



Inaugural Global Sustainable Development Conference
25-29 October 2004 – Sofitel Hotel, Melbourne

Opening Address

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Chief Executive

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Conference Chair, Christine Charles, distinguished guests, ladies and gentlemen.

I am delighted to open this inaugural Global Sustainable Development Conference on behalf of the Minerals Council of Australia (MCA) Chairman, Mr Greig Gailey. Greig extends his sincere apologies. He is unable to join us today on account of an unscheduled clash of his company's Board Meeting.

On his behalf and that of the MCA Board of Directors, I extend a very warm welcome to you all, and in particular, to our international guests, and notably, my esteemed colleagues from the International Council on Mining and Metals (ICMM). We trust that you will all get much value from this conference and that our international guests also enjoy the Australian friendship and easy-going hospitality.

By way of introduction to this Conference, I will recap what I consider to be the key factors to the outstanding success of last year's Australian national Sustainable Development Conference in Brisbane.

I will then identify what the Minerals Council of Australia has done in the intervening twelve months to further the agenda of sustainable development and, in particular, to give effect to the outcomes of last year's Conference.

And lastly, I will introduce this year's structure and program within both the context of last year's Conference and the way forward.

To begin with, a recap on four key success factors of last year's Conference.

First, it was built on a solid policy platform.

There was a strong consensus and commitment to the concepts and practices of sustainable development. That is, the integration of economic development, social progress and environmental responsibility in a manner that ensures that the opportunities available to future generations are not adversely compromised by the behaviour of current generations.

There was strong consensus that the future of the minerals and metals industry is inseparable from the global pursuit of sustainable development. Indeed, the Johannesburg Declaration on the World Summit on Sustainable Development gave explicit recognition of the importance of mining, minerals and metals to the social and economic development of many countries and that minerals are essential for modern living.

There was a real understanding of the value proposition and the ultimate sanction for any company - a continuing social licence to operate. This underpins the business case – it is simply the price of entry to the business of minerals and metals production.

Simply defined, the 'social licence to operate' is an unwritten social contract that goes beyond, but is complementary to, a regulatory licence to operate issued by the sovereign government.

In my view, it is the intersection between corporate responsibility and corporate social responsibility.

It is about operating in a manner that is attuned to community expectations and which acknowledges that businesses have a shared responsibility with government, and more broadly society, to help facilitate the development of strong and sustainable communities.

Unless a company earns that social licence, and maintains it on the basis of good operational performance and local community trust, there will be negative consequences.

Communities may seek to block projects or subject projects to continuing legal challenge causing disruption, delays and potentially aborted projects, with both opportunity and direct costs.

Employees may choose to work elsewhere for companies that are better, or perceptibly better, corporate citizens.

The Australian minerals industry has always considered our *raison d'être* is to convert natural capital into social capital, traditionally measured in economic terms.

Many of you are familiar with the much-celebrated economic and social strength of the Australian minerals industry. We represent 8.5 per cent of Australia's economy. We represent over one third of its total exports in goods and services, and we directly and indirectly employ about 300,000 people.

And the future looks likely to emulate the past. The emergence of China and India and other Asian "industrialising economies", coupled with the traditional markets of high income Asia – Japan and South Korea – are likely to fuel Australia's economic growth for decades to come, centred on the export of bulk minerals commodities and processed and transformed minerals products.

The impact is already profound. Australian resource companies are leading "the bulls" in the strength of today's Australian stock market.

Today, we recognise that natural capital is more than just our inherent natural geological wealth. Our thinking has transcended one-dimensional financial consideration to embrace ecological, human and financial capital and their intersection with the community.

This is the real value-add of our operations. Get it wrong, and it becomes a value subtract to social (societal) capital.

Some measure this erosion of social capital in terms of "regrettables". "Regrettable" disruption to the environment, "regrettable" dislocation or dishevelment of local and/or Indigenous communities, and few of us would contest the "regrettable" of any deterioration of human health and safety, whether that be fatalities, injuries or diseases.

The consensus of last year's conference was that companies that embrace sustainable development effectively create value by reducing their risk profile, improving productivity, and sustaining access to land and the underlying mineral resources, to capital, to markets and to skilled people.

This is the product of a continuing social licence to operate.

The second key factor of the 2003 Conference's success was that its structure and culture mimicked the way companies are working through the practical implementation of the aspirational concepts of sustainable development – that is, companies putting policy into practice.

