHP and Rio Tinto (MM Vol 1 No 1 Feb 1996) the Indian government has announced approval for 65 prospecting licences covering over 90,000 square kilometres.

Referring to the discovery of deeper, harder to find deposits, the Minister for Mines and Minerals, Rita Verma, said "we have lagged behind in the development of exploration operations and technology as demanded by modern requirements".¹ The Indian government has acceded to pressure from international mining companies to increase the area allowed under an exploration licence to much greater than the previous 25 hectares.

1 "Indian Govt issues guidelines", *Asia Pulse*, 17 January 2000.

NEW ZEALAND

BIG OIL WIPEOUT



In mid-February the New Zealand High Court ordered Caltex New Zealand Limited, Mobil Oil New Zealand Limited and Shell New Zealand Limited to pay penalties totalling \$NZ1.175 million for breaching the Commerce Act by price fixing.¹

The fines were imposed after the High Court found in October last year that the Commission has proved that Caltex, Mobil and Shell had breached the price fixing provisions of the Act. The three companies had contested the Commerce Commission case.

"I believe that this is the first time anywhere in the world that it has been proved that a group of major oil companies acted anti-competitively over the price of petrol", Commerce Commission Chair, John Belgrave said. "There have been successful cases against individual oil companies, but not against a group of major companies", he said.

The Commission had alleged that the three companies colluded to jointly withdraw a discount from the price of petrol at more than 50 Auckland petrol stations. The discount was in the form of a free car wash offered to customers who spent \$20 or more on fuel.

In his Judgment, Justice Salmon stated that the discount "... did operate as an integral part of petrol pricing or was a discount in relation to petrol".

Salmon also said "... representatives from each of the oil companies made relevant untruthful statements to the Commission". Caltex and Mobil took unsuccessful strike out actions against the Commission's case to the High Court and the Court of Appeal. The Courts rejected both challenges.

Justice Salmon ordered Caltex to pay \$450,000, Mobil to pay \$350,000 and Shell to pay \$375,000. For its part, Caltex said after the judgement was announced that it "regretted" being found to have contravened the Commerce Act.²

1 Commerce Commission, "Caltex, Mobil and Shell were price fixing: High Court imposes \$1.175 million penalties", *Media Release*, 15 February 2000.

2 "Media Statement from Caltex New Zealand Limited", *Media Release*, 15 February 2000.

KYRGYSTAN

THIRD STRIKE FOR KUMTOR

For the third time in less than two years there has been a major chemical spill near the Kumtor Gold Mine in Kyrgyzstan. The Kumtor mine is owned by the Canadian Cameco Corporation. According to Kyrgyz authorities, the latest spill occurred on 20 January 2000 when a truck overturned on a bridge near the mine dumping approximately 1,500 kilograms of ammonium nitrate into the catchment of the Barksoon River.

The Cameco/Kumtor gold mine is one of the largest gold deposits in the world. Located in Central Asia, Kyrgyzstan is one of the smallest and poorest states of the former Soviet Union.

Stephen D'Esposito, President of the Washington D.C. Mineral Policy Center, emphasised that now was the time for the International Finance Corporation and others to act.

"That's three strikes. Cameco is a repeat offender. It's time for the IFC and Cameco to open up the mine and the emergency response plan to public scrutiny. As it stands, the IFC is clearly giving aid and comfort to repeat environmental offenders", D'Esposito said.

TAILINGS

EAST TIMOR

TIMOR GAP OIL TREATY AMENDED



Following the transfer of responsibility for East Timor from Indonesia to the United Nations Transitional Authority in East Timor (UNTAET), Indonesia has relinquished its role in the treaty covering the oil deposits in the Timor Gap. The new Indonesian Government agreed to cede its role as the co-signatory of the Timor Gap Zone of Co-operation to UNTAET.¹

In a "national interest analysis" tabled in Federal Parliament in mid-February, the Australian Government stated that the transitional arrangement had been discussed with state and territory governments and "industry representative (including APPEA, Phillips Oil Co, BHP Petroleum, Norwest Energy, Inpex Alpha, Woodside Energy, British Borneo, Santos, Mitsubishi, Petroz and Shell)".² The document stated "the Commonwealth Government has consistently been urged by state and territory governments, as well as by interested companies, to do all it can to ensure a smooth continuation of the terms of the Timor Gap Treaty".

