



# MONITOR.

*Monitoring the mining industry in Australasia and the Pacific*

## UNEP SECONDS RIO TINTO ADVISER FOR MINING REVIEW

The chief environmental advisor for Rio Tinto has been seconded to help oversee the development of responses by the United Nations Environment Program (UNEP) to the cyanide spill in January from a part Australian-owned mine in Romania.

The International Council of Metals and the Environment (ICME), the global mining industry's peak organisation, proposed to UNEP that they jointly sponsor a two-day workshop in Paris in late May, to promote the development of a voluntary code of conduct on the use of cyanide in the gold mining industry. UNEP agreed to the proposal.

The development of partnerships between companies and UN agencies follows the January 1999 launch of the "Global Compact" by the UN Secretary General, Kofi Annan. The compact advocates that UN agencies develop partnerships with companies in the areas of environment, human rights and development.

"Corporations which embrace these principles", Annan said in a later speech, "are better placed to deal more constructively with pressure from single-issue groups". The Global Compact has been endorsed by the International Chamber of Commerce, of which Rio Tinto is a member.

Chief of Production and Consumption for UNEP, Mr Fritz Balkau, said the development of a code on cyanide would "provide the public with the confidence that their expectations for the industry are being addressed". Forty delegates from around the world, with nearly half from major mining companies, attended the joint UNEP-ICME workshop. Only three non-government organisations — the World Wide Fund for Nature (WWF), and the US groups the Sierra Club and Mineral Policy Centre — attended.



*The Aurul minesite. Photo: Bob Burton.*

According to the workshop minutes a consultant to WWF, Frank Almond, said "there is a need to shift the public's perception of industry, including mining, as a cause of

*"Corporations which embrace these principles are better placed to deal more constructively with pressure from single-issue groups."*

*Kofi Annan.*

*environmental degradation.*" Almond distanced WWF from the views of other NGO's. "NGOs are well regarded but many of them have not come to terms with the need to reconcile environmental protection with economic activity", the minutes record Almond as telling the workshop.

One of the outcomes of the Paris workshop was the establishment of a steering com-

mittee, whose membership will be decided in the near future by both ICME and UNEP, to oversee the development of the project. Balkau told MM that WWF "is almost certainly going to be included" on the committee. WWF currently has corporate sponsorship deals with several mining companies including Rio Tinto and Placer Dome. According to Balkau, gold mining companies and cyanide manufacturers will substantially fund the process of developing the cyanide code.

At the Paris meeting there was discussion about the nine-month secondment of Rio Tinto's Chief Environmental Advisor, Ms Kathryn Tayles, to UNEP. Tayles told MM, her role would be to oversee a range of UNEP responses to the Baia Mare disaster including "a review of mining codes". These would include those covering emergency responses, tailings management, the role of government regulators and the response of financial institutions.

*continued on page 2*

### IN THIS ISSUE

Chopper drops cyanide into jungle	3
WMC backs climate sceptics	4
Baia Mare opposes mine restart	5
Freeport dam collapse sparks outcry	6
Heat turned up on ECAs	7
A beginner's guide to greenwash	8
Are union rights human rights?	9-10
The telling silence	11

# EUROPE

"We hope to do some things with a bunch of government regulators, 'What is their role in all this, and hopefully with financial institutions, what is their role?'" Tayles told *MM*. A review of current codes and guidelines, she said "might lead to a workshop of regulators globally to look at best practice". Once the reviews have been undertaken, she said, it is intended to identify other organisations that can "take them forward, UNEP can't take them forward".

The US-based Transnational Resource Action Centre's (TRAC) UN Project Coordinator, Kenny Bruno, is critical of UNEP lending its credibility to a corporate driven process. "It is inevitable that a corporate driven process will set a standard that is lowest common denominator for the mining industry, especially if one of the agencies that run the project is an industry peak body", Bruno said.

Despite UNEP initially agreeing to her secondment from Rio Tinto, it was discovered that UN agencies could not directly second a corporate employee. To get around the problem it was deemed that the Minerals Council of Australia (MCA), was a non-government organisation. "In this case it will be the MCA offering an expert to UNEP and that expert is being provided by Rio Tinto", Tayles told *MM*.

Tayles rejects concern about perceptions of a conflict of interest between her role with UNEP while being paid by Rio Tinto. If people who work for companies as staff or consultants are ruled out, she asked, "Who are you going to get — some person off the street who doesn't know anything about the issue?"

Bruno is surprised at UNEP's actions.



The Aurul tailings dam. Photo: Bob Burton.

"With secondments of corporate employees very controversial in the UN system, it is perplexing that UNEP would be so anxious to use seconded personnel as to deliberately and blatantly bend its own guidelines to do so", Bruno told *MM*.

*UNEP "have got contacts, they have got clout, ... they can do things the MCA can't do"*

*Kathryn Tayles*

However, Tayles plays down her influence on the content of the review work. "In my role here [Rio Tinto] I'm at the public policy end, I don't know what the technical guidelines should or shouldn't be. I'm there to create a process, which brings people together who themselves look at codes or guidelines or whatever," Tayles said. "I can't dictate the outcomes nor can I say that my company will be happy to

support those outcomes", she said.

Tayles sees significant advantages in having a process under the auspices of UNEP rather than an industry association such as the MCA or ICME. According to Tayles, UNEP "is the one that wanted to catalyse a whole range of things, they have got contacts, they have got clout, they can bring people together, they can do things the MCA can't do", she said.

Balkau too rejects concerns about potential conflicts of interest. "We should not presuppose credibility gaps, and go into this on a participatory basis and comment on the directions and contents when the work is underway. It will be up to the steering group to keep an eye on balance ... This aspect was not raised by any NGO at the May meeting ... and it is not helpful to focus on this now", Balkau told *MM*.

"We should also accept that for an industry code, the associations involved will also want someone who is credible to them, since they are directly supporting the work, and it is they who will have to make the code work", he told *MM*.

Bruno sees it differently. "Without leverage to monitor and enforce codes of conduct, the UN feels it must bring business on board voluntarily. Yet business will not write guidelines it feels are burdensome, nor will they accept them as binding. The secondment of corporate personnel, especially from a mining giant like Rio Tinto, to UNEP, is part of a very disturbing trend toward corporate influence at the United Nations", he told *MM*.

Bob Burton



## MINING MONITOR

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# CHOPPER DROPS TONNE OF CYANIDE INTO JUNGLE

On the morning of 21 March 2000 a one-tonne pallet of concentrated cyanide pellets plummeted from a sling underneath a Tolukuma Gold Mines (TGM) helicopter through the canopy of the Papua New Guinean rainforest.

The helicopter was carrying the cyanide from the TGM base at Veimauro, approximately 70 kilometres northwest of Port Moresby, to the Tolukuma gold mine, a further 55 kilometres north.

Almost halfway into the flight the pallet underneath the helicopter fell. However, luck was with TGM, a subsidiary of Sydney-based Dome Resources, with the water-soluble cyanide pellets smashing into the ground only 20 metres from a stream.

Three days later, Dome claimed that the recovery of cyanide from the site had been completed. "Dome has removed topsoil considered to have been exposed to contamination", an Dome claimed.<sup>1</sup> Downplaying potential problems, Dome claimed "a visual inspection of the stream and river system below the site ... continued to find no detectable contamination or environmental effect."

Until the Mineral Policy Institute (MPI), Greenpeace and local landowners arrived at the crash site, Dome claimed the clean up was complete.

