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**MINING, MINERALS AND SUSTAINABLE DEVELOPMENT (MMSD)
EXECUTIVE SUMMARY - COMMENTS**

I refer to the request contained at the Mining, Minerals and Sustainable Development (MMSD) website seeking interested comments on the draft project report of the global MMSD by 17 April 2002.

Following discussions with associates in the Commonwealth, State and Territory mineral and petroleum resource agencies, comments are provided on the draft report. Detailed comments on specific issues or paragraphs are attached for your consideration.

Given the length of the draft report, these comments focus on the Executive Summary as it is expected that this will be generally referred to, hopefully for long into the future. In the spirit of the invitation offered by the MMSD Project authors, these comments are offered more on the tone of the report itself rather than take issue with specific sentences, facts or figures.

I believe the final report will be very important for providing an overview of the outcomes of the Global MMSD program and direction for the future. It represents a once-in-a-generation opportunity to re-orient the general strategic direction of the entire global mining industry, and one not to be wasted.

I would welcome any further contact you may wish to make with me regarding the attached comments.

Yours sincerely,

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Attach.

GENERAL COMMENTS

The report provides a wealth of valuable information concerning the involvement of the mining industry with society. Despite the overriding importance attached to this draft report, the Executive Summary appears to give a negative or, at best, an equivocal view of the mining industry. This is unfortunate as the report has the potential to become a pivotal moment in the history of global mining and become a seminal document for developments into the 21st Century. While it is agreed that it is important to acknowledge the poor practices of the past, it is also strongly believed that the mining industry be given credit for having instituted the parent Global Mining Initiative in the first place while be willing to accept the criticism to which it is entitled.

It is also recognised that some acknowledgement should be accorded to the mining industry's endeavours over the last two decades, or so, for lifting its game in the environmental and societal areas. For example, in Australia mine closure is being addressed by industry through adherence to legislative requirements and administrative arrangements and is supported by a national mine closure framework endorsed by the Ministerial Council on Mineral and Petroleum Resources and Minerals Council of Australia. In addition, rehabilitating abandoned mines is a positive initiative, one that is receiving growing acceptance by the industry.

These best practice examples, and others, are also now being recognised in many countries and there are now good stories developing, alongside the not so good. All these developments need to be highlighted, progressed and, especially the positive, encouraged.

There appears to be an element of imbalance in the draft report in terms of not giving a fair portrayal of the mining industry worldwide in 2002. For instance, the very existence of mining in developed or developing countries, while it does affect the lives directly or indirectly, of those in the country, cannot and should not be construed as automatically bad.

Certainly, mining has an environmental impact, and is often aesthetically unpleasant but the mining's activities are temporary. Certainly, it creates a dependency for some. But consideration of the broader context is required. The opportunities and options made available to local communities and national governments as a result of mining operations and derived income should be recognised.

The Executive Summary might well acknowledge that people in developing countries are living longer, have access to education and health services and use of roads, water and electric power supplies often created for the mining operations. To ignore these very real benefits, without glossing over the negatives, is a disservice to mining's overall track record.

Also the sovereign right of developing countries to attract foreign investment for, and create wealth from, their natural resources does not appear to be recognised.

The essence of the Executive Summary should focus on the environmental and social acceptability of mining. Mining companies have a responsibility to help local communities make informed decisions. If they cannot meet community expectations, which in turn should be reasonable and able to be met, then the project should not proceed.

The issue of how to turn a country's mineral endowment into an economic asset, responsibly and equitably, is a major issue for the mining industry and just as importantly, for the developing nations possessing the endowment.

It is also important to highlight the role of governance in promoting future sustainability of the sector. Problems of corruption, armed conflict, power imbalances and inequity in wealth distribution that currently exist and lead to unsustainable practices in the global minerals sector can be better managed through improving governance.

In short, the issues raised in the Executive Summary and the draft report, not just of responsible and sustainable mining, but governance, government services, war and peace, etc, exceed the capacity of the mining industry to deliver in isolation. To believe otherwise is to considerably, and unwarrantedly, exaggerate the influence of the mining sector.