The current provisions of the treaty remain in force during the transition to a democratically elected government in East Timor. East Timorese leaders have indicated their willingness to support the current terms of the agreement during the transition period but wish to re-negotiate the treaty in order to obtain a better return from the oil deposits.

¹ Minister for Foreign Affairs and Minister for Industry, Science and Resources, "Timor Gap agreement reached with UNTAET", Media Release, 10 February 2000.

² Commonwealth Government, "National interest analysis", tabled in Commonwealth Parliament 15 February 2000.

PHILIPPINES

WMC PULLS PLUG ON TAMPAKAN

After years of talking up the likely prospects of the Tampakan gold and copper project in the Philippines, Western Mining Corporation (WMC) has announced that it is withdrawing from the project.

Tucked away discreetly on page 53 of WMC's 78-page annual results report was the announcement that "following a thorough review, the Company decided to withdraw from the Tampakan, Zarmitan and Pinares projects. Given our present state of knowledge they are unlikely to provide sufficient returns so as to add to shareholder value".¹

The Tampakan project has been the subject of fierce opposition from local community and environmental groups. In the last two years WMC had spent \$15.8 million on exploration and development work before finally deciding it would not proceed.

¹ WMC, "Full year results", WMC, February 2000, page 53.

INDONESIA

NGOs REJECT MINING CONTRACTS

Over the 32 years of the Suharto regime more than 1,200 mining licenses and permits were issued covering 60 per cent of Indonesia's entire land surface or over 84 million hectares. "The big picture of what Indonesia is heading into is clear and devastatingly overwhelming", the Indonesian Mining Advocacy Network (JATAM) says.

"What will happen to the islands of Kalimantan, Sumatera, Sulawesi, Maluku, Java, Papua, and Nusa Tenggara, when (not if) 908 mining companies with official permits enter their full operational stage is clearly visible", JATAM's coordinator, Chalid Muhammad asks.

"Mining companies change natural landscapes, contaminate river systems, and even turn oceans into waste dumps. The companies also leave behind gigantic acid and toxic pools as they close down all their operations at the end of the mining periods"

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TAILINGS

he said, releasing a "statement of unity" by a range of community organisations calling for a moratorium on mining operations.

"In addition, the social and cultural impacts are no less serious. Conflicts on indigenous lands, cheap labour, human rights violations, are only a few to mention. Thus, it is clear that the benefits derived from the mining industry are severely unequal to the destruction it brings", Muhammad said.

The potential scale of mining operations under existing licences and leases, the statement warns, is so potentially great that the government should refrain from signing new leases and should cancel existing large scale mining concessions. However, JATAM offers its support to "community based mining" if it "fulfils all the necessary requirements on the principles of justice, human, safety, and environmental quality".¹

¹ JATAM, "Statement of unity": a moratorium on Indonesian mining activities, Tomohon, November 29, 1999.

already apply under federal law. The legislation has been dubbed anti-Greenpeace legislation, after high profile Greenpeace protests against oil exploration projects in Australia and the high profile protest against Shell's dumping of the Brent Spar platform in the North Sea in 1996.

"This legislation, supported by the Government and the Opposition, is targeted, in part, at trying to stop environmentalists from peacefully protesting against oil and petrol companies by threatening protesters with excessive fines or imprisonment", Senator Greig, the Australian Democrats spokesperson on Law and Justice said.¹

"There is no reason why the law should be weighted so heavily in favour of one particular industry against another's right to peaceful protests", Senator Greig said.

¹ Senator Brian Greig, "'Anti-Greenpeace' Bill now in place: Labor and Coalition support strong-arm tactics", Media Release, 16 February 2000.

