



ENVIRONMENTALLY RESPONSIBLE

GOALS:

18. BUILD INDUSTRY CAPACITY IN LEADING ENVIRONMENTAL PRACTICES
19. ENGAGE EFFECTIVELY ON KEY ENVIRONMENTAL ISSUES REGIONALLY, NATIONALLY AND GLOBALLY
20. ENGAGE WITH THE EMERGING BIODIVERSITY AGENDA AT INTERNATIONAL, NATIONAL AND STATE LEVELS
21. EXTEND UNDERSTANDING AND IMPLEMENTATION OF PRODUCT STEWARDSHIP PRINCIPLES AND PRACTICES



ENVIRONMENTALLY RESPONSIBLE

Enhancing environmental benefits and undertaking activities to avoid, minimise and remediate environmental impacts.

GOAL: BUILD CAPACITY IN LEADING ENVIRONMENTAL PRACTICES

WATER REFORM

The MCA is engaged with governments on policy, regulatory and technical issues around the management of water. In recognition of the urgency and magnitude of this issue to minerals operations, the MCA established a Water Working Group in late 2003 to develop and promote the industry's strategic position. The Working Group identified three key areas of focus for 2004, including:

- > the development of a strategic policy document to engage in the national water debate
- > the development of an education tool to showcase the industry's responsible use and reuse of water
- > a strategic framework for water management at mine sites.

The MCA is party to the consultations on the National Water Initiative (NWI) through the Council of Australian Governments (COAG) and in March, released a Position Paper - Water in the Minerals Industry - reinforcing the industry's objectives in terms of water reform, including markets, allocations and efficiency.

The Working Group is also developing a background paper, which aims to increase awareness and understanding of water and the technical aspects of its application in the minerals industry. This resource will be finalised in 2005 as part of a broader strategic framework for water in the industry.

BEST PRACTICE ENVIRONMENTAL MANAGEMENT IN MINING PROGRAM

The Best Practice Environmental Management in Mining (BPEM) Program has been a valuable resource for the Australian minerals industry in extending leading practices in social and environmental management nationally and internationally. The program was terminated in July 2003 by the Federal Department of the Environment, much to the MCA's disappointment.

A key element of the program is a series of 25 information booklets, including Environmental Risk Management, Community Consultation and Involvement, and Mine Planning for Environmental Protection. The MCA contributed significantly to the development of many of the booklets, which have been distributed throughout Australia and globally.

The Program has been of particular benefit to many of the small to medium enterprises which, though not lacking in commitment, are often challenged by a lack of access to the requisite expertise and resources to implement leading practices without external assistance.

The MCA is renewing relationships with the Australian Government to revitalise the Program. This is another key plank in the MCA's capacity building strategy.

The Council is proposing to expand the Program to focus on leading practices in sustainable development.



This may extend to exploring partnership opportunities with industry related Cooperative Research Centres and other research and development organisations to provide technical input to the Program.

GOAL: ENGAGE EFFECTIVELY ON KEY ENVIRONMENTAL ISSUES REGIONALLY, NATIONALLY AND GLOBALLY

The MCA has effectively engaged with governments, institutions, NGOs and industry at the international, national and regional levels to progress the industry's business case for sustainable development and promote a principle-based approach to environmental management.

For example, in relation to policies on multiple land use principles in land use planning and management, the MCA continued to advocate:

- > a precautionary approach be adopted in making decisions about tenure, so that options for future generations are not foreclosed
- > the effects of development-environment interactions be assessed on a case-by-case basis
- > transparent environmental impact assessment processes be used to evaluate development proposals and to ensure maintenance of significant environmental values
- > decisions regarding access to land be based on rigorous scientific assessment and contemporary community attitudes
- > reserve boundaries to reflect the values for which the reserve has been created
- > levels of management and controls be appropriate for the environmental sensitivity of the relevant area.

Complementing this advocacy, the MCA sought opportunities to promote innovative ways to address key environmental issues, particularly through the Inaugural Global Sustainable Development Conference held in Melbourne in October.