SPECIFIC COMMENTS

Page 2 - A Framework for Change

The context should emphasise the importance of minerals to all humanity, no matter what the level of technology they possess.

Thus, on pages 7-8, **Current Trends and Actors**, *Consumers*, are all people directly or through the use of materials derived from mining. In the paragraph that straddles these two pages, the "most influential consumers of minerals" should more correctly read "the most influential processors of minerals". The "large manufacturing of metals-intensive products" should not imply that the process is an end-point, which quite clearly it is not. The end-point of the supply chain is the purpose for which minerals and metals are mined, to supply the end product, which is the preserve of the individual consumer.

If this becomes a point of debate, then it would be better to indicate a split between the end-point consumption of individuals, eg. pots and pans, *via-a-vis* companies, eg. in the manufacturing of industrial products like motor vehicles (which still finally end up in the hands of individuals consumers).

Page 8 - Need and Availability

The most important issues to satisfy demand are exploration to find new resources, which can be exploited in a sustainable fashion, and the degree of recycling and substitution.

The last sentence, "In the next half-century, the world is unlikely to face shortages of commercially important mineral commodities at a global level", which we agree with as it

is a safe and uncontroversial statement to make, sits oddly with the logic of the preceding five paragraphs. The gist of these preceding paragraphs would tend to lead logically to the opposite conclusion.

Furthermore, the concept of “footprints” should be addressed here. There is reference to the average footprint of each person on the planet, for farming, for energy, for fossil fuel burning etc. The same technique has been applied to the metallic product of the mining industry. It might be preferable that, when the report comes to issues of standards of living and mineral production, that some form of measure be introduced.

And again, where the issue of substitution is addressed above, it might be interesting and useful to compare the product of mining, which in its metallic waste form, might last several thousand years, with the products of the plastics industry, which might well last many aeons beyond that. Also while timber and plastics are also recycled, it is only metals that can be recycled in perpetuity.

Page 10 - Employees

In the first paragraph, it should be noted that the mining industry in developed countries is making considerable changes to the way its staff members are employed in terms of diversity. Does the present statement in this paragraph stand true for South Africa for example?

The second paragraph needs to indicate that the safety record has been poor, but that it is improving. The comments should also be linked to the experience of other similar and parallel industries, e.g. manufacturing and building. Again, as in previous paragraphs with similar broad-brush statements of this kind, some figures would be useful to bolster arguments and to give backing to otherwise blank assertions.

Page 12 - Protected Areas

In the case of Australia, the statement in the second paragraph, “A lack of successful examples where this principle has been concretely demonstrated is a major obstacle to progress” is demonstrably untrue. There are a number of examples that can be given in Australia, as well as, we are sure, in other countries.

Experience in Australia is that exploration and mining can take place within or adjacent to World Heritage Areas and areas of high conservation value without causing their deterioration.

For example: Ranger Uranium Mine in Kakadu World Heritage Area in the Northern Territory; Shark Bay solar salt operations in the Shark Bay World Heritage Area, Western Australia; and the Marandoo Iron Ore mine in Karijini National Park, Western Australia. Therefore, it is suggested that the section should refer to the need to highlight the good examples that do exist. Threats to protected areas are rarely from mining, there are many other factors related to the pressure of people.

Pages 13-19 - Minerals and Economic Development

There are major problems with this section in both logical argument and in balance. It acknowledges that the existence of mining does change people's lives but this may not in fact be in the bad ways suggested in these pages. It is suggested that some care needs also to be exercised addressing in mining's environmental obligations, its core sustainable development responsibilities, as opposed to its social obligations. And in regard to this latter social category, between its immediate social obligations to the local community and its broader legislative obligations to the state to which it also owes dues.

Further to this, the report swings close to paternalism, in some instances, in the obligations it seeks to place at the door of the mining industry. It also tends to confuse the type of obligations the mining industry owes to the local community in contrast to the State (eg. p.17 second paragraph under Revenue Distribution and Use).

