

Realising the Potential: Development in Mining in the Asia Pacific Region

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Thank you for the opportunity to speak today. I welcome this opportunity to exchange views and experiences on a critical issue of concern to all interested in human and social development.

I have been asked to give a civil society perspective on What does Mining mean for sustainable development? I should stress that it is **a** civil society perspective; one of the distinguishing characteristics of civil society is its diversity and pluralism.

Oxfam Australia takes a rights based approach to development. We are neither “pro” nor ‘anti’-mining. Our interest is in supporting communities and landowners affected by extractive industries to make informed decisions about the use of their land and resources and for their rights to be respected by governments and companies alike.

We worked with communities affected by mining for more than a decade. Following requests from communities around the world adversely affected by the operations of mining companies Oxfam established a Mining Ombudsman in 2000 and has more recently operated corporate training and exposure programs for companies including BHP Billiton and Newmont mining.

Oxfam believes that mining can contribute to sustainable development; that it can help people find a pathway out of poverty and contribute to their enjoyment of basic human rights. But for this potential to be fully realised there is a need for fundamental changes in the way that much of industry operates, especially in developing countries, and in how government regulate mining operations. For we are all well aware of far too many instances where mining has contributed to a worsening of living standards and to abuses of human rights of affected communities.

We hope that this week’s discussions will advance discussion on the role that industry, government and civil society can all play to achieve this potential for good.

The meaning of sustainable development

To begin with what do we mean by sustainable development?

The oft-quoted Brundtland Commission definition is that “sustainable development entails development that meets the needs and aspirations of the current generation without compromising the ability to meet those of future generations, with overriding priority given to the essential needs of the world's poor”.

It requires strategies and actions that unite development and the environment.

As reflected in international law, the goal of human development is to establish an environment in which people’s capabilities can be enhanced, their range of choices expanded and their human rights fulfilled. Development entails the active, free and meaningful participation of all individuals in achieving and enjoying the benefits of development. The sustainability of development is

integrally connected with the ability of people to control their development. In order for people to achieve their development objectives, they must be able to participate in decisions that affect their future. In particular, the environment in which they live must be soundly managed.

In order to bring about change across the board that contributes to sustainable development, APEC economies need to raise the regulatory bar.

While there is much that can and needs to be done, today I would like to outline just four priorities for action by governments and industry if mining is to consistently contribute to sustainable development.

First, listen to the people affected.

The linchpin to securing a social licence to operate is acceptance of the principle of Free, Prior and Informed Consent – or FPIC – for all projects.

The principle of FPIC recognises that host communities have an inherent and prior right to their lands and natural resources, and that they have a legitimate authority to require companies to enter into an equal and respectful relationship with them. Importantly, FPIC recognises the rights of affected communities to withhold consent. FPIC is not a ‘one-off’ procedure, but is instead a continuing process. Communities must be engaged with at all stages of a mining operation.

And it needs to be recognised that there are diverse groups within communities. The impact of mining operations is not gender neutral, and women experience the direct and indirect consequences of mining operations in different, and often more pronounced, ways. The failure to engage with women when negotiating access to land, compensation and royalties disempowers women, and may also go against traditional decision-making structures, particularly in matrilineal societies.

FPIC is an elusive beast. It’s not so easy to test whether you have it. But it’s obvious when you don’t.

Second, protect water resources.

In Oxfam Australia’s experience, the disposal of mine waste into rivers and seas is a practice incompatible with the achievement of the development objectives of affected communities.

Fortunately the use of riverine tailings disposal has gradually diminished worldwide. The only mine sites where it is still formally employed are all situated on the island of New Guinea. It is used at Freeport’s Grasberg mine in West Papua, Indonesia and at Porgera, Ok Tedi, and Tolukuma in PNG. The PNG Minister of Mines announced in late 2003 that riverine tailings disposal would not be permitted to be used at any new mining projects in the country. Leading practice is to publicly commit to not using RTD. Major mining companies including BHPBilliton and Rio Tinto have made public statements that they will not use riverine tailings disposal in future projects.