FINANCIAL SURETY

Surety requirements are increasingly being required for mining and minerals processing operations throughout Australia. Stakeholders, understandably, are seeking action on abandoned and orphaned mining and minerals processing operations. This has not only focussed industry attention, but also caused governments to act on the provision for assurance, or bonds, for remediation and closure funding.

As a result, surety is more frequently being required for legacy sites as well as for on-going operations (which may have been initiated a significant number of years ago). Surety is also being required when sites are sold or transferred in order to ensure that remedial work will be pursued.

The current bond system in Australia is considered by many in the industry to be a significant impediment to providing both company and community assurance of the ability of the operation to successfully relinquish its mining lease following cessation of operations. In addition, the national inconsistency in both bond calculation methods and provisioning requirements may impose a significant cost impediment on some companies in some jurisdictions.



While it is premature for the MCA to determine the level of acceptance amongst both industry and government of any nationally coordinated strategy, the MCA has developed a set of draft principles for financial surety to use as a basis for discussions with State and Territory Minerals Councils and Chambers, with the aim of developing a nationally consistent industry position. Importantly, the foundation for such an approach rests in the recognition that determinations regarding financial surety are State Constitutional responsibilities.

The MCA is also actively engaged in the work program of the International Council on Mining and Metals (ICMM), which focuses on the development of a revised publication on the 'Use of Financial Surety for Environmental Purposes', and includes:

- > information to aid governments in developing and administering effective and practical environmental surety policies
- > information to assist company dialogue with governments on the administration of these policies
- > information on the growing approach to financial surety for the metals processing sector, extending the traditional approach used internationally for mining activities.

REACH: THE EUROPEAN UNION'S NEW CHEMICALS MANAGEMENT SYSTEM

REACH is the proposed regulation of the European Commission for the Registration, Evaluation and Authorisation of Chemicals (REACH). It is the centrepiece of the European Unions' (EU) New Chemicals Policy, and is intended to combine 40 pieces of existing chemicals related legislation into a unified scheme.

The fundamental objectives of REACH are to:

- > protect human health and the environment in an efficient and effective manner
- > implement a science and risk-based chemicals management system throughout the EU
- > make companies responsible for the provision and management of data (thus bringing the EU systems into line with the US and Australian approach).

The MCA is strongly supportive of these fundamental goals, and notes that the failure of the current EU system has created an urgent need for reform. However, the MCA has been actively engaged to address the unintended consequences of the legislation, most of which have the potential to harm the minerals industry and render the REACH system unworkable.

The two chief problems with the proposed legislation are that the definition of a chemical is too broad, extending its scope to cover minerals, ores, concentrates and secondary materials. This proposed legislation would capture around 80% of Australia's mineral exports in a scheme designed to assess and manage industrial chemicals. There is no demonstrable improvement to human health or the environment from the capture of minerals and metals in this way.

Secondly, REACH will not apply to 'organics' such as oil and gas, or to their derivatives such as plastics. This has the potential to distort sustainable material flows by favouring less-recyclable materials such as plastics over the use of more recyclable mineral products.



In addition, the draft legislation uses 'volume' as a surrogate for 'risk', which is both scientifically incorrect and potentially unworkable, as the legislation would be applied to the higher-volume mineral exports before being applied to potentially more dangerous and dispersive industrial chemicals.

In response to this threat to EU minerals/metals trade with Australia, the MCA commissioned the Australian Bureau of Agricultural and Resource Economics (ABARE) to conduct a study quantifying the impact of REACH on the EU as a whole, by virtue of its likely impacts on the Australian minerals industry. A report on the first stage of this study is expected to be available in the first half of 2005, with the second stage of the study focusing on the likely impacts to individual economies within the EU.

In addition, the MCA will host an international workshop on REACH in 2005, and will continue to liaise with the Australian Government and the EU to ensure that the necessary reforms to Europe's chemicals management systems proceed without the unintended distortions to both world trade and the sustainable flow of materials through the value chain.