On 26 May a representative of the landowners, Mr Billie Strange, and Greenpeace visited the site. Contrary to Dome's statements, they found no evidence that any soil had been removed. They also found large quantities of copper cyanide, the product of stabilising cyanide, present around the crash site.<sup>2</sup> "Our test found cyanide contamination of 2800 parts per million on the soil surface at the spill site", said Greenpeace Pacific coordinator, Arlene Griffen. "This indicates an incomplete cleanup", she said.<sup>3</sup>

The same day local landowners and the MPI visited the closest village, Inaina, ap-



Tolukuma mine. Photo: Simon Divecha.

proximately 15 kilometres downstream of the crash site. Fearing the consequences of crossing the river, landowners had been cut off from their gardens. "We have not eaten from our gardens since last Thursday", the village chief said. Nor had adequate water been delivered for them.

In 1993, when Dome Resources was seeking approval to open the mine, it promised to ensure "specialised training for operators involved in specific process or material handling operations".<sup>4</sup>

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Village chief

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The problems with the Tolukuma mine are not limited to accidents. TGM discharges its mine waste directly into the local river system. While the Environmental Plan ignores the long-term impact of heavy metals on aquatic life and humans, it acknowledges some major impacts from river dumping.<sup>6</sup>

"High sediment deposition rates", the assessment report says, "are expected to cause oblitative impacts on the fish habitats and food resources of these sediment-impacted reaches."<sup>7</sup>

This impact stretches approximately 30 kilometres down the Auga River to the Angabanga River. The mine is also expected to have a significant impact on people and their livelihoods. In an echo of the impacts of the Ok Tedi mine, the report states that "In the floodplain main-stream reach of the Angabanga river, moderate to minor impacts on the primary production are expected in the long term resulting in decreases in the standing crops of benthic algae, diatoms and macrophytes ...".<sup>8</sup> This in turn will affect the food chain and fish will die.

The chair of the Auga Dilava Development Association and principal landowner at the spill site, Mr Billie Strange, has no doubt about the impact of the mine. "The mine has had a major impact on the people's social and environmental life. For seven kilometres from the mine outfall, river life has been destroyed", he said.<sup>9</sup>

Nor has the mine brought prosperity to the local peoples. "The Dilava Yaloga people have received no substantial benefit from the mine since it started production in 1995", the chair of the adjoining Dilava Yaloga Landowners' Association, Mr Daniel Mona, said.<sup>10</sup>

Simon Divecha

1 Dome Resources, "Dome Cyanide Recovery Completed", Media Release, 24 March 2000.

2 Mineral Policy Institute and Greenpeace, *Tolukuma Cyanide Spill Report*, www.mpi.org.au, June 2000.

3 GM Laboratories, "Analysis Report", 10 April 2000, pages 2 & 3; also Greenpeace Pacific/Australia, "Communities safe from cyanide spill, but company still has questions to answer", Media Release, 13 April, 2000.

4 Tolukuma Gold Mines, *Tolukuma Gold project environmental plan*, unpublished, p 80.

5 Natural Systems Research and David Ballach & Associates, *Mine Induced Impacts on the River system*, Dome Resources, November 1993; p 17.

6 *ibid*, p 27.

7 *ibid*, p 28.

8 PNG NGO Environmental Watch Group (NEWG), "Tolukuma Cyanide Spill Highlights Environmental Double Standards", Media Release, 26 March 2000

9 *ibid*.



# WMC BACKS NEW CLIMATE SCEPTICS GROUP

Western Mining Corporation Executive Director, Ray Evans, is spearheading a campaign by a newly created anti-greenhouse lobby group to scuttle Australia's timid greenhouse gas reduction strategy.

Evans claims that *"the science behind global warming policy is far less certain than its protagonists claim"*.<sup>1</sup> Evans proposed a new group *"to promote vigorous debate within Australia on greenhouse science and greenhouse policy"*.

The Lavoisier Group, named after a French scientist, includes Brian Tucker from the think tank, the Institute of Public Affairs and WMC Director, Ian Webber. The group also boasts the involvement of former Labor Party Finance Minister, Peter Walsh, and Federal President of the Liberal Party, Tony Staley.

Walsh, elected President of the new group, described its purpose as being *"to enhance science and denigrate scare tactics of which all those [environment] groups have habitually engaged"*.<sup>2</sup> He made a draconian warning in the letter of invitation. *"What will be required"*, he wrote, *"if Senator Hill's Kyoto target is to be achieved, is the closure of all of Australia's export industries"*.<sup>3</sup>

In a speech to the seminar, WMC Managing Director, Hugh Morgan said *"we have a self-interest and, indeed, a moral imperative to be involved in the greenhouse debate arguing for sound science and for the facts to drive the debate. In this regard I applaud the objectives of the Lavoisier Group in airing such important issues of public interest ... I wish it well and it can rely on my support"*.<sup>4</sup> The AGO's proposals on emissions trading, he said, were *"Mein Kampf declarations"*.

The role of WMC in backing the conference follows internal division within WMC over its position on the greenhouse principles developed by the Business Council of Australia. WMC's Group Manager, Environmental Affairs, Gordon



Hugh Morgan. Photo: Bob Burton.

Drake, said WMC had *"signed on to those principles"*.<sup>5</sup> Evans, however, rejects the view that human induced greenhouse gases are affecting the global climate.

While the Lavoisier Group is mobilising against the Kyoto protocol, the Australian Government is developing a 'divide and conquer' strategy to gain support from regional countries it sees as potential members of *"a coalition of countries to support our negotiating goals"*.

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*" [the Lavoisier Group] can rely on my support"*

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Hugh Morgan,  
WMC

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In April, the Minister for the Environment, Senator Robert Hill, convened the "High Level Forum on Greenhouse Sinks" in Perth, attended by representatives from 30 countries Australia sees as potential allies, while excluding the representatives from the Pacific islands most at risk from sea level rise.

An internal Australian government memo on the forum, prepared by the Australian Greenhouse Office (AGO), states the purpose of the workshop was to *"build an international coalition among developed*

*and developing countries to help us pursue our objectives on sinks"*.<sup>6</sup> Under the Kyoto Protocol, negotiated in December 1997, one of the issues left unresolved was the degree to which countries could rely on the planting of trees to absorb greenhouse gases, referred to as "sinks".

*"The overall aim of the forum"*, the memo stated, *"will be to build a coalition of countries to support our negotiating goals on sinks"* prior to the next negotiating conference in November in the Netherlands. According to Senator Hill, *"the definition of sinks is central to Australia's capacity to meet its Kyoto target"*.<sup>7</sup>

The Kyoto agreement agreed to total cuts of 5 per cent of greenhouse emissions compared to the base year of 1990. While many scientists argue that cuts of up to 70 per cent may be required to stabilise the global climate, Australia's aggressive lobbying was rewarded when it was given an 8% increase over 1990 levels.

Five Pacific nations joined the US, Russia, Britain and France at the High Level Forum in Perth. However, these countries — the Solomon Islands, Papua New Guinea, Vanuatu, Fiji and the Melanesia group — are not among those under immediate threat from rising sea levels that are accompanying the warming and expansion of the oceans.

Bob Burton

1 Ray Evans, "The Lavoisier Group, [www.aie.org.au/melb/Lavoisie/L-group.htm](http://www.aie.org.au/melb/Lavoisie/L-group.htm), undated.

2 "Environmentalists condemn group questioning gas emissions", *The Canberra Times*, 25 May 2000.

3 Peter Walsh, "An open letter", The Lavoisier Group, [www.aie.org.au/melb/Lavoisie/L-letter.htm](http://www.aie.org.au/melb/Lavoisie/L-letter.htm), 2 May 2000.

4 Hugh Morgan, "Opening Address to the Lavoisier Group", unpublished, 23 May 2000.

5 "WMC executive rejects key BCA greenhouse principles", *Environmental Manager*, 23 May 2000.

