

Evaluating the Feasibility of Independent Third Party Certification for the Mining Sector

*Michael Rae, Andrew Rouse and Fiona Solomon**

Introduction

Mineral exploration and development can have a significant impact on the environment and its local communities. While the area of land impacted by mining in Australia is estimated to be in the order of only 0.02 per cent of Australia's land surface (Mulligan, 1996, p15), its activities can create a range of effects on local landscapes, biodiversity, habitat, marine environments, rivers and aquifers, local communities, indigenous people, and workers. Poor environmental and social performance on the part of some mining companies has created mainstream public concern about mining practice and affected the reputation of the industry as a whole.

In Australia, States have traditionally set the standards for acceptable environmental and social performance for mining and mineral processing activities. However the nature of regulation is rapidly evolving in response to rising community expectations. The Commonwealth has growing powers to intervene or impose standards on States, through Commonwealth legislation (such as the *Environment Protection and Biodiversity Conservation Act, 1999*), joint Commonwealth-State specification of standards and procedures (for example the ANZMEC Strategic Framework for Mine Closure) and the various obligations imposed by international agreements (Ameef, 2002, p48). Commonwealth and State governments are also working more regularly with industry and non-government organisations to develop guidelines for company practice, of which a prominent example is the Best Practice Environmental Management (BPEM) in Mining program (Environment Australia, 2002).

Supporting this shift is the increasing emphasis on industry self-regulation, driven by business interests and often supported by governments who may not have the resources or perhaps the inclination for regulatory enforcement. The mining industry has introduced a range of voluntary initiatives to better manage environmental and social issues arising from their operations and to communicate these to the public. These include

developing industry codes of conduct (particularly the Australian Minerals Industry Code for Environmental Management of the Minerals Council of Australia, 2000), implementing environmental management systems (such as ISO14001), setting performance targets (such as reducing energy and water use and greenhouse gas emissions) and producing public environmental reports.

While there have been some significant advances in environmental and social performance on the part of some individual companies and mine sites, these have not been largely recognised nor rewarded by the market or the general public. What has been absent is a credible and independent mechanism that can differentiate companies on the basis of their environmental and social performance, rather than on the basis of management processes or company claims.

Certification

Public concern is similarly evident around the environmental performance of other major natural resource sectors such as forestry and commercial fishing. During the 1990s, "certification" schemes were successfully developed for these two commodity-based sectors, with the Forest Stewardship Council the most well-known out of the two (FSC, 2002). Independent certification has two principal objectives. The first is environmental and social: to improve natural resource management to agreed standards. The second is commercial: to provide market access and product differentiation on the basis of on-ground performance (Rae and Rouse, 2001, p15).

Certification is a process where an independent third party certifies that a company or organisation satisfies the requirements set by an environmental and social performance standard. The standard is usually a combination of prescriptive criteria and requirements that specify a benchmark level of on-ground performance. The independent third party who verifies the company's performance is usually a certification organisation that is accredited by the owner of the standard (Rae and Rouse, 2001, p14). As compliance is voluntary, certification does not seek to replace government regulation but to complement it. For example, the first principle of the Forest Stewardship Council Principles and Criteria for

* Michael Rae and Andrew Rouse are with WWF Australia; Fiona Solomon is with CSIRO Minerals and on part-time secondment to WWF Australia for this project.

Natural Forest Management is to comply with the laws of the country of operation and respect international treaties and agreements to which the country is a signatory (FSC, 2002).

The Mining Certification Evaluation Project (MCEP) has been developed by WWF Australia and Placer Dome Asia Pacific and attracted financial and in-kind support from BHP Billiton, CSIRO, Newmont and WMC. The MCEP proposes independent, third party certification of environmental and social performance as a possible mechanism for differentiating company performance and enabling mining companies to credibly demonstrate this to their stakeholders. Commencing in August 2002 and carried out over 18 months, the MCEP aims to evaluate whether independent third party certification of environmental and social performance can be applied to the mining sector. While the project takes as its inspiration the FSC type model, the potential options will not be limited to this model in recognition of the complexities of the sector.

Key lessons from experiences in the forestry and fishery sectors suggest that the success of certification in those sectors can be attributed to the following factors. First, the standard developed under a certification scheme acts as a benchmark for on-ground performance, rather than of processes. Second, the standard itself needs to be developed by a diverse group of stakeholders in order to best represent a variety of perspectives and expertise and ensure its credibility. Third, the certification of a company should be undertaken by an independent certification organisation and a system should be established to provide appropriate accreditation. Fourth, where products are developed for particular markets, a 'chain of custody audit' can track the product from source to retail outlet and assure customers of its provenance. Finally, a trademark or logo can be used as an on-product label to differentiate products in environmentally sensitive markets (Rae and Rouse, 2001, p1).

Project description

To WWF's knowledge this project will be the first major attempt to address the issue of certifying on-ground performance in the mining sector. To enhance the range of possible input, the MCEP will form a Working Group comprised of representatives from a range of companies, NGOs and other organisations.

The MCEP will facilitate a structured and focussed debate amongst key stakeholders on the issue of environmental and social performance and the ideas of

certification. Through a series of reports, it will summarise stakeholder views received on these issues, identifying points of agreement and conflict and any options developed for a certification system. The aim will be to clearly identify whether it will be feasible to develop a system with broad industry and NGO support for the independent certification of the on-ground performance of individual companies in the mining sector. If consensus on a certification system proves elusive, the project will document the reasons to enable participants and other interested parties to learn from the process.

The project team at WWF will carry out the following major activities over the 18 month period of the project:

- Form a project Working Group that is likely to comprise representatives from the mining industry, environmental and social NGOs, labour, government, academic, financial sector and certifiers;
- With the Working Group, explore options for and seek to build consensus on principles of environmental and social performance in the minerals sector;
- Explore options for and seek to build consensus on measurable and auditable standards for on-ground performance;
- Undertake an evaluation in a field trial of the model or models developed. This stage will require companies to volunteer a mining facility to be the subject of the field trial;
- Prepare and publish a report containing recommendations for further action.

Conclusion

It is the authors' hope that, should this initial evaluation project succeed in developing a model with broad support from its working group participants, the project's scope will be broadened to include a wider debate within the Australian and international community. A broader international consensus could lead to the development of a global system for independent certification of on-ground performance, allowing mining companies to credibly demonstrate their competence. This would enable competitive advantage to accrue to those able to prove their commitment to sustainable development.

To be added to a contact list for regular updates on the project, please email fsolomon@wwf.org.au

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