In Oxfam Australia's experience, riverine tailings disposal has devastating impacts on downstream communities. We have all heard of the impact of the Ok Tedi mine in PNG. Those impacts are not just historic. They are continuing.

Twenty years after the disastrous impacts of Ok Tedi became evident, Oxfam is now working closely with communities affected by the Australian-owned and operated Tolukuma mine in PNG, which also uses riverine tailings disposal. There too, the impact of RTD is clear. Not only has RTD led to the obliteration of most aquatic life in the river (obviously affecting food supplies and livelihoods), it has contaminated the main source of drinking water. Perhaps less obviously to the outsider, RTD has also impacted the culture and heritage of local communities.

As one community representative from Goro, speaking about the impact of the Tolukma mine put it:

“The way we used to see the river was very clear and we could see the rocks we would cross, we could see what was in the river. Now we don’t like the river, we hate the river, and the respect we had for the river we don’t have anymore. It gives us pain and fear that we don’t like the river.”

And then there's the practice of Shallow Submarine Tailings Disposal, a cheap and nasty form of dealing with waste. Shallow submarine disposal has immediate impacts on local communities, and the full impact of deep submarine tailings disposal is often unknown.

The Marcopper Copper mine in the Philippines was a Placer Dome investment on the island of Marinduque from 1967 until 1996, when operations ceased. Marinduque was the site of devastating shallow submarine tailings disposal and two mine-related disasters: For more than 20 years Marcopper dumped millions of tons of toxic mine waste into Marinduque's seas.

The tailings form a causeway stretching seven kilometres into the bay. Community members report that tailings are sometimes carried by the wind, spreading contaminated dust over the nearby area. Scientific studies suggest that the tailings are leaching heavy metals, including unsafe levels of arsenic, copper, selenium and silver. The metals affect the lives of members of the communities.

STD is not practiced, or proposed with any realistic chance of success, in the United States, Canada, or Australia. Yet these three countries are home to most of the mining companies that want to use STD in the Western Pacific. STD is effectively banned in the U.S. and Canada under regulations that protect water and fish, and in Australia it is considered unsuitable for geological reasons.

Third, promote revenue transparency

The effective management of mining, oil and gas revenues is critical to the future of many developing countries in our region. That's why industry and government support for the Extractive Industries Transparency Initiative – or the EITI – is so important.

The EITI encourages government accountability and good governance through the publication of payments from oil, gas and mining companies to governments. If companies disclose what they pay in revenues, and governments disclose their receipts of such revenues, then civil society and media will be able to compare the two and hold their governments accountable for the management of revenues.

Revenue transparency is good for business as well. It creates a stable business environment – rather than being wasted or diverted by corruption, which exacerbates social divisions and can lead to state failure and conflict. Transparency is a key step to ensuring that communities can reap the benefits of Extractive Industries' activities.

The fourth priority is to establish an independent complaints mechanism which will give affected communities the confidence that their concerns are being taken seriously and, if justified, result in changes on the part of companies.

There appears to be increasing interest in establishing such mechanisms. I understand that the Government of Canada, for instance has recently sponsored a multi-stakeholder process which resulted in a general consensus on the need for an ombudsman mechanism. The Mining, Minerals and Sustainable Development (MMSD) project, which was initiated by the World Business Council for Sustainable Development, also recommended that a complaints mechanism for communities would serve all stakeholders.

Oxfam Australia's Mining Ombudsman project has given us some practical experience of the benefits of something akin to such a mechanism.

To conclude, mining can make a positive difference to people living in poverty and can help promote sustainable development. This afternoon I have highlighted four ways in which this potential can be realised - recognise Free, Prior and Informed Consent by affected communities, protect water resources by ending riverine and submarine tailings disposal, promote revenue transparency and establish an independent complaints mechanism.

Much potential, but change is required, and required urgently.

Thank you.