SODIUM CYANIDE REVIEW

In 2004, the MCA's Sodium Cyanide Working Group developed a strategic position for the industry on the management and use of sodium cyanide, which is an essential element of gold extraction in minerals operations.

The Working Group was established in response to the Australian Government's decision to review the regulatory management arrangements for sodium cyanide. This Review has the potential to result in new restrictions on the transport, handling, use and allowable quantities of sodium cyanide in minerals operations.

The MCA, in conjunction with the Australian Gold Council, led the development of a comprehensive package of data and information to inform the Review. The industry's position is based on recent initiatives in the management of cyanide, including:

- > the development of the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold, which provides a global foundation for improvements in cyanide management
- > the Strategic Framework for Tailings Management, which provides a high level approach to tailings and cyanide management and was jointly developed by the MCA and the Ministerial Council on Mineral and Petroleum Resources
- > the Best Practice Environmental Management in Mining – Cyanide Management booklet, produced jointly by government, industry and community groups, outlining best practice approaches to the management of cyanide in Australia
- > the ongoing delivery of the Best Practice Cyanide Use and Management workshops, which are delivered by the Australian Centre for Minerals Extraction and Research (ACMER) in partnership with industry and government.

The Australian Government agreed in late 2004 to extend the Review period to enable the consideration of the industry's proactive initiatives in the management of cyanide.



GOAL: ENGAGE WITH THE EMERGING BIODIVERSITY AGENDA AT INTERNATIONAL, NATIONAL AND STATE LEVELS

The Australian minerals industry acknowledges that its stewardship of living natural resources, including biodiversity, is fundamental to meeting community expectations as part of its 'social licence to operate'. Many Australian minerals producers are world leaders in the management of biodiversity, particularly in remote and arid environments.

Companies are not only successfully minimising their impact on the environment, but many have also established programs that make a significant net contribution to the biodiversity of the regions in which they operate. In addition, many companies provide research services and other support to governments and communities undertaking threatened species recovery programs and activities.

The MCA provides assistance to the International Council on Mining and Metals (ICMM) in its partnership with the International Union for the Conservation of Nature (IUCN), which focuses on developing and promoting leading practice in the conservation and sustainable use of biological resources and integrated approaches to land use and access.

GOAL: EXTEND UNDERSTANDING AND IMPLEMENTATION OF PRODUCT STEWARDSHIP PRINCIPLES AND PRACTICES

GLOBAL WORKSHOP ON MATERIALS STEWARDSHIP

In March, the MCA hosted a successful three-day international forum on materials stewardship on behalf of the International Council on Mining and Metals.

Materials Stewardship (which includes the subordinate elements of resource, product and process stewardship) is an integrated program of action that ensures all materials, processes, goods and/or services that are produced, consumed and disposed of along the value-chain, are done so in a socially and environmentally responsible manner.

Materials stewardship is based on the principle of materials (elements or compounds) in cyclic flows through the value-chain. This is different to the traditional view of the one-way production and consumption (including disposal) of a good or service. This concept is also founded on 'shared responsibility' by all participants in the materials life-cycle, including designers, suppliers, manufacturers, distributors, retailers, consumers and recyclers.

The forum, Chaired by MCA Chief Executive, Mr Mitchell H. Hooke, brought together Australian and international delegates, including industry experts from upstream and downstream in the minerals extraction, processing and tertiary manufacturing sectors, consultants, academics and government officials.

The objective was to develop a globally consistent policy framework for materials stewardship that responds to society's expectations for the responsible development, production, marketing, use and recycling of materials.

The forum provided the basis for the ICMM's set of Foundation Statements/Principles on Materials Stewardship and enabled the Australian minerals industry to:

- > raise awareness and understanding of key issues on materials stewardship
- > engage with key stakeholders in the community, other industry sectors and government, at the state and commonwealth levels
- > begin developing information and capacity building resources to be released in 2005.