The Conference program started with the broad international and national overview and key drivers for change.

It then drilled down into the specifics of our collective aspirations for national, state and company policies and practices.

And then focused on where concepts become reality at the mine and minerals processing operations.

In so doing, the Conference addressed the key issues confronting the industry under the broad themes of eco-efficiency, community relations and due diligence.

But structure without attitude is an empty vessel.

The strength of the dialogue and the willingness of participants to share information and learn from others was an essential and defining ingredient in the Conference's success.

The third success factor was the strength of consensus on the critical role of integration:

- integration of the five elements of natural capital – ecological, people, mineral resources, financial and infrastructure;
- integration of business objectives and community expectations and aspirations; and
- integration of intergenerational challenges – recognising the importance of an ageing workforce, women and Indigenous peoples; ensuring that our operations deliver sustained benefit to communities; and recognising the critical role of capacity building through education and training to deliver intergenerational equity – a core tenet of sustainable development.

Perhaps not quite so obvious, but profoundly important in my view, is the extent to which public policy is being determined within the context of its integration with, and the interdependency of social, environmental and economic considerations.

This is a very welcome trend, one of which the MCA and this industry has been at the vanguard and which is increasingly being adopted more widely than the minerals industry.

To underscore my point, I can't recall in my near two decades of working in public policy, when industry has dealt itself a better hand in public policy. Gone are the days of the "same old, same old" one-dimensional, confrontational battles about environmental and social policies affecting our industry.

Case in point – the current debate about mining in protected areas.

The old approach was a simple one-dimensional "cause and effect" equation, that is, cause - mining, effect – environmental degradation and response – don't go. And, it was always argued in that debilitating spirit of trench warfare and confrontation.

Now, the fundamental test of good policy is sustainable development. It is a three-dimensional balancing act – no one pillar has power of veto over the others.

Policy determined in isolation, or on a one-dimensional narrow track, particularly on environmental policy, can only serve to benefit similarly narrow ideological perspectives.

It might well be intellectually self serving, but it cannot possibly serve the national, indeed global, interest of economic and social welfare and environmental protection.

To continue with my example, just think how more sophisticated and intellectually balanced is a debate on exploration and mining in protected areas centred on social, environmental and economic benefits and the shared responsibility in minimising adverse impacts aided and abetted by new technologies.

The final success factor, in my view, was that the Conference identified the extension imperative as fundamental to promoting the concepts, building the capacity, encouraging adoption and delivering improved performance.

There emerged a consensus on the critical necessity to extend, particularly to the much maligned adoption laggards, the extent of the commitment to, and the depth of industry of knowledge and experience in, the implementation of sustainable development.

Too often new concepts, or new technologies, are promoted with an over zealous fervour, with little appreciation of what it is that drives, or sponsors, the interest of the target audience.

Extension, by definition, is a process of engagement with an overriding focus on shared responsibility.

It not only requires leadership, but an understanding of the "need to know" factor – why should I know and what's in it for me. It requires a readily available source of knowledge, a sharing of good practice and identifying what, if any, reward exists for continuous improvement, even excellence, to the point of what are the potential rewards in the market for competitive differentiation in sustainable development performance.

All this must be supported by an effective intersection between public policy, the integrated pillars of sustainable development and the company's triple bottom line. I've said it before, you can't be green if you're not in the black, and you can't be in the black if the regulatory and policy environment is a disincentive to invest, grow and profit – it's simply unsustainable.

As you would expect, in the intervening twelve months, the Minerals Council has embarked on key initiatives to assist in this extension process, in terms of industry leadership, public policy advocacy and capacity building.

And significantly, we do that within the framework of the MCA's 3-year Strategic Agenda for the industry and 1-year MCA Business Plan.

I referred last year to this radical restructuring of the way the MCA has identified and articulated its strategic objective for an industry determined in its contribution to sustainable development.

I say “radical” because of the unique way we have gone about this strategic process as a collective of highly competitive companies within the MCA membership.

I don't expect you to be able to read this overhead [overhead] of the MCA's 3-year Industry Strategic Agenda, but I do want to leave you with a clear impression of how in the MCA we've captured in our strategic planning the intersection of public policy and the three pillars of sustainable development, in terms of the key goals and targets of the lead indicators as building blocks to achieving the key lag indicators of the triple bottom line performance.

