## VOLUME 6, NO. 1, MARCH 2000

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### Regular Features

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Copyright, March 2000  
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Welcome to the first edition of the APCEA News Journal for 2000. I would firstly like to thank Geoff Frost and his team at The University to Newcastle for their great effort in working on the journal last year, and in helping with the transition to Macquarie University this year. Past editions of the journals are now freely available for download at our APCEA website at http://www.accg.mq.edu.au/apcea/index.html

In this edition the first article by Roger Burritt discusses an Oxford Consultancy Group report on the quality of environmental reports in food and retailing, oil and gas, utilities and banking in the UK, in particular the merits of a life-cycle approach to environmental reporting.

The second article by Jane Andrews reports in detail on the recent Environmental disaster in Romania by Australian company Esmeralda Ltd, and argues that greater accountability is needed on Australian companies operating overseas.

In the third article Roger Burritt reports on the Governments role in promoting environmental management through Material and Energy Flow Cost Accounting.

A short article is provided by myself on the merits of cyanide usage as a means of ‘leaching’ in gold mining.

In our final article, Roger Burritt reports on OECD guidelines for multi-national enterprises, and what they say about the environment. As usual, our environmental extra section provides short information on recent environmental events, including interesting links to webpages and reports.

If any readers wish to contribute articles of news of any environment-related activities, please feel free to contact me at:

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Readers with a particular interest in external environmental reporting will find a report by OXERA (Oxford Economic Research Associates Ltd), a consultancy group in Oxford, UK, to be revealing but not surprising. Their 51 page briefing paper is entitled ‘An analysis of the quality of environmental reporting across the food and retail, oil and gas, utilities, and banking sectors.’ It was published in January 2000. A full copy of the report can be found at:


OXERA Environmental have developed another (‘unique’) scoring and benchmarking system designed to assess the standard of company environmental reporting on issues such as ecology and biodiversity, emissions and environmental management systems. They claim to place credit on performance rather than policy statements alone. Their briefing paper finds that water and electricity companies do well, relative to other sectors, reporting on a breadth of environmental issues, but could do more to develop comparative sector eco-efficiency measures. They argue that other sectors, such as banking, must now develop the environmental report beyond the present public relations exercise.

OXERA pose three main questions:

- How far has environmental reporting delivered environmental accountability by industry? The answer – some sectors are better than others.
- To what extent do environmental reports demonstrate a principled response to ethical concerns rather than being a public-relations exercise? The answer – some sectors still regard the whole area of environmental reporting as a public-relations exercise.
- How useful are environmental reports in measuring and explaining corporate impact on the environment? The answer – everyone has a long way to go.

Based on their findings OXERA seeks to show how environmental reports can be made more meaningful and relevant, thereby providing greater value to the preparer and user. A specific four sector analysis (food and retailing, oil and gas, utilities and banking in the UK) and recommendations are included in the report.

The briefing paper’s main findings are:

- 37% of companies examined are still non-reporters (this refers to 13 of the 35 companies approached for a corporate environmental report);
- banking shows an extremely poor level of reporting on environmental matters (not a surprise to readers in Australia where the John Laws ‘cash for comments’ fiasco indicates a lack of concern for ethical behaviour by banks);
• utilities display a relatively high level of reporting – but all sectors had significant omissions in reporting on their environmental impacts
• biodiversity and transport issues are least well reported. No surprise for biodiversity where legislation in some countries has only recently begun to bite;
• The style and quality of reporting is very varied – confirming the results from other studies;
• 6 companies (of the 22 that provided environmental reports) did not provide quantitative targets as a basis for assessing improvement in environmental performance;
• utility companies tend to stick to compliance with requirements, whereas food and retail are more flexible and have developed an indicator of performance (environmental imprint per tonne of product) for common usage;
• external verification in banking, food and retailing is noticeable by its absence. External verification in oil and gas and utilities is common; and
• comparisons within sectors remains difficult because of the variety of ways used to present and to measure information.