6 Ian Carruthers, "High Level Forum on Greenhouse Sinks", memo from Australian Greenhouse Office, 12 December 1999.

7 Nick Horden, "Hill attacks industry over gas emissions", *Australian Financial Review*, 31 March 2000.



## ROMANIA

# BAIA MARE OPPOSES ESMERALDA MINE RESTART

Despite ongoing local and international opposition, Esmeralda gained Romanian government approval for the re-opening of the Baia Mare gold mine that was responsible for a devastating spill of cyanide laced tailings in January 2000.

In an attempt to defuse criticism the administrator of Esmeralda, Mr Kim Strickland, claimed "*strong local support*" for the mid-June re-opening of the mine. In the aftermath of the Baia Mare disaster Esmeralda was suspended from trading on the Australian Stock Exchange and subsequently went into administration.

*"The people of Baia Mare have indicated in the strongest terms that they support and expect Aurul to resume operations", Esmeralda claimed in its statement to the Australian Stock Exchange. To bolster its argument the company quoted the Prefect of Baia Mare, Mr Birlea, who said "the people of Baia Mare have held a public meeting at which concerns were raised and discussed. They want Aurul to start up again".*

The main non-government organisation in Baia Mare that works on environmental issues, the Association of Non-governmental Professionals for Social Assistance (ASSOC), rejects Esmeralda's claim that there was strong local support for the company at the May 9 public meeting. *"It is true, it was a public meeting with the managers of Aurul, but the villagers are very angry - they have a real fight in order to escape pollution", ASSOC's Executive Director, Edit Pop, told MM.*

The Environment reporter for the UK Guardian, George Monbiot, was at the public meeting too, along with a BBC TV crew. *"The public meeting the prefect referred to was one of the most angry ones I have ever witnessed. The great majority of the audience was fiercely opposed to the re-opening of Aurul's operations and scores of local people spoke vociferously against them, receiving clear support from almost everyone in the hall", he told MM.*



*Executive Director of ASSOC, Edit Pop.  
Photo: Bob Burton.*

*"There was a far smaller number of miners and plant workers who supported Aurul, but though they spoke clearly and well, anyone could see that they were a beleaguered minority. Either the prefect was not there and has been misinformed, or he is attempting to distort the truth. His statement is a gross misrepresentation", Monbiot told MM.*

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*George Monbiot  
journalist*

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Esmeralda also claimed that it had "*consulted extensively with the government and people of the local community affected by its operations to avail itself of their input and support*". Pop rejects this too. *"The company don't have any consultation with the NGOs", she told MM.*

Esmeralda also revealed it is in negotiations with people from the village of Bozanta Mare, where 14 hectares of agricultural land were flooded with the cyanide-laced tailings. *"My understanding is that*

*the process of negotiation has kicked off", Hardy told MM. ASSOC confirms that negotiations have commenced.*

However, Pop told MM that "*the farmers have no official papers about their lands. At this moment the negotiation is stopped until the people get the papers*". However, for the hundreds of people dependent on the fishery of the Tsiza River, there is no compensation.

The company however continues to downplay the significance of the disaster. In February Esmeralda claimed that "*there is no evidence that there has been any failure of the structural integrity of the dam nor any negligence*".<sup>1</sup> The tailings dam, Esmeralda said, suffered from a "*overflow*" of 100,000 cubic metres of "*water*" which it said contained "*traces of cyanide*".

Esmeralda's spokesperson, Michael Hardy, a partner in the law firm Clayton Utz, told MM it had "*never denied*" that there had been the collapse of a 25 metre section of the tailings dam. However in February Esmeralda claimed "*there is no evidence that there has been any failure of the structural integrity of the dam nor any negligence*".<sup>2</sup> Hardy told MM the February media release "*had a slightly different emphasis I guess*".

The appointed administrator of Esmeralda, Kim Strickland, is hopeful that in July the suspension of the company from trading on the Australian Stock Exchange will be lifted. Strickland sent proposals to creditors in mid June to be discussed at a meeting in July.<sup>3</sup>

*Bob Burton*

<sup>1</sup> Esmeralda Exploration, Media statement, <http://www.esmeralda.com.au>, 16 February 2000.

<sup>2</sup> Esmeralda Exploration, Media statement, <http://www.esmeralda.com.au>, 16 February 2000.

<sup>3</sup> "Esmeralda to seek a lifting to its ASX suspension", AAP, 15 June 2000.



# FREEPORT WASTE DAM COLLAPSE SPARKS OUTCRY

The once beautiful Lake Wanagon, formed by the action of a unique tropical glacier, lies high in the mountains of West Papua in Indonesia.

For the indigenous people, the Amungme, the lake is sacred. For the massive Freeport gold and copper mine, the lake is not sacred but simply the site for dumping its waste rock. It is estimated that 3 billion tonnes of highly acidic waste rock, laden with heavy metals, will be dumped in the lake by the time the mine closes in 2041.<sup>1</sup>

The Australian/British company, Rio Tinto, and US company Freeport McMoran are joint owners of the Grasberg copper and gold deposit, known simply as "Freeport mine". Waste rock is not the only problem with the mine. The water from Lake Wanagon flows into the Ajkwa River in which the mine also dumps 230,000 tonnes of tailings daily, with plans to increase to 300,000 tonnes daily.<sup>2</sup>

At 9pm on Thursday 4 May 2000, seven Freeport contractors were working on the side of Lake Wanagon. Nine other workers were camped on the bank of Wanagon River, not far below the lake. At approximately 9:30pm, the dam containing Freeport's waste dump collapsed. A huge whirlpool of escaping waste at the south end of the lake sucked four of the seven lakeside workers to their deaths. Hearing the collapse, the nine working below the dam ran for their lives, narrowly escaping death as their camp was hit by a torrent of waste rushing down the mountain.

A short while later, several huge waves of waste swept down the Wanagon River and through the sleeping Banti Village, accompanied by a terrifying roaring noise. Livestock pens and the village graveyard were swept away. Food gardens were swamped and soil along the riverbank stripped away. The flood reached almost 50 metres high, just stopping short of washing out the bridge. Villagers rushed to safety in their hillside church. Miraculously, no-one was killed at Banti.



*Inspecting the damage to gardens and riverbanks at Banti village. Photo: Walhi.*

Half an hour after the waves of waste passed through, the early warning system installed by Freeport at Banti Village sounded. Five and a half hours later Freeport's Safety Department staff arrived at the village, despite this being the third waste rock collapse in the last two years. The first occurred in June 1998 and the

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*"...we had a release of  
some low ph water and  
some possible metal  
suspended solids"*

Steve Drake,  
Mine Manager Grasberg

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second only weeks previously, in March 2000. According to local villagers in all three incidents, the early warning alarm installed by Freeport did not perform its function to alert villagers of danger.

When questioned on the Australian *60 Minutes* television program, the Manager of the Grasberg mine, Steve Drake, disputed the Indonesian government's description of the waste involved as toxic. "I wouldn't say toxic materials, we had a release of some low ph water and some possible metal suspended solids", Drake told *60 Minutes*.<sup>3</sup>

The day after the accident 600 indigenous Amungme people from Banti, Tsinga, and Arwanop blockaded the Freeport access

road, preventing workers' buses from passing. One hundred elite green beret army personnel threatened the community at gunpoint, but failed to shift them until they met personally with Freeport's General Manager, Hermani Soeprapto, and made their grievances known.<sup>4</sup> Indonesia's key national environment NGO, WALHI, has announced that it will sue PT Freeport Indonesia for violating environmental laws and regulations.<sup>5</sup>

The Indonesian government reacted swiftly to the disaster, issuing an order on 12 May for Freeport to stop dumping waste into Lake Wanagon. Freeport was also ordered to cut production at the mine, later announcing it had complied by reducing daily ore throughput by 30,000 tons to 200,000. International sharemarkets reacted unfavourably, dumping Freeport McMoran shares, which have dropped approximately 50 per cent since early 2000.