"Both of these cases are examples of world's worst industrial practice and would not be approved in other OECD nations", he said.¹

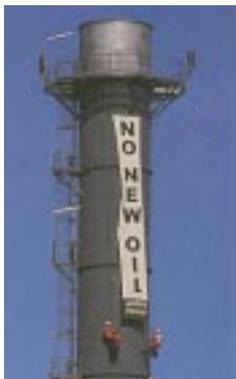
Noonan said that Southern Cross Resources, for the cost of only \$265 for a licence fee, could pollute the groundwater and gain a cost advantage over other in-situ leach competitors that were forced to perform to higher standards. *"Failure to require rehabilitation of groundwater in Australia saves these companies some 30 per cent of operating costs compared to doing business in the United States"*, he said.

"Selling our future to the lowest bidder is not in the public interest. Commonwealth and SA Governments must remove this threat to Australia's groundwater reserves and put this plan to rest." Noonan said.

¹ Australian Conservation Foundation, "Canadian Uranium Miner plans to pollute Australian groundwater, special cheap rates apply.", Media Release, 9th February 2000.

AUSTRALIA

SLICK MOVE



New legislation would prevent protests against oil projects Photo: Greenpeace.

Federal legislation that aims to prevent environment groups from protesting against oil and gas developments has passed through federal Parliament with the support of both the Coalition parties and the Labor Party.

The Petroleum Legislation Amendment Bill, contains provisions that specify penalties of ten years imprisonment for acts of trespass "in connection with petroleum exploration", in addition to the penalties for trespass which

HONEYMOON AFTERGLOW



Honeymoon mine. Photo: Sea-US

Canadian uranium mining company, Southern Cross Resources is seeking approval from the South Australian government to discharge radioactive wastes from the Honeymoon uranium mine into the groundwater aquifers.

The proposal follows approval last year by the South Australian and Commonwealth Government of a 'trial' in-situ leaching process for the Beverley uranium mine which discharges its contaminated wastes into the local aquifer.

David Noonan, Australian Conservation Foundation Campaign Officer said "the Honeymoon uranium mine plan joins the controversial Beverley mine in SA as the only commercial sulphuric acid in-situ leach (ISL) uranium mines in the western world."

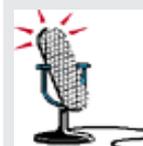
MINE HOST

A 20 year old Aboriginal man caught stealing a box of biscuits and a drink with a total value of \$23 from a storeroom at the GEMCO manganese mine on Christmas Day 1998 has been sentenced to 12 months in jail.

As it was the man's third property offence the magistrate had no option than to sentence him under the Northern Territory's draconian mandatory sentencing legislation to 12 months in jail.

The GEMCO mine is owned by UK-based Billiton.

Something to say?



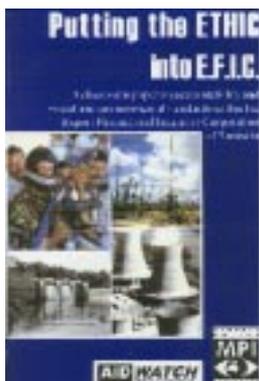
If you have a view why not write a letter to the editor (100-200 words) and send to:

- bburton@hydra.org.au; or
- PO Box 157 O'Connor, ACT, 2602, Australia).

The deadline for the next edition is 30 April 2000.

RESOURCES

MPI/AIDWATCH REPORT



Aidwatch and Mineral Policy Institute, *Putting the ethic into EFIC: a discussion paper on accountability and social and environmental standards within the Export Finance and Insurance Corporation of Australia*, November 1999, 54pp.

This report outlines the history of EFIC funding environmentally and socially damaging projects, such as the Ok Tedi mine. The report compares EFIC's approach to other export credit agencies and argues the case for significant reforms of its accountability mechanisms and lending policies.

Available from the Mineral Policy Institute PO Box 21, Bondi Junction NSW 2022 \$20 NGOs, \$40 organisations and \$100 corporations at the MPI website www.mpi.org.au.

AVAILABLE FROM OTHERS

Clive Hamilton and Hal Turton, *Subsidies to the aluminium industry and climate change - a submission to Senate Environment References Committee Inquiry into Australia's Response to Global Warming*, November 1999, 29pp.

The submission examines the magnitude of the subsidies on electricity consumption to the aluminium industry and its contribution of one-sixth of Australia's greenhouse emissions.

