

Does uranium mining carry a greater corporate social responsibility than other commodities in terms of downstream nuclear waste recovery and recycling, and its wider impact on local communities and workers? Paula Wallace and Vickie Smiles investigate.

# Uranium mining and the question of corporate social responsibility

'Social licence to operate' is a phrase that Australia's giant mining corporations have recently introduced into their corporate language.

But some industry observers argue that while these companies may have demonstrated their credentials in managing environmental impacts, their understanding of the full meaning of corporate social responsibility appears less advanced.

BHP Billiton's proposed expansion of the Olympic Dam uranium mine 550 km north-west of Adelaide is a case in point, raising many questions relating to uranium mining and corporate social responsibility.

What effect will the planned expansion – with an estimated capital cost of \$5–10 billion – have on the company's carbon footprint and that of the state of South Australia? What about its use of water in a water-constrained environment?

There is also the challenge of defining a sustainability strategy specific to uranium, and communicating this in the relatively new language of transparency expected of corporations.

Olympic Dam is one of the biggest developments in South Australia, with the potential to bring \$80 million in revenue to the state and export earnings of more than a billion dollars based on current uranium spot prices.

The task of engaging stakeholders presents an enormous challenge. Stakeholders include not only the local community in South Australia, state and federal governments and investors, but the people of Australia and the international community.

The company's influence at the federal government level can be seen in the ratification by the government of two treaties with China earlier this year. BHP Billiton is seeking to supply the growing Chinese energy market with an additional 10 500 tonnes of uranium production a year, although, according to a company spokesperson, the 'outcome of sales negotiations is yet to be concluded'.



**Yvonne Margarula represents the Mirarr traditional owners of Jabiluka, whose consent is now needed before any mine in the area can progress.**

Mirarr/ Gundjeihmi Aboriginal Corporation, <http://mirarr.net/>

## On or off the 'safeguards radar'?

David Noonan, of the Australian Conservation Foundation (ACF), said the export of processed uranium or concentrate places BHP Billiton's sustainability credentials in question.

'We believe that once Australia's uranium enters China, it will disappear from the safeguards radar.

'We will be relying on China's book-keeping systems to track this material, because it doesn't come under

international safeguards until it reaches an enrichment plant.'

BHP Billiton invited the ACF to a workshop last year, at which the ACF suggested it would be in the company's interests to develop an alternative plan for the Olympic Dam expansion that did not include exporting uranium.

'If there's another major accident, a terrorist attack, or further nuclear proliferation, this could all affect BHP's reputation. Uranium exports fundamentally cross the line of how a company should provide for shareholder interests,' said Noonan.

The BHP Billiton spokesperson contacted by *Ecos* did not agree that the company is exposing its reputation to risk by exporting uranium to China, citing Australia's multi-lateral and bi-lateral safeguards agreements as a guarantee that the uranium's use will be 'confined to the civil nuclear cycle'.

'BHP Billiton ... is confident that all customer countries would handle product in a safe and responsible manner,' the spokesperson added.

The company also cited its active participation in international stewardship initiatives being developed to give government, communities and other external stakeholders 'confidence that product is being managed at all stages of its cycle in a safe and environmentally acceptable manner'.

## More questions about stewardship

Francis Grey is part of a team that assesses Australia's top 200 ASX-listed companies



**ERA's Ranger mine site in the Northern Territory, in the midst of the undeveloped Jabiluka uranium deposit.** ERA

for the Dow Jones Sustainability Indexes (DJSI) worldwide, tracking the financial performance of the leading sustainability-driven companies.

Grey took issue with BHP Billiton's assurance about safeguards on exported uranium.

'Once it's gone from Australia then it's out of our control,' he said.

Since the launch of the DJSI about eight years ago, BHP Billiton has been ranked in the 'leaders' group, evaluated as the best of a sector with 45 members in the mining category.

Grey said his team has taken BHP Billiton's uranium mining activities into consideration and does not consider that the associated risks should warrant downgrading of its sustainability rating.

However, he added that claims made by the company suggesting it can guarantee the safe and peaceful use of its uranium offshore could constitute a transparency and accountability issue.

BHP Billiton has attracted some public attention for delaying the release of its environmental impact statement (EIS) for the Olympic Dam expansion, and for its response to inconsistencies in the scope and configuration of the expansion.

### **'We believe that once Australia's uranium enters China, it will disappear from the safeguards radar.'**

The current pre-feasibility study for the expansion is assessing options that would more than double copper production and triple uranium production.

For copper, this would increase the capacity from current levels of 220 000 tonnes per year to approximately 500 000 tonnes, while uranium would increase from about 4000 tonnes per year to approximately 15 000 tonnes per year. However, BHP Billiton's application to the state and federal governments in 2005 was

for the right to operate up to one million tonnes of copper production per annum, a figure that was cited in the joint EIS guidelines later issued by both governments.