Of course, the lead indicators are not an end in themselves. It is the lag indicators that are the bankable outcomes. The real skill is in identifying the critical lead indicators to achieve these outcomes.

And we've identified them as being about ensuring the welfare of people working in the industry, or directly impacted by it, ensuring access to key resources – financial, capital and people – and, of course, ensuring access to product markets, and the extent of technological and productivity improvements so vital to continuing global competitiveness.

Aside from the comprehensiveness and effectiveness of our public policy advocacy, the MCA has made a major contribution to capacity building in the intervening 12 months.

Enduring Value – the Australian Minerals Industry Framework for Sustainable Development – which I will have much pleasure launching tonight, is a flagship initiative providing practical guidance at the operational level in implementing the sustainable development principles and elements of the International Council on Mining and Metals (ICMM) Sustainable Development Framework.

We like to think that the so-called “Antipodean group” of the MCA and Australian members of the ICMM made a major contribution to the development of the ICMM SD Framework. It logically follows that we would commit to the operationalisation of the Framework Principles at home and promote their application for our companies' operations in other countries, and as a basis for other countries to implement the SD Framework should they wish to do so.

Enduring Value is a superb piece of work – flagship initiative.

It is one of the best generic industry guidelines I have been associated with in my time in public policy. I say this not just for its output, but also for the manner of its production.

It is not only heavily informed by our own membership, but by many and varied external stakeholders, including people whom traditionally this industry regarded as adversaries, if not enemies. This is quite poignant when you consider my earlier point about external engagement versus entrenched confrontation.

To complement this operational framework, we have embarked upon specific initiatives to build capacity in key disciplines to give effect to the operational aspects of sustainable development:

1. We have established a strong partnership with two key Australian-based, globally aware institutions;
2. We are in the process of establishing two high level dialogues to promote gender and culture diversity; and
3. Of course, arguably better known is our comprehensive education program spanning primary, secondary and tertiary education.

The first of the two institutional arrangements involves agreement to restructure the former Australian Centre for Mining Environmental Research to become the Australian Centre for Minerals Extension and Research (ACMER). The key focus of ACMER is to extend what we already know and build competencies in those areas where we know we are deficient.

This is primarily in the area of social competencies such as community engagement and development and Indigenous relations. Indeed, we consider we are today, in terms of social competencies, where we were around a decade ago on environmental stewardship competencies.

A working group of the MCA's Sustainable Development Committee has been working closely with ACMER and other independent experts to populate an "extension strategy" which will be rolled out over the next five years.

This "extension strategy", coupled with a direct capital contribution from the MCA to the ACMER represents a substantial financial and "in kind" resource commitment from the MCA.

The other key institution with which we have formed a strong, strategic and financial partnership is the Minerals Industry Safety and Health Centre (MISHC) in Queensland to undertake the Minerals Industry Cooperative Initiative (MICI).

As you know, the industry's number one priority is the safety and health of its workforce. While the industry's safety performance has improved markedly over the past decade, our companies continue to be frustrated by their inability to achieve their target of zero harm.

They are keenly focusing on the next paradigm shift in safety performance.

Furthermore, our companies are increasingly cognisant of the direct impacts of operations on the health of the workforce and are continually seeking remedies.

To give effect to the industry's commitment, our contract with MISHC is to deliver six key projects focussing on leading practice hazard management and mine safety through the development of key guidelines and resource documents and their extension through training in key safety competencies.

These projects align with the priorities of the MCA's Safety and Health Committee and a sub-group of that committee is responsible for its management.

Again, this project represents a substantial direct financial and in-kind commitment from the MCA.

With respect to our commitment to promote gender and cultural diversity, as I indicated, we have embarked on two specific initiatives.

First, a "women and mining dialogue" that focuses on the structural impediments to women's participation in the industry as its employees and their engagement with industry as members of the community in which it operates.

The second initiative involves a suite of projects within the context of the MCA's Indigenous Relations Engagement Strategy.

Key among them is a high level dialogue between industry and Indigenous leaders building on the MCA's Strategic Framework for Indigenous Relations with an overriding objective of establishing an effective relationship and ongoing dialogue regarding the critical intersection between the industry's operations and Indigenous communities, exploring the potential for mutually beneficial outcomes.