These observations lead OXERA to recommend (albeit based only on their limited number of sample observations) that:
• non-reporters should report. Perhaps a bit more naming and shaming (as is being encouraged in the UK and Japan) would be effective;
• a standard set of common indicators, such as that being developed by the GRI, is to be encouraged. Specific bases for normalization are recommended for the four sectors. There is nothing new here, but OXERA add their support to the efforts being made by other groups;
• biodiversity and ecological standards of reporting are needed. Note that in Australia, under the Environment Protection and Biodiversity Conservation Act 1999, Clause 516A – ‘Annual reports to deal with environmental matters’ – Commonwealth bodies are required to report annually on how their activities accord with the principles of ecologically sustainable development and the Commonwealth Auditor General may conduct a performance audit on compliance with these requirements. However, there are no requirements for the private sector and guidance or guidelines are certainly required; and
• reporting entities need to be based on a life-cycle approach.

Use of the life-cycle approach (LCA) is a controversial issue. The OXERA recommendation is suggested because ‘banking and oil and gas sectors take a very narrow view of their responsibilities’ (p.4) and there is a need to get them to think about the wider picture (e.g. for banks, the uses to which loans are put). One problem with this recommendation is that the life-cycle assessment method is fraught with data and measurement difficulties. Many authors, in addition to OXERA, have called for a survey of all discharges over the whole life-cycle of products (e.g. Environment Canada 1995; Fava et al. 1991; Fava et al. 1992; Lave et al. 1995; Nordic Council of Ministers 1995; Ream & French 1993; SustainAbility et al. 1992).

Recent interest in LCA reflects two things: a broad shift to a more sophisticated, holistic, system-orientated approach to reducing environmental impacts, and a shift in investment based upon an acceptance by industry (at least in Europe, USA and, recently, Japan) that environmental concerns
are not transitory and that significant changes to all stages of production, from resource availability to product disposal, are inevitable (Ryan 1996, 1). Unfortunately, although LCA can be useful if treated as a general tool for strategic management, if and when it is used as an information tool, the present method of undertaking product LCA, especially the use of background (averaged) inventory data, has major flaws which drastically impair the effectiveness and efficiency of the approach.

- **Ecologically**, the information provided by the LCA may result in incorrect decisions, because, first of all, inventory data lack representativeness, relevance, and precision, and, second, because the consolidation (aggregation) of environmental intervention data usually ignores spatial (locality) and time differences.

- **Economically**, the present LCA approach causes perverse incentives for stakeholders as well as high costs for a company to create a small benefit (see Lifset 1991, 76). The only inherent incentive given by background (averaged) inventory data is to encourage the industry to hand out biased, or at least favourable (and unchecked), inventory data. The suppliers of data have a large discretionary latitude as to the data they specifically want to pass on.

Given these problems there seem to be three ways available to fashion LCA into an ideal, comprehensive management tool (also see Lewis 1996, Schaltegger 1997):

- Obtain better data through improved research into LCA costings – an expensive alternative;
- Develop simpler and cheaper tools based on screening rules rather than building up inventories of data – a cheaper approach but one that does not improve data quality, or solve the problem that only environmental interventions with global impacts should be aggregated on a global level, regional impacts on a regional level, and local impacts on a local level; or, the author’s preferred approach
- Abandon the present LCA method and concentrate on site-specific tools with a focus on a continuous recording of accurate, actual, and representative data from individual companies.

These three possibilities could be further explored by OXERA in its attempts to encourage improved environmental reporting by business.

**References:**


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DENYING ACCOUNTABILITY? AUSTRALIA’S INTERNATIONAL MINING SHAME

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Quite clearly there has been contamination of parts of the river system in the region and my heart goes out to those who may be suffering. I stress however that there is no evidence to confirm the contamination and the damage said to have been caused is as a result of the tailings dam overflow at Baia Mare on January 30, 2000 (Esmeralda press release, 17/2/2000, www.esmeralda.com.au).

Michael Bowen (NB: Lawyer for Esmeralda): As far as we’re concerned Esmeralda is a shareholder and it has no exposure. The joint venture is a corporate joint venture (ABC, 25/2/2000, www.zpok.hu).

Unfortunately, it seems as if nothing has been learnt from BHP’s Ok Tedi mining disaster in Papua New Guinea. Another Australian Company, Esmeralda Exploration Ltd has been implicated in another environmental disaster of global significance. On January 30th, 2000, a cyanide rich tailings dam overflowed at the company’s Baia Mare Treatment Facility, releasing about 100,000 cubic metres of runoff into the river system. This spread from the immediate Tisza River into the Danube killing fish as it spread through the river system and affecting the lives of nearly 2 million people dependent on the river for their livelihood.