It is believed that the achievement of a good social outcome for all concerned would seem to be independent of mining per se. Presumably, there will be more options available if there is a mine generating income and services.

Page 14-15 - Corruption

Opposing corruption is, self-evidently, very important. Corruption reduces not only the economic performance of countries and regions but socially is an undeniably corrosive influence. However, it would be difficult for companies to gain resource access in countries where there is a tradition by government officials and community leaders for some facilitation payment.

Furthermore, mining is not the cause of corruption, and certainly not the sole cause. Arguably, it may be the occasion for corruption.

Page 16 - Armed Conflict

As per "Corruption", mining is not the sole cause of armed conflict and companies do conduct "conflict impact analysis prior to investment decisions" as part of due diligence. The arguments employed here could apply just as much for government funding of wars based on their income from mining, or tourism, or from farming. The argument about the use of iron in munitions and military equipment has gone on for over a century. In conclusion, it is not clear what value this section adds to the report, as the issue of war and peace goes well beyond the matter and manner of mining.

Page 17 - Revenue Distribution and Use

The redistribution of wealth from mining should benefit all the community rather than a segment that happens to be located near an ore body as set out in the first paragraph. But it is another matter, and not desirable, for all royalties to be paid locally as implied in the second paragraph. This is not far from recommending that the mining industry undermine the centralised machinery of the State and attacks the very fundamentals of the State itself.

There are opportunities for a clear provision of revenue to local communities as a result of the presence of exploration or mining. For example in Australia, tenement rentals are used as a basis for Local Authority rates levied on tenement holders.

Page 18 - Retrenchment

It is agreed that this matter should be considered as part of closure planning. Indeed, closure planning is one of the key positives addressed in the draft report.

Page 18 - Community Health

In contrast to the negative comments in this section, it is noted that the main report actually indicates positive health effects from the establishment of mines.

Page 19 - Improved Social Impact Assessment (SIA) and Community Sustainable Development Plans (CSDP)

These are positive recommendations but should involve the national government, as it will be regulating the project on behalf of the community. Further, the report does not indicate where funding for such CSDPs should be sourced.

Page 24 - Biodiversity

Mining's footprint is much smaller than other land activities such as farming for instance. Consequently, it can provide a net gain to a developing country's financial and technical resources to improve the management of its biodiversity.

Page 31 – Roles, Responsibilities, and Instruments for Change

On page 31 paragraph 2, there is reference to Governments having a role in establishing and implementing national policy frameworks for the minerals industry and where governance is weak other players have attempted to fill the gaps.

It is not the responsibility of other players such as the community or industry to fill this gap, but rather improvements to national and local Government structures are required to improve taxation, environmental, land and labour laws and administrative arrangements.

On page 31 paragraph 5, it is mentioned that there is at present “no international governance regime”. A positive initiative could be to use the World Mine Ministries Forum which has met biennially in Toronto as a basis for capacity building and improving government relationships with all players in the minerals sector.

Page 35 – Agenda for Change

It is suggested that the Agenda for Change recommendations be included in a summary table cross-referenced to the relevant pages in Chapter 16. The summary table would enable the reader to obtain a clearer understanding of the future actions, or

recommendations proposed, who the key participants are, and how they might contribute towards implementing the recommendations.

Page 37 - Government

You might wish to consider adding a section on “Land Use Planning” among the other roles of government enumerated here. We believe this is critical role of government, in both developing and developed countries, to ensure that resource access is available to enable mining to contribute to a sustainable future.

Page 38 - Government

The suggested establishment of a Sustainable Development Support Facility is viewed as a supra-national body. The question is will the industry want or support such an international body? Its establishment has the potential to impact on industry in terms of being subject to an international court of appeals system and this international body could overturn decisions made by sovereign regimes.

Page 42 - Protected Areas

The Australian Ministerial Council on Mineral and Petroleum Resources, in conjunction with the Minerals Council of Australia and Australian Petroleum Production and Exploration Association, could provide good examples and best practice guidance regarding exploration and mining in and adjacent to Protected Areas.