While Freeport enjoyed good relations with the ousted Suharto government it is finding democratic Indonesia more difficult. Environment Minister, Sonny Keraf, announced that after an investigation, the cabinet had determined that Freeport must submit a comprehensive new plan and obtain government approval before opening a replacement dump for the waste rock.

Keraf is also demanding that Freeport clean up the pollution caused by the wave of waste and compensate losses suffered by residents of Banti.

*Igor O'Neill*

<sup>1</sup> George Mealey, Freeport McMoran Copper & Gold, New Orleans, 1996.

<sup>2</sup> Financial Times, 17 March 1998.

<sup>3</sup> '60 Minutes', Australia's Channel 9, 4 June 2000.

<sup>4</sup> Hidayati, Nur, personal comment. 2000.

<sup>5</sup> WALHI, Media release, [www.walhi.or.id/pers/english.htm](http://www.walhi.or.id/pers/english.htm), 18 May 2000.



# HEAT TURNED UP ON EXPORT CREDIT AGENCIES

Over 50 representatives of Indonesian and international non-government organisations (NGOs) convened in Jakarta and South Sumatra, Indonesia 1-7 May, 2000 for a strategy meeting on export credit and investment insurance agencies (ECAs). The meeting launched the Jakarta Declaration For Reform of Official Export Credit and Investment Insurance Agencies, which has been endorsed by 347 NGOs from 45 countries.

ECAs support projects in a wide range of areas including mining, oil and power sectors — which have had devastating social and environmental impacts. The issue of ECAs supporting inappropriate mining projects was raised vocally by Indonesian community activists present at the strategy meeting.

The spokesman for a community affected by Newmont's Nusa Tenggara mine, Mr Hasan, told the conference that children are suffering from skin rashes through contact with water contaminated by the mine. Newmont's mine, which received ECA support, disposes of mine waste into the ocean — a technique called submarine tailings disposal (STD).

A key observation made by participants at the Jakarta strategy session, and incorporated in the declaration, is that ECAs have overtaken bilateral and multilateral development agencies as the largest source



*Mr Hasan speaking at the ECA conference. Photo: Igor O'Neill.*

of public international finance. ECAs account for 24 per cent of all developing country debt, and over half of the debt owed to official governmental agencies.

Yet ECAs continue to generate ever more public debt for developing nations such as Papua New Guinea and Indonesia. The conservative newspaper *Financial Times* has declared that careless industrialised country ECAs share a major responsibility for "violence in East Timor and economic disaster in Indonesia".<sup>1</sup>

The Jakarta declaration calls for a number of reform measures for ECAs, including:

- Transparency, public access to information and consultation with civil society and affected people in both OECD and recipient countries.
- Binding common environmental and social guidelines and standards, coher-

ent with other international commitments, for example, the conventions of the International Labor Organization and the United Nations Convention on Biological Diversity.

- ECAs must conduct full, transparent accounting for climate change impacts and move to increase investments in sustainable renewable energy.
- The adoption of explicit human rights criteria guiding the operations of ECAs based on existing regional and international human rights conventions.
- The adoption of binding criteria and guidelines to end ECAs' abetting of corruption.
- ECAs must cease financing non-productive eg military purchases and white elephant projects, such as nuclear power plants, that would be rejected by OECD bilateral aid agencies and multilateral development agencies such as the World Bank.
- The cancellation of ECA debt for the poorest countries, much of which has been incurred for economically unproductive purposes.

*Igor O'Neill*

<sup>1</sup> *Financial Times*, 22 September 1999.

## EFIC BENDS A LITTLE

In response to criticism of its lack of standards by MPI and Aidwatch, the Export Finance Insurance Corporation (EFIC) has released draft environment guidelines. While these are step in the right direction, the draft fails to address areas of key concern, including:

- \* Excluding certain types of unacceptable mining practices that will not be supported by EFIC, such as ocean and riverine dumping of waste;
- \* Requiring that a project gains full prior informed consent of communities it will affect before the project can be supported;
- \* Explicitly abiding by specific human rights guidelines set out in agreements such as International Labour Organisation standards, and conventions on the rights of women and of children; and
- \* Excluding support for export of components or uranium destined to be used in the nuclear power/weapons cycle.

For more information about the campaign to reform ECAs, see [www.eca-watch.org](http://www.eca-watch.org) and MPI's EFIC report at [www.mpi.org.au/rr/docs/efic.pdf](http://www.mpi.org.au/rr/docs/efic.pdf). The March 2000 edition of *MM* outlined MPI's EFIC campaign activities.

# A BEGINNER'S GUIDE TO GREENWASH

A decade ago environmentalists coined the word "greenwash", which the US group CorporateWatch defines as "the phenomenon of socially and environmentally destructive corporations, attempting to preserve and expand their markets or power by posing as friends of the environment".

Increasingly mining companies are producing many reports — vision statements, environment reports, policies, audit reports - proclaiming their environmental virtues. Many shareholders and community groups are asking how they can tell whether a company is serious about its stated commitment to the environment or whether it is just faking it. Here are some simple rules of thumb.

**1. Follow the money trail:** Many mining companies are generous donors to political parties, think tanks and other groups in the community. Few companies actually disclose in their annual reports exactly whom they are donating, even though it is shareholders money. While they are required to disclose donations made to political parties in Australia, donations to other groups and political parties outside Australia are not covered. Ask about all their donations.

**2. Follow the membership trail:** Many companies claim credit for their environmental policy but hide their anti-environmental activism behind the banner of an industry association to which they belong. For example, many companies will claim to be environmentally responsible while simultaneously supporting campaigns by the Minerals Council of Australia for mining in National Parks, against the Kyoto greenhouse protocol or against Aboriginal land rights. Find out what industry organisations companies are members of and look at their policies. Assume the individual companies support the trade associations policy positions until such time as they publicly state they don't agree with them or they resign.

**3. Follow the paper trail:** Most companies, or their trade associations, will make



*How Shell would like to be seen.*

submissions to inquiries on a wide range of issues. They will also send lots of letters to politicians and government agencies. Ask about submissions made by the company and their lobbying on issues you care about. You will probably discover that instead of lobbying for tougher environmental standards, they are busy trying to weaken the standards that exist.

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*"Never take 'that's commercially confidential' for an answer. It is corporate speak for 'no'".*

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**4. Ask about the skeletons in the closet:** Some companies include in their reports details about problems they have discovered in the year. However, don't let your guard down. One PR adviser to the mining industry suggested that a good strategy was "to acknowledge your prior misbehaviour ... I don't chiefly mean things you have done that nobody knows you have done ... I'm talking about negative things on the public record."

Every company knows it has problems at its minesites that it doesn't want the public to know about. Get to know individual mining operations and ask questions.

**5. Test for access to information:** Many companies will make lofty statements about their commitment to openness and providing information to shareholders on issues. Don't just take them at their word,

test them. In their reports they will probably refer to environmental impact statements, reviews, audits, monitoring data etc. Ask to see them.

You will be amazed at how most will refuse. Never take "that's commercially confidential" for an answer. It is corporate speak for "no". If they want your investment or your support you are entitled to have reasonable questions answered. If they can't provide the information, they shouldn't claim to be open. All this material could be easily loaded on to their website so that you and anyone else could access it from your computer or a library.

**6. Test for international consistency:** Many companies will have a long list of exploration and mining projects that they will be involved in around the world but will have different standards for them all. They mightn't dump tailings in rivers or the ocean in Australia, but they are more likely to dump in Papua New Guinea. If they have projects overseas, ask to see their Environmental Impact Statement.