The Australian mining industry is quickly earning an appalling international reputation. The industry’s reluctance to accept responsibility for its international environmental disasters only makes them appear contemptuous of their accountability function, particularly when operating in countries with less stringent environmental legislation (Papua New Guinea and Romania being two good examples). It is also common for Australian corporations to shirk their responsibility and accountability for costly environmental disasters behind the guise of corporate structure (as is suggested in the above quote by Bowen).

Aurul SA, a joint venture company comprised of Esmeralda (50.5% ownership) and the Romanian state owned company Remin was set up in the early 1990’s to explore and exploit gold mining prospects in post-Communist Romania. This being the case, Aurul SA was set up in order to use modern technologies (brought in by the foreign investor) to reprocess old tailings from remaining gold deposits – this being a process that involves the use of dangerous chemicals such as cyanide. The utilisation of high-risk technologies has become

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1 Baia Mare has a population of about 150,000 people and has a long mining history, it is located in the north western section of Romania about 650km from Bucharest. The company admitted that the spill involved 100,000 cubic metres of water, but could not determine its cyanide level.

2 Evans (1999) claims that high-risk technology is being used throughout the mining sector. In Papua New Guinea BHP’s Ok Tedi gold and copper mine was located in a high rainfall and earthquake prone region; the Rio Tinto Lihir gold mine and Highlands Pacific’s proposed nickel-cobalt mine both use the sea to dump heavy metal tailings (called Submarine Tailings Disposal); in Australia the Beverley and Honeymoon uranium projects in South Australia inject heated sulfuric acid into the ground to dissolve heavy metals, including uranium, which may lead to radioactive runoff into surrounding water resources.
increasingly prevalent as pressures on scarce resources grow (which is driven heavily by consumption and is also a product of population growth) and as the resources of previously closed nations open up to the operations and exploitations of global capitalism.

Since 1989 the Romanian government’s policy has been to attract international investors to Romania’s faltering mining industry. International investment has proven necessary as the industry has suffered almost 50 years of neglect. It has also been considered important in order to boost the nation’s economic standing as they emerge as a market economy (the privatisation of industries in Romania is still taking place and mining has been slow to shift from state ownership). This has not been an entirely smooth process, with many Romanian mines failing or at least faltering in the newly competitive market place. Within this context, the government has encouraged joint ventures between the government owned mining company and other foreign corporations.

There are a number of issues that arise out of the Aurul tailings disaster and these may be perceived to reflect Australia’s general attitude towards environmental accountability in an international setting – particularly when operating within nation’s with less stringent environmental laws.

Firstly, Esmeralda’s financial 1999 financial report highlights that there had been a number of problems in the construction of the Tailings Retreatment Plant that has only been operational since March 1999. For example:

- There had been a small leak from pumping equipment, related to difficulties breaking down the material being mined with high pressure water monitors. They wrote that “in May a fissure of the decant return water pipeline occurred due to a hydraulic shock generated by the sudden closure of the automatic valve. A minor amount of water was released, most of which was contained within lease boundaries, with a small runoff onto a neighbouring field” (Esmeralda Explorations, 1999, p.7).
- Difficulties reducing the tailings into slurry form mainly because of extensive reed growth in the central section of the Sasar dam (this being one of the containment areas and the first dam to be recovered). To be specific they write that “the reeds would break off in clumps and form ‘beaver’ dams trapping slurry behind them which would surge through the pump station when the artificial dam wall breached. This surge would be transferred to the main plant, sometimes at flow rates in excess of twice design flowrates” (Esmeralda Explorations, 1999, p. 6). They also were faced with a higher viscosity of the fine tailings than expected and they experienced higher moisture content in the centre of the dam. This made construction of control towers more difficult.

Although the Romanian EPA investigated the incidents and the company claimed to have implemented the recommendations of the EPA’s report, it seems incredible that a company dealing with such high-risk technologies would encounter so many problems.