The third of these specific initiatives I referred to is our comprehensive and innovative education program which involves a direct commitment from the MCA and its member companies of in excess of \$10 million each year.

The National Education Program covers primary and secondary education, operates under a national strategic framework through a collaborative partnerships with State and Territory Councils and Chambers with the objective of promoting greater understanding of, and interest in, the minerals industry among students and teachers in primary and secondary schools.

We have recently complemented this program with an exciting, interactive Careers Website which profiles the careers and aspirations of more than 30 young industry employees.

The Minerals Tertiary Education Council (MTEC) is working to ensure that the Australian minerals industry has access to a highly skilled professional workforce with the competencies to make better professional decisions, leading to improvements in the global competitiveness of the Australian minerals industry and to its increased responsiveness to social and environmental issues.

And most recently, we have entered into a partnership with the Chamber of Minerals and Energy of Western Australia and the Australian Government to deliver a National Skills Shortages Program.

And finally, in the suite of key MCA initiatives to give effect to the implementation of sustainable development is, perhaps, one of the more exciting, radical concepts for this industry. It is the work we are doing in extending our stewardship responsibilities in sustainable development beyond the mine gate in two key areas - materials stewardship and community and environmental health.

There is an emerging consensus among interested parties within the community that a key part of the SD delivery equation is dependent upon an integrated, whole of life cycle, management strategy founded in "market pull", more so than "production push" and, by necessity, taking our thinking and involvement beyond the mine gate.

The concept of materials stewardship is founded on a shared responsibility of all participants in the material life cycle, endeavouring to maximise the socio-economic benefits of material flow through the eco-system and minimise the adverse socio-environmental impacts in generating those benefits.

Quite simply, it's about optimising societal value and minimising adverse environmental and social effects of our products.

The actors in the value chain include designers, producers, suppliers, manufacturers, distributors, retailers, consumers, recyclers and disposers.

Thus, we consider materials stewardship as an integrated program of action that ensures products are produced, used and then managed at end-of-life in a socially and environmentally acceptable manner.

To this end, I was delighted to Chair the inaugural ICMM Materials Stewardship Seminar hosted by MCA here in Australia in March this year. It was an outstanding success, both in terms of its participation and its output.

In my view, the key output that Seminar was the strength of commitment for industry to consider its impact and take responsibility for the flow of its materials beyond the mine gate.

The second stream to this "beyond the mine gate" focus, is our work on community and environmental health. This is an increasing and will be a substantial piece of work for us and I suspect over many years.

The prospect of retrospective contingent liability related to the impact of our operations on human health looms large for us as we watch the current asbestos saga here in Australia.

Our industry's principal focus is, of course, on preventive, before the fact, operational systems than after the fact remediation or avoidance.

We know we can't be as effective in our prevention of harm as we would like without a very clear understanding of the extent of the hazard exposures and the risks that represents to communities on account of our behaviour and theirs.

To this end, we have embarked on a project which will link closely with the work of the ICMM to scope the hazards, analyse the risks against pre-determined criteria, and prioritise appropriate responses.

Our objective is to identify the emerging community and environmental health issues of importance to the Australian minerals industry and establish a priority list of hazardous substances relevant to us with information on each substance regarding its health hazards, emissions sources/pathways to the environment and risks to environmental and community health.

I hasten to add that our role is to establish generic knowledge in this area. It is not our role, nor mandate, to cross over into the province of any individual company.

Finally, Chair, this inaugural global conference is structured to build on last year's outstanding achievements, capture the developments in the intervening twelve months, and drive forward in the pursuit of continuous improvement in the industry's contribution to sustainable development, and to reinforce a legitimate social licence to operate.

It is structured in line with the MCA's Strategic Plan. It therefore derives from and builds upon the key themes of global competitiveness, social responsibility and environmental management.

Just as last year's conference strongly informed the MCA's agenda over the last twelve months, I fully expect the same from this year's Conference.

I encourage you to participate [in the Conference] not only from the perspective of what you will take from the proceedings, but to identify those areas where you consider that a collective response through the MCA and related representative bodies, can build capacity for continuous improvement in contributing to global sustainable development.

It is with great pleasure that I declare open the inaugural 2004 Global Sustainable Development Conference and wish you all every success.

MITCHELL H. HOOKE
CHIEF EXECUTIVE
MINERALS COUNCIL OF AUSTRALIA

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