**7. Check how they handle their critics:** Some companies go to extraordinary lengths to try and silence their critics with legal threats through to working closely with police and military forces.

**8. Join an appropriate group:** If there is a group of ethical shareholders for your company, join them. Or if you are a member of an investment group or circle, test to see how many others are interested in talking about researching companies against your preferred ethical standards. If you are a member of a superannuation fund, ask whether and how they screen the companies in which they invest.

You can also track issues that may affect specific companies by monitoring the media, joining groups like MPI, getting yourself on e-mail lists that post information about companies you are interested in.

*Bob Burton*

# ARE UNION RIGHTS HUMAN RIGHTS?

The massive protests at the Seattle meeting of the World Trade Organisation brought home to many – especially in the corporate world – that a lot of ordinary people are unhappy with the direction of globalisation. One issue that came up in the media coverage was that of labour standards but rarely was it spelt out what was meant by labour standards. Indeed, most media coverage portrayed the issue as one of US unions seeking to protect their membership from competition from lower wage countries. That was never the case.

The mining industry is one of the “sharp ends” of the labour standards debate. The world’s bigger mining companies are overwhelmingly based in the developed world, but many of their operations are in the developing world. Moreover, even in their operations in Western countries they are frequently criticised for their aggressive stand against minimum labour standards. In Australia, Rio Tinto has been seeking to exclude unions and collective bargaining from its operations for close to a decade. More recently, BHP has decided to copy them.

### What are labour standards?

The global labour movement has been campaigning for the greater observance and enforcement of minimum labour standards for over 10 years. Principally this has taken the form of campaigning for the world trading regime – formerly the GATT and now the WTO – to include observance of the core conventions of the UN’s International Labour Organisation as a pre-requisite for access to world markets.

The seven core conventions of the ILO have nothing to do with minimum wage levels or even with occupational health and safety. It is recognised that different countries are at vastly different stages of economic development and it is neither possible nor desirable to have global standards for wages and working conditions. The core conventions are concerned with



*Rio Tinto has been a leader in the campaign to reduce the ability of unions to collectively bargain. Photo: CFMEU*

the basic human rights of people in the workplace – the rights that give them the capacity to bargain fairly with their employer free from victimisation and discrimination.

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*“The mining industry is one of the ‘sharp ends’ of the labour standards debate.”*

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The core labour rights conventions concern:

- freedom of association, the right to organise and the right to collective bargaining (nos 87 & 98);
- equal pay and non-discrimination in employment (nos. 100 & 111); and
- the abolition of child and forced labour (nos. 29, 105 and 138).

Further information on the conventions can be found at the ILO’s website at: [www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm](http://www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm)

The argument is simple: if countries and companies do not agree to at least observe these basic rights of people as workers, then there is no possibility of them being

in a position to bargain for improved wages and conditions as part of economic growth. If these basic rights are not observed then it is possible for economic growth to occur alongside growing poverty and misery.

### Collective bargaining a basic human right

Most working people have relatively little bargaining power as individuals; their employer has more economic resources than they do. For a worker, a job or potential job is their most important means of sustaining life; for the employer the particular employee is but one amongst many they can employ.

The only way for most people to improve their bargaining position to the point where they are even conceivably on equal bargaining terms with their employer is by joining with others to bargain as a group. It is for this reason that collective bargaining needs to be regarded as a basic human right.

One problem with the core conventions of the ILO, and indeed all ILO conventions is that they rely purely on ILO member nations respecting them. There is absolutely nothing which obliges countries to uphold the conventions except the wish to be respectable in the eyes of the interna-

## FORUM: HUMAN RIGHTS

tional community. This leads to the situation where a number of countries breach ILO conventions with impunity. Australia is now a leading example.

The ILO has found Australia's current employment laws to be in breach of Convention No. 98 and Convention No. 87. The Coalition government is simply ignoring these findings. Indeed, if the "second wave" of employment law reforms promised by the federal Minister for Workplace Relations and Small Business, Peter Reith, had proceeded then Australia would have been guilty of further breaches. The ILO has said Australia's laws are at fault because they promote individual employment contracts over collective bar-

gaining, and because in restricting the right to strike they restrict the right to bargain effectively.

The global labour movement – mainly through the International Confederation of Free Trade Unions (ICFTU) has been campaigning for observance of basic labour standards to be included in the framework of the WTO. It's why unions in the US and Canada were in Seattle in large numbers.

Unions want basic labour standards to be part of the WTO regime because otherwise they are something which nations and companies can regard as an optional extra.

Global trade can be beneficial – if it takes

place in an appropriate regulatory framework. If that doesn't include basic labour standards then the outcome is far more likely to be detrimental – to human rights, and to wages and working conditions.



Peter Colley  
Construction, Forestry, Mining &  
Energy Union

# SURPRISE FOR RIO AT AGM

Rio Tinto suffered a major dent in its corporate pride when two resolutions proposed by the Construction, Forestry, Mining and Energy Union were voted on at the Annual General Meetings (AGMs) of Rio Tinto in both London and Brisbane gained significant support.

At the AGM, the Chairman of Rio Tinto, Sir Robert Wilson, ridiculed the proposals. *"Command and control management is in decline. It's past its sell-by date. So, too is reactionary unionism. We believe that an increasingly well educated workforce wants to be involved and to contribute ... If the CFMEU wants to join with us to create this better future, our door is always open"*, Wilson said.

The first resolution proposed that the Rio Tinto board of directors should be made more accountable to its shareholders through the appointment of an independent, non-executive Deputy Chairman after May 2000. The resolution carried support from 20.3% (113.8 million) of shares voted. The second resolution, proposing that Rio Tinto implement a workplace code of labour practice at its operations worldwide, won the support of 17.3% (95.4 million) of shares voted.

The CFMEU initiated the shareholder campaign which was co-ordinated be-



Ramli Muhammed speaking at the Rio AGM. Photo: Nina Lansbury.

tween trade unions in Australia, Great Britain and the United States, was delighted with the results.

CFMEU National Secretary John Maitland, who is also President of the International Federation of Chemical, Energy, Mine and General Workers Unions (ICEM) said the *"union involvement in shareholder activism in Australia has come of age with this result. The board unanimously opposed our resolutions, and disparaged our efforts. But they can't ignore this result,"* Maitland said.

Also speaking at the AGM was Muhammed Ramli, the East Kalimantan campaigner for MPI's Indonesian partner JATAM, along

with MPI staff. While Rio Tinto showcases the Kelian Gold mine in East Kalimantan, Indonesian Borneo, as a model mining operation in its latest Social and Environment report, Ramli told another story.

*"The Kelian mine has demonstrated chronically deficient environmental management and has wiped out, without recognition, the local community's traditional mining rights,"* he told a 250-strong rally outside the AGM.

Since 1992, Rio Tinto's Kelian Gold Mine has produced 14 tonnes of gold per year, but has contaminated the water source of thousands of people with mine wastes. Locals can no longer eat the fish which they rely upon as a protein source, cannot drink the water, and suffer from skin rashes when they bathe in the river.

Ramli told the AGM that Rio Tinto is currently in negotiations on the issue of fair compensation for community lands, an issue that should have been settled before the mine opened in 1992. Rio Tinto's chairman, Sir Robert Wilson, speaking from an autocue, denied that Rio Tinto is intentionally "stringing out" the negotiations, claiming that many of the 6,000 land claims are invalid.

Nina Lansbury and Bob Burton

# THE TELLING SILENCE

Barely a week goes by without an Australian mining company revealed as being involved in some controversy or another. Despite this, the peak Australian mining industry organisation, the Minerals Council of Australia (MCA) remains silent.