Secondly, Esmeralda’s activities were publicly represented as an ‘environmental clean-up project’. Invest Romania have stated that “the Aurul project in Baia...
Mare…which is re-treating old tailings, will also help clean up the environment by removing existing tailings which are deposited in unsealed dams within 50 metres of residential apartments” (Johnstone, 25/2/2000, www.investromania.ro). Selling a project as environmentally and socially responsible in the context of the annual reports disclosures undermines the meaning of environmentally responsible corporate behaviour. Such actions may make it more difficult to believe organisations making a genuine attempt to address the environmental consequences of their activities. The company claimed in a press release that they take their “environmental responsibilities seriously” (Esmeralda, 25/2/2000, [www.zpok.hu]). Even if this was to be believed, the fact that the company has consistently denied the magnitude of the accident and their part in it, is suggestive of an organisation that does not want to take responsibility for the risks it has incurred in the ordinary course of business.

Thirdly, the failure of companies to recognise their responsibility and accountability function is likely to occur whilst there is a lack of legislation governing Australian companies overseas. Although there is a Code of Environmental Management for Australian mining companies, it is a voluntary Code that can be ignored, particularly when companies are operating in international jurisdictions – Esmeralda is not a signatory to the Code.

As Friends of the Earth argued “it is counter to the most fundamental principles of human and environmental justice to be (semi) accountable at home and totally unaccountable abroad” (Walker, 22/2/2000, p. 15). The possibility of making Australian companies responsible for damage overseas, within Australia has been debated for a long time and the actions of Esmeralda have raised this to the fore once again. Senator Bob Brown claimed that the environmental consequences of the company’s actions would damage future business opportunities and although this is a highly functionalist argument, it may be one that would gain currency in policy setting circles. He stated that “we’ve got a complete disaster in Hungary that is going to damage Australia’s reputation, its economic interests, its employment prospects as far as tourism is concerned in a way that is very difficult to manage, and the Federal Government needs to act on that as a law maker” (Brown, 9/2/2000, www.zpok.hu).

In a general sense, the disaster in Eastern Europe highlights the need for Australian companies to act in a manner offshore that would be acceptable onshore. Even though Australian environmental legislation leaves a lot to be desired, it does make a provision for a rehabilitation bond, and regulates and prohibits certain actions. The accountability function of companies operating in an international environment should be expanded not contracted. Such a position may dilute the incentive to operate offshore in less regulated environments. It may also reduce the further exploitation of lax accountability functions to national government’s (and people) that are already fighting for survival in an emerging global market economy.

Endnotes
1. After releasing information related to the spill Esmeralda’s stock price plummeted 40% before trading was suspended.
2. On the 16/3/2000 Esmeralda was placed in the hands of an administrator. Greenpeace expressed concerns about the company’s ability to avoid responsibility, liability and accountability for the accident through such a mechanism.
3. The Australian Stock Exchange was accused of holding information about the spillage for ten days before releasing it to the market.
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Governments’ Role in Promoting Environmental Management Accounting

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On 2 March 2000, the Sustainable Industry Branch of Environment Australia, presented a workshop on Material and Energy Flow Cost Accounting, as part of the Department’s Environmental Accounting initiative. Material flow cost accounting is one approach included under the broad title of environmental management accounting. Promotion of Material and Energy Flow Cost Accounting in the Australian business context is being considered by Environment Australia. The technique originated in Germany in the mid 1970’s and has now been taken up by a small number of organizations in that country.

Given the interest of Environment Australia and of the Institute of Chartered Accountants in Australia in environmental management accounting, as part of the Triple Bottom Line approach to sustainable development, it is likely that approaches to current methods of environmental costing will receive considerable attention over the coming months. The context for developments in Material and Energy Flow Cost Accounting is provided below in Table 1, and a list of references attached for anyone wishing to explore the background to these developments. Many of the references are written in German, but the ideas have been summarized in Schaltegger and Burritt (2000a).

A third stimulus for environmental management accounting comes from the United Nations. In August 1999, their Expert Working Group Meeting on Governments’ Role in Promoting Environmental Managerial Accounting, was held in Washington D.C.. Draft and final (‘discussion document’) reports of that meeting are now available on the web at:


A useful list of contacts is appended to the reports.

The UN Working Group draft report briefly explores the nature and purpose of corporate environmental management accounting, its benefits, obstacles to environmental management accounting and the set of related tools including environmental management systems, environmental reporting, and national environmental accounting systems. The full eighty-two page report provides greater detail about these issues, especially the international initiatives with environmental management (and cost) accounting.