The report estimates that the subsidy on electricity and costs of greenhouse gas abatement is equal to \$70,000 per job. The report argues that even if the industry re-



located overseas as a result of bearing the full costs of energy and the greenhouse gases induced in its production, Australia would be better off.

The report is available free to member of the Australia Institute, PO Box 72, Lyneham ACT 2602 or for \$20 including postage for non-member or available on the web at www.tai.org.au in the section on background reports.

Transnational Resource and Action Center (TRAC), *Greenhouse Gangsters vs climate justice*, November 1999, 30pp.

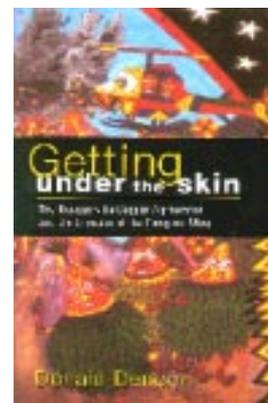
The report documents the role of major fossil fuel corporations, oil in particular, in generating greenhouse gases and their role in attempting to prevent governments implementing policies to prevent climate change.

Available from TRAC, PO Box 29344, San Francisco, CA 94129-0344 USA for \$US2 postage paid or at www.corpwatch.org/climate.

Natural Resources Defence Council, the Union of Concerned Scientists and the US Public Interest Research Group Education Fund, *Kingpins of Carbon: How Fossil Fuel Producers Contribute to Global Warming*, July 1999, 16 pp.

The world's major energy companies contribute more to global warming than most developing countries. While previous reports have focussed on emissions on a country by country basis the report provides the first-ever company-by-company analysis including BHP and Rio Tinto.

Available from the NRDC website <http://www.nrdc.org/nrdcpro/carbon/kocinx.html>



Donald Denoon, *Getting under the skin: the Bougainville copper agreement and the creation of the Panguna mine*, Melbourne University Press, February 2000, 272pp \$39.95 (hardback edition only).

A well-researched book that outlines the machinations of the Australian Government and CRA to overcome landowner opposition to the development of the Bougainville copper mine between 1968-1973.

Denoon draws heavily on internal Australian Government documents, only recently available for public viewing, and includes one revealing CRA internal report. The documents reveal a government and company determined to impose a mine on people they didn't understand.

This book is essential reading for those interested in understanding why CRA's 'success' provoked a landowner rebellion twenty years later with the mine remaining closed to this day.

MPI E-MAIL LIST

The Mineral Policy Institute invites you to join MineAction. MineAction is an e-mail discussion list on mining in Asia and the Pacific.

MineAction is open to everybody and will give groups and individuals in one country an easy way to share information on mining and its impacts with many others around the world.

It is easy (and free) to join using the internet at: <http://www.mpi.org.au/services/mineaction.html>

NUGGETS

JUST A "LOW-LEVEL" DISASTER

"It has not been a failure of the dam, it's has been an overflow from the dam. The overflow has been a fairly low level cyanide spill," the Chairman of Perth-based gold company Esmeralda, Brett Montgomery said, describing the spill of cyanide-laced tailings into the River Szamos which resulted in a massive fish kill, pollution of water supplies and tension between the governments of Romania and Hungary.

(*"Esmeralda says cyanide leak at Romania mine"*, Reuters, 10 February 2000.)



DEAD FISH DON'T TALK

"Esmeralda don't believe it is the catastrophe that has been portrayed; there hasn't been hard evidence released yet to enable a proper conclusion to be drawn".

Peter Gunzberg, one of the biggest investors in Esmeralda.

(Marian Wilkinson, Greg Bearup and Simon Mann, "Perth miners blamed for Europe cyanide disaster", *Sydney Morning Herald*, 10 February 2000, page 8.)

REASSURING ESMERALDA

"The environmental standards in Romania are very high, and European equivalent, and are as stringent if not more stringent than they are in Australia."

Esmeralda's Chairman, Brett Montgomery attempting to reassure Australians after the catastrophic tailings pollution of rivers in Romania, Hungary and Yugoslavia.

(Bruce Hextall and Mark Drummond, "Esmeralda tainted by cyanide spill", *The Australian Financial Review*, 10 February 2000, page 7.)

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