When a mining operation involving the Australian company, spilled cyanide and heavy metals into the Danube river system there was international uproar. Esmeralda is a small Australian company, and is neither a member of the MCA or a signatory to the MCA Code of Environmental Management. Week after week the cyanide killed tonnes of fish and other wildlife. The MCA, normally adept at using some of its multi-million dollar budget to mount media campaigns, said nothing.

Shortly afterwards another mining company, Dome Resources, dropped a tonne of cyanide pellets in Papua New Guinea. Dome is neither a member of the MCA nor a signatory to the Code of Environmental Management. Still the MCA said nothing.

A wave of mining waste from the Freeport mine in West Papua spilled into a sacred lake and killed four employees. Rio Tinto, the biggest member company in the MCA and a signatory to the code, is a part owner of Freeport. Still there was silence from the MCA.

MPI has called for the Australian government to implement tough legislation to regulate the overseas operations of Australian mining companies. As a minimum these companies must abide by environmental, human rights and labour standards that are equal to those in Australia.

It is a proposal that horrifies the MCA and has spurred it into mounting a lobbying campaign aimed at gaining assurances from the government and the Labor Opposition to reject stronger regulation and legislation. Instead, the MCA would like us to believe that their code will ensure high environmental standards.

The telling silence by the MCA on the series of recent disasters is ample illustration of the irrelevance of the MCA code.



MPI Director, Geoff Evans at Aurul plant in Baia Mare, Romania. Photo: Bob Burton.

Routinely the MCA, which largely represents the big mining companies, complains that the poor reputation of the industry is caused by small companies that don't operate to MCA standards. However, if the MCA couldn't bring itself to comment on the poor performance of companies that are not signatories to the code there is little prospect of them publicly speaking out against members who are signatories.

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*“the silence of the MCA over the recent disasters is a clear indication that real change is unlikely to be voluntarily initiated by the mining industry.”*

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At the same time, some big mining companies have announced the “Global Mining Initiative”, which they would like us to believe will lift industry standards. It is all very nice, but many Australian and international NGOs, governments and community activists, support MPI's call for tougher regulations right now.

I met many supporters of this call during a trip to Central Europe in April, following the cyanide spill from the Australian-owned mine in Romania. MPI was invited to speak at a conference at the Central European University in Budapest, Hungary on the issues raised by the Esmeralda spill. After the conference, Bob Burton and I

visited the Baia Mare mine in Romania.

Baia Mare was an amazing sight, recently described as the “most polluted city in Europe”. The people of this ecological disaster area suffer chronic cyanide, lead and arsenic pollution. It is a tragic legacy of Stalinist-type “development” and subsequent impoverishment and neglect.

Disasters such as occurred at Baia Mare disaster are incapable of being prevented by the the Minerals Council of Australia's (MCA) voluntary Code of Environmental Management, which the MCA hails as the most effective tool required for environmental compliance. Something stronger is needed, now!

MPI welcomes genuine commitment by industry to ecological sustainability and social justice. This must include commitments to minimum ecological, human rights and labour standards, and reduced mineral resource consumption.

However, the silence of the MCA over the recent disasters is a clear indication that real change is unlikely to be voluntarily initiated by the mining industry. Change will only be adopted by the mining industries when they consider the costs of tinkering at the edges becomes too high.

  
Geoff Evans,  
Director.

## AUSTRALIA

### MINER MORPHS INTO MANDARIN

In July, Paul McClintock took over as the powerful position of head of the Prime Minister's Cabinet Policy Unit and Secretary to Cabinet. Until early June McClintock was Chairman of Ashton Mining Limited, a major diamond mining company which owns 40 per cent of the Argyle Diamond mine in Western Australia. (Rio Tinto owns the remainder of the joint venture). Ashton also has interests in diamond mines in Angola, Mali, Mauritania, South Africa, Russia, Finland, Canada, and Indonesia.

Ashton also has a 35 per cent interest in Aurora Gold, which has met strong opposition to its Mt Muro gold mine in Indonesia over a range of social and environmental issues.

McClintock was also a director of Homestake Mining company, America's fourth largest gold mining company, which also has extensive gold mining interests throughout Australia, the US, Chile and Canada. Through its interest in Plutonic Resources Homestake has a 45% interest in the Coronation Hill gold project in Kakadu National Park. McClintock was also a principal and director of his own investment banking company McClintock Associates.

As a result of his appointment McClintock resigned from his various commercial involvements. As Secretary to Cabinet McClintock will be responsible for supervising Cabinet processes including the follow up to Cabinet decisions. Announcing the new appointment, Prime Minister John Howard, said that McClintock would have "a coordinating role in medium term policy development" for the Government.<sup>1</sup>

<sup>1</sup> Prime Minister John Howard, "New head of Cabinet Policy Unit", Media Release, 15 May 2000.

### BHP'S GOLDEN DEAL WITH 'TOXIC BOB'

BHP has entered into an agreement to farm out its exploration rights to in the Turquoise Hill copper-gold deposit in Mongolia to Ivanhoe

Mines, which is chaired by the controversial Canadian mining developer, Robert Friedland. Friedland earned the nickname "Toxic Bob" after his role in the Summitville mine disaster in Colorado, which has become the largest toxic waste clean up site in the US.

Under the deal Ivanhoe will pay BHP \$US5 million for the right to explore the 1,120 square kilometre project area in Southern Mongolia. Under the agreement Friedland announced that Ivanhoe will spend \$US6 million on further exploration of the project area to assess the prospects of developing an open pit copper mine and a heap leach gold project.<sup>1</sup>

If commercial mineralisation is proven BHP has retained the right to buy between 40-60 per cent of equity in a joint venture project for the development of the mining venture if it meets BHP's target size of greater than 250 million tonnes and grades of greater than 1 per cent. If BHP decides against developing the mine, but Ivanhoe proceeds separately, BHP will earn a 2 per cent royalty on production from the project.

<sup>1</sup> Ivanhoe Mines Ltd, "Ivanhoe Mines signs earn-in agreement with BHP for Turquoise Hill Copper-gold project in Mongolia", Media Release, www.ivanhoemines.com, 9 May 2000.

### ROSS FALLS VICTIM TO TAKEOVER



'Protected' site at Gold Ridge.

Ross Mining, the small Brisbane based gold mining company, has been taken over by the Western Australian based Delta Gold. In the last year Ross has floundered after violence erupted in the Solomon Islands including around its new Gold Ridge mine while the Timbarra project on the north coast of NSW has been mothballed due to the low gold price.

Following the completion of Delta's takeover of Ross Mining, all the directors of Ross were unceremoniously replaced. Former Managing Director and Chief Executive Officer of Ross

Mining, Bertus de Graf, explained to Ross shareholders the major drop in Ross's share price was caused in part by "negative publicity related to challenges faced in the development of the Gold Ridge Mine".<sup>1</sup>

<sup>1</sup> Bertus de Graaf, "Letter to shareholders", www.rossmining.com.au, 28 March 2000

### BHP'S UNION BUSTING MEMOS

Internal memos tabled in the Supreme Court of Western Australia in April reveal that BHP subsidiary, Hammersley Iron (HI), planned to provoke a strike as part of a strategy to break the strength of the unions at its iron ore mines in Western Australia.

The memos were obtained by the Communications, Electrical and Plumbers Union (CEPU) from HI in response to a damages action against the CEPU and three other unions. The action is seeking \$41.5 million in damages, which the company claims is the amount of revenue lost during a two-week strike in June 1992.

HI management wrote in one memo "If we can successfully demonstrate to our employees that they don't need to belong to a union to be employed by us, the next logical step is individual contracts."