The BHP Billiton spokesperson denied that the company was seeking to operate at one million tonnes per annum.

When asked if BHP Billiton is planning to produce a statement in relation to its uranium strategy and involvement in the lifecycle of the product, the company spokesperson said, 'The EIS will conform with government guidelines.'

'For the purposes of the EIS, BHP Billiton has not sought to define what "lifecycle" means in terms of mining uranium,' added the spokesperson. 'That is a matter for government.'

However, in its 2006 Sustainability Report, BHP Billiton asserts its commitment to a 'stewardship approach to uranium mining'. Understandably, stakeholders have called for BHP to produce a model that considers product safety, waste management, non-proliferation and business risk.

The Olympic Dam expansion project will move into the feasibility stage some



## Progress



BHP Billiton is considering water supply alternatives to the Great Artesian Basin for the Olympic Dam expansion as the draw-down effect can affect mound springs such as these. BHP Billiton

time in 2008, and is currently scheduled for completion by late 2013.

### Ranger and community relations

When it comes to the impact of their operations on indigenous land and communities, uranium mining companies have much to learn, according to a Uranium Industry Framework Steering Group report released last year.

Few would know better than Rio Tinto, whose Energy Resources of Australia (ERA) subsidiary owns the Ranger Uranium Mine and the huge undeveloped Jabiluka deposit surrounded by the Kakadu National Park in the Northern Territory.

Rio Tinto acquired a controlling stake in ERA from North Limited in 2000, only a year after the Mirarr traditional owners won a bitter anti-mining campaign to keep the valuable Jabiluka asset firmly in the ground.

'I think they are genuinely attempting to get it right', said Graham Dewar, executive officer of the Gundjeihmi Aboriginal Corporation (GAC), which represents and receives royalties for the Mirarr clan.

Real progress was made in 2005, with the signing of the Jabiluka Long-Term Care and Maintenance Agreement between the Mirarr, ERA and the Northern Land Council (NLC). Under the agreement, mining cannot go ahead

without the written consent of the Mirarr and the NLC.

'This agreement lifts the shadow of Jabiluka off the Mirarr and other Aboriginal people in Kakadu. We now have a chance to solve some of the social problems like alcohol, unemployment and health', said senior traditional owner, Yvonne Margarula, at the time.

ERA's new chief executive, Chris Salisbury – who was promoted from general manager operations, Ranger Mine, in February – said the relationship has improved dramatically since the signing of the agreement.

According to Salisbury, ERA's new cultural awareness program, which began earlier this year, has also been a 'dramatic step forward'.

'It gives ERA employees an opportunity to hear first-hand about what's important to traditional owners about their culture and how they'd like to see that preserved.'

Graham Dewar said the previous program, which had no indigenous participation, 'warranted immediate redress and improvement'. He feels the new agreement has proceeded 'quite successfully'.

Salisbury had only been in the ERA job a couple of months when he had to hose down some inadvertent comments about

Jabiluka's prospects made by Rio Tinto Energy's CEO, Preston Chiaro.

'It caused us some internal anguish for a couple of days basically until we got on top of it', said Dewar. A personal letter of apology from Chiaro finally put the issue to rest.

GAC and its Mirarr members have demonstrated good faith in what has already been achieved with ERA, and with at least another 13 years to run before the Ranger lease expires in 2020, they see ample opportunity for better outcomes.

GAC has a skilled casual labour agreement with ERA, whereby the Mirarr people can participate in such things as cultural heritage surveys and monitoring – neglected in the earlier program – fire and weed management, and other supervisory work over protected sites.

'That has enabled some engagement by traditional owners back on the lease area,' said Dewar.

### Whose responsibility is it?

Jacqui Katona, the public face of Yvonne Margarula's international campaign to prevent Jabiluka from going ahead, said on ABC radio in 2005 that the cumulative impact on Aboriginal people of uranium mining in the region had brought about 'social and economic statistics that were disastrous'.

'The government didn't provide water, power, sewerage, and housing to Aboriginal people,' she said.

'The only way Aboriginal people could access those things was spending royalty money, and we felt, and continued to feel, that that's an exclusion to citizenship rights.'

Graham Dewar observed that perhaps Kakadu had been left off the radar in terms of the delivery of government services because the assumption was made that the uranium companies operating in that part of the world should be responsible for these.

'Now of course the Uranium Industry Framework recommendations that came out last year talked about how it shouldn't be the case that royalties money ever be used in lieu of government funding of the delivery of essential services,' he added.

ERA is concerned about the dismal picture painted by Jacqui Katona and is working with various stakeholders on what to do in terms of improving social and health outcomes. The company is also supporting the Mirarr in their long-standing native title claim over the town of Jabiru. ■