Why would government wish to encourage business to adopt environmental management systems? As the following illustrative quotation shows, governments are concerned to promote voluntary initiatives, market forces, low cost regulation of business, and a process that eases the process whereby external environmental costs are internalized by business:
“By promoting wider use of EMA in industry, government environment agencies can achieve pollution reduction at minimal cost to government and with minimal political resistance, in keeping with the current emphasis on voluntary initiatives and use of market forces. Wider use of EMA will tend to increase the effectiveness of new environmental regulations and economic incentives, as enterprises will be able to quickly calculate the costs of such policy measures and to adapt production systems and pricing in accordance with the new conditions at minimum cost. EMA systems will also encourage management to plan new production systems taking into account prospective new regulations and incentives designed to internalize environmental costs that are now external (UN, 2000, draft para 28).”

At present, Material and Energy Flow Cost Accounting, as promoted through the German approach mentioned above, is not a technique directly designed to facilitate internalization of external environmental costs. However, it does generate an awareness of environmental costs caused by business activities, and it does encourage a separate accounting of, and accountability for, the physical impacts of business activities. Consequently, the educational process associated with implementing such a system may, in itself, ease the role of government in promoting policies that encourage business to conserve the environment.
Table 1. Overview of current methods of environmental costing

(Schaltegger and Burritt, 2000, table 6.3).

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Cyanide Usage as a Method for Gold Extraction: Time to Change?

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Cyanide has come under increased scrutiny in the past two months following incidents in Romania and Papua New Guinea. Our image of cyanide immediately conjures up images of instant death. In fact, it has been used in state executions, as a means of extermination during WW2, and mass suicides. Cyanide is an inorganic compound composed of carbon and nitrogen. It can exist in a solid, liquid or gas state. Levels of two parts per million are considered lethal to humans while concentrations as low as five parts per billion in river waters can inhibit fish reproduction. Poisoning can occur through ingestion, inhalation, or skin absorption. Antidotes are available but need to administered quickly. Cyanide has been used for more than 100 years as a cost-effective means by which to extract gold from ore, a process termed ‘leaching’.

The leaching process requires solid cyanide briquettes to be added to a tanked mixture of finely crushed gold ore and water, which is then stirred for a number of hours. The solid cyanide dissolves in the water portion of the mixture, attacks the metal in the ore, and forms the water soluble complex, effectively ‘dissolving’ the gold from the ore. Thus, the metal has been extracted from a solid state (in the ore) to a liquid state (in the solution). Cyanide is also used as a method of steel hardening and plastics production. It is present in low concentrations in many plants, in the food we eat, and the cigarettes we smoke. It is eventually processed through the liver.

However the recent toxic spillage by Esmerelda in Romania in February and Dome Resources in Papua New Guinea in March, highlight the dangers of cyanide, in particular the storage and transportation of the chemical. The disasters also call into question Australian environmental management practices. The spillage by Esmerelda following a dam burst, has, as Jane Andrews pointed out, already posed significant environmental effects. The fishing industry has been badly effected in Romania, affecting the livelihoods of thousands of people who rely on the river as a source of economic prosperity. In relation to the Tolukuma spillage in PNG earlier this month when a crate of cyanide pellets broke away from a helicopter, the company has reported that it has recovered close to 95% of the cyanide in solid form. However, topsoil had to be removed from the 1250sq m crash site and detoxified at the Tolukuma mine site. Furthermore, a certain amount of cyanide reached local streams, although the company reports that the quantity has been “negligible”. Tests on the toxicity of the river streams are continuing.

The Romanian and Papua New Guinean disasters are not isolated incidents involving cyanide. The tailings dam overflow in Romania is similar to an incident in South
Africa in 1994 where 10 people were killed when a cyanide laced dam bursts its banks, burying a housing complex. In 1995 some 3.2 billion liters of cyanide-laced waste flooded the Essequibo river in Guyana when a dam broke at the Omai gold mine. In June 1998, one woman died from cyanide poisoning after nearly 2,000 kg of the chemical spilled into the Barskoon River in Kyrgyzstan. A report on this spill can be found at;

http://envirolab.nrcan.gc.ca/Publications/ca
cmeo_f.pdf.

In addition to this there have been civil lawsuits in the United States by Native American Indian Reservations in Montana and Nevada to force companies