Another memo noted that if the company withdrew a proposal to offer a 4.5 per cent wage increase it may be successful in "generating employee dissatisfaction with the union ... this will lead to a confrontation which could lead to individual contracts" the memo stated.

Other memos reveal that managers relished the prospect of the damages action diverting the attention of union officials from defeating a push by the company for individual contracts. One memo stated "We have got the unions where we want them. We can bleed them dry."

"We will drag the process out for years", the memo boasted, claiming that "they haven't got the resources to oppose workplace agreements in other sites across the country. It's best to drag it out".<sup>1</sup> The CEPU has applied to the court to strike out the HI damages action on the basis that it was an inappropriate use of the courts and that there is no basis to the claim that the company suffered damages. Judgement is expected to be handed down in July.

<sup>1</sup> "Company used 'whatever-it-takes' tactics against unions", AAP, 11 April 11 2000.

## ERA COVERS UP KAKADU LEAK

For over three weeks Energy Resources of Australia (ERA), concealed a leak of over 2,000 cubic metres of contaminated water from the Ranger uranium mine into the surrounding Kakadu National Park wetlands. Initially the leak was considered to have been discovered on April 5. It was not reported to the Government agency responsible for monitoring the mine, the Office of the Supervising Scientist, until April 28.

The Australian Stock Exchange (ASX), however, was not notified until 2 May. In its statement to the ASX, ERA, which is a subsidiary of North Ltd, conceded that the period between the leak's occurred and when it's reporting was "unacceptable".<sup>1</sup>

The delay in reporting meant that it was not public knowledge that a leak had occurred before the Australian Government on April 15 sought to reassure the United Nations Educational, Scientific and Cultural Organization (UNESCO) that the "World Heritage values of Kakadu National Park are well protected". UNESCO had sought a report on steps by the Australian Government to protect Kakadu from mining related impacts on the World Heritage Area.

The Shadow Minister for the Environment, Senator Nick Bolkus, said that it was subsequently revealed at hearings of a Senate Estimates Committee that the leak had occurred several months earlier than first reported. "Of particular concern," he said, "are monitoring readings taken as early as December 1999 showing elevated levels of manganese, with readings of up to 6,000 parts per billion".

The Federal Industry and Resources Minister, Senator Nick Minchin, ruled out ERA being prosecuted. "Well I wouldn't see frankly any need to go down that path," he said. "The company is a good corporate citizen," he said.<sup>2</sup>

<sup>1</sup> Energy Resources of Australia, "Leakage at ERA's Ranger Uranium Mine", *Media Release*, 2 May 2000.

<sup>2</sup> Senator Nick Minchin, ABC Radio National, *PM*, 3 May 2000.

## CAA ANNOUNCES OMBUDSMAN

Community Aid Abroad-Oxfam Australia (CAA) has announced the appointment of Jeff Atkinson as its Mining Ombudsman to investigate complaints made by people against Australian mining companies.



Jeff Atkinson. Photo: Bob Burton

CAA's Executive Director, Jeremy Hobbs, said "CAA hopes that this initiative will encourage the Australian mining industry to establish its own complaints mechanism".

Complaints will be investigated and if issues are found to warrant further attention, CAA will take them up directly with the Australian mining company. "Our aim is not to embarrass the industry. We want to ensure that the mining companies respect the rights of landowners and affected communities ... and make certain that the process by which companies deal with local communities is fair and equitable", Hobbs said.

CAA's media release announcing the ombudsman included a paragraph on BHP endorsing the idea. It was, the BHP spokesperson said, "a positive initiative, that has the potential to enhance positive dialogue on the important issues facing the industry".<sup>1</sup>

<sup>1</sup> Community Aid Abroad-Oxfam, "New Mining Ombudsman Appointed", *Media Release*, 17 February 2000.

## A RISKY BUSINESS

In considering the risks associated with the Ok Tedi mine in Papua New Guinea, Ok Tedi Mining Limited (OTML), a subsidiary of BHP, commissioned a comprehensive risk management project.

The "loss of species of flora and fauna" was identified as one risk. "This is an unknown as there are so many species undescribed in this area that they could be lost without being known to be lost", they noted before it was excluded from further consideration after being classed as being "inconsequential".<sup>1</sup>

Another worry was "civil unrest". "Temporary mine closure is considered unlikely to extend more than a month as local communities would run out of money", they reassured themselves.<sup>2</sup> Another concern was that the village of Kwiapae "become dissatisfied and use the site as a focus for international pressure (e.g. through alignment with international NGOs). Major damage to OTML and BHP reputation. Increased compensation payments". To avoid this, the company would "need good community relations, to get landowners aligned with the Company".<sup>3</sup>

<sup>1</sup> Business Risk Strategies, Mine Waste Management Project Risk Assessment Appendices, a report for OTML Board, 11 August 1999, page 135.

<sup>2</sup> *ibid*, page 23.

<sup>3</sup> *ibid*, page 125.

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## INDONESIA

### RIO MINE ROCKED BY PROTESTS

Opposition to the operation of the Rio-Tinto owned PT Kelian Equatorial Mining (PT KEM) gold project resulted in the mine being shut for much of April and May.

Local people mounted blockades on access roads in frustration at the failure of PT KEM to resolve long-standing claims for compensation for land taken for mining. Landowners have been pressing PT KEM to pay \$15 per square metre while PT KEM has been offering only \$1 per square metre. (See "Indonesian landowners tour success", *MM* April 1998.)

### US AID CUTS FUNDS TO CALM NEWMONT

The Indonesian mining advocacy group, JATAM, says that its funding from the US aid agency, US AID, has been cut following complaints by the US-based mining company, Newmont.

Last year JATAM organised a workshop for mining activists across Indonesia at which a resolution calling for the revocation of mining contracts was adopted. (see "NGOs reject mining contracts", *MM* March 2000, p 13). JATAM has made strong attacks on the environmental performance of Newmont, which operates the Minahasa Raya gold mine in North Sulawesi.

After the workshop the Director of JATAM, Chalid Muhammed, says he was contacted by the US Embassy asking whether US AID funds had been used to organise the workshop. The inquiry, Muhammed says the Embassy official told him, followed a complaint from Newmont.

In April, JATAM was informed that its funding from US AID would not be renewed. Kim Walz, a spokeswoman for US AID told Inter-Press Service that "doubts were raised about JATAM's ability to give impartial assistance to communities and we determined that this was harmful to US goals".<sup>1</sup>

<sup>1</sup> Danielle Knight "US AID Accused of Cutting Funding to Indonesian Conservationists", *Inter Press Service*, 15 May 2000.

## EUROPE

### REPORT CLAIMS BP BRIBED FOR OIL

According to the UK newspaper, *The Sunday Times*, a Turkish intelligence report claims BP backed a coup against the elected government of the former Soviet state of Azerbaijan in 1993.<sup>1</sup> The report says it was "understood that two petrol giants, BP and Amoco, British and American respectively, which together form the AIOC (Azerbaijan International Oil Consortium), are behind the coup d'etat carried out against Elchibey in 1993".

The report claims a middleman paid off officials in the government in an attempt to influence decisions on oil concessions. Later BP gained the dominant position in a consortium dominating the region's oil resources.

BP told the *Sunday Times* it had been asked for a £235 million bribe by Marat Manafov, an official appointed by the head of the new regime, Mr Aliyev, to negotiate the oil deal. BP dismissed the claims, stating "leaving aside the fact that we do not intrigue to unseat elected governments, we had no conceivable interest in his removal, nor did we derive any benefit from it".<sup>2</sup>

*The Sunday Times* says police are investigating the disappearance six months ago of Manafov after he made claims about "the secret dealings of the Aliyev family with oil companies".

<sup>1</sup> "BP oiled coup with cash, Turks claim", *The Sunday Times*, 27 March 2000.

<sup>2</sup> Chris Gibson-Smith, "BP-backed coup a slur", *The Sunday Times*, April 9 2000.

### EU BANS HEAVY METALS IN CARS

The European Union (EU) has finalised plans to require car manufacturers to ban the use of lead mercury, cadmium and chromium in cars from 2003. The new standards are being opposed by metal producers associations.

The EU standards require that car manufacturers must recycle or reuse 80 percent of car weight from 2006 with the amount rising to 85 percent by 2015.

Metal producing associations oppose the new standards, which will reduce markets for their materials. David Wilson of the London-based Lead Development Association International, representing lead producers, rejected the new standards. "We are concerned about the precedent that a piece of waste legislation will have in prohibiting a range of products," he told Reuters.<sup>1</sup>

<sup>1</sup> Camila Reed, "Industry alarmed by EU ban on heavy metals", *Reuters*, 26 May 2000.

### DONANA DISASTER CASE PROCEEDS

A technical report, prepared for a magistrate investigating the collapse of the tailings dam at the Los Frailes mine in Spain in 1998, blames the company that constructed the dam for miscalculating the strength of materials.

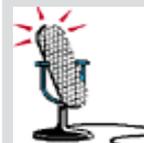
The collapse of the tailings dam contaminated the Guadalquivir River system including the Doñana National Park.

The environment group, Ecologists in Action, rejects the argument by the Swedish-Canadian mine owner, Boliden, that the fault with the tailings dam lays solely with the construction company. Ecologists in Action launched legal action against the company in 1996 to stop the expansion of the tailings dam. The case was dismissed, just days before the dam collapsed, by the judge now in charge of the accident investigations.<sup>1</sup>

<sup>1</sup> "Design Fault Blamed for Doñana Mine Spill", *Environment News Service*, [www.lycos.ens.com](http://www.lycos.ens.com), 12 April 2000.



### Something to say?



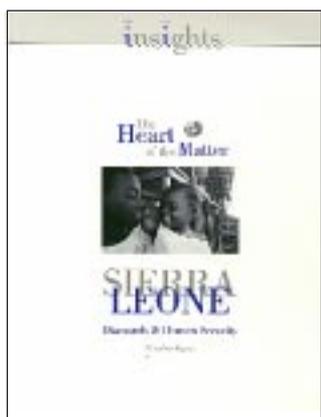
If you have a view why not write a letter to the editor (100-200 words) and send to:

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

The deadline for the next edition is 30th July 2000.

# RESOURCES

## REPORTS



**Ian Smillie, Lansana Gberie, Ralph Hazelton, *The heart of the matter: Sierra Leone, diamonds and security*, Partnership Africa Canada (PAC), Ottawa, January 2000, 90pp.**

This is a brilliant background paper exploring the links between diamond mining, money laundering, gun running and drugs smuggling that have destabilised Sierra Leone. The report argues that diamond mining in Sierra Leone, instead of bringing wealth and economic security to the people, has done the opposite. The wars in the country have been largely for the control of the diamond mines and the wealth and power that comes with them. It is a sobering tale of how mineral wealth can cause wars and make people poor.

An edited version of the report is available on the web at [www.web.pac.net/pac](http://www.web.pac.net/pac) or the full version is available for \$C25 including postage from PAC, 323 Chapel St, Ottawa, Ontario, K1N 7Z2 Canada.

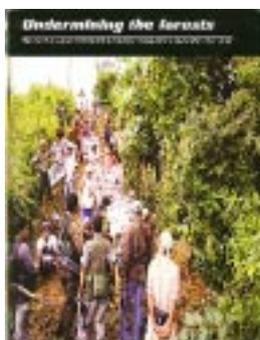
**John E Young, *Gold at what price?: the need for a public debate on the fate of national gold reserves*, Mineral Policy Centre, Project Underground, Western Organization of Resource Councils, Washington DC, February 2000, 26pp.**

This paper argues that the sale of gold held as reserves by the US government would give US taxpayers a major financial return and avoid additional environmental damage caused by the gold mining industry. The report reviews the trend of central banks selling their gold reserves and argues that maintaining such reserves rep-



resents a major subsidy to the gold mining industry. This is essential reading to those interested in the future of gold mining.

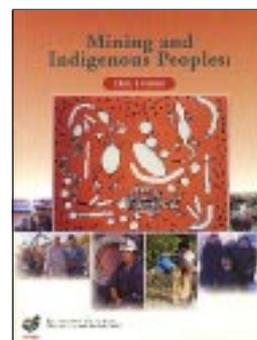
The report is available on the web at [www.mineralpolicy.org/publications](http://www.mineralpolicy.org/publications)



**Forest Peoples Programme, Philippine Indigenous Peoples Links, World Rainforest Movement, *Undermining the forests: the need to control transnational mining companies: A Canadian perspective*, January 2000, 90pp.**

This is a meticulously researched report looking at the impacts of mining on indigenous peoples in Guyana, Suriname, French Guiana, the Philippines and Indonesia. The report examines the human rights, social and environmental impacts of mining of Canadian mining companies. This report is an essential reference work.

The report is available on request as a pdf file by email from Indigenous Peoples Links <[tongtong@gn.apc.org](mailto:tongtong@gn.apc.org)>. The report is available as hard copy from Indigenous Peoples Links, 111 Faringdon Rd, Stanford in the Vale, Oxfordshire UK SN7 8LD or from Forest Peoples Programme, 1c Fossway Business Centre, Stratford Road, Morton in Marsh, GL56 9NQ. It costs £8 plus postage which is an additional £3.75 from Indonesia or India or £4 from Australia, the Philippines or Papua New Guinea.



**International Council on Metals and the Environment (ICME), *Mining and Indigenous Peoples: case studies*, ICME, Ottawa, July 1999, 52pp.**

This is a series of case studies presenting what some of the world's largest and most controversial mining companies consider best practice in dealing with indigenous people. The report covers a Rio Tinto project in Western Australia, projects by Placer Dome, Cominco and Falconbridge in Canada and the now stalled Western Mining Corporation Tampakan project in the Philippines. If you want to know what the industry presents as its best efforts with indigenous people this is worth reading. If, however, you are looking for a more critical analysis of what occurred at each of these sites you will only get part of the story.

The report is available from the Australian Minerals and Energy Environment Foundation, Level 9, 128 Exhibition St, Melbourne Vic 3000 for \$25 including postage.

## 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

## DON'T THEY KNOW WHAT'S GOOD FOR THEM?

*"The evidence we see is that there's been an improvement in the way people live there. In fact the population has been increasing".*

Barry Lane, the spokesman for US-based oil company Unocal responding to EarthRights International's report on the use of forced labour, forced relocation, torture, rape and summary executions by the Burmese military in the region surrounding the Yadana and Yetagun pipelines.

(*"Group calls for 3 oil companies to leave Myanmar", Reuters, 23 May 2000.*)



## IN CASE YOU HADN'T NOTICED

*"Cyanide is toxic, but if handled correctly, which the mining industry has a very good safety record in doing, cyanide is a chemical that is productive and safe".*

(*"Cyanide in perspective", Placer Dome Asia-Pacific website www.placerdome.com.*)

## GOOD OLD BEST PRACTICE

*"Watson Montgomery (WM) found the Environmental Management System developed and implemented by PTFI (Freeport Indonesia) to be exemplary and a showcase for the mining industry."*

How WM's environmental audit report sees the Freeport mine, which dumps tailings in the river, dispossessed local people of their land and has a notorious reputation for associated human rights abuses by the military.

(Freeport Indonesia advertisement, "Transparency and concern for the Environment", *The Jakarta Post*, 20 January 2000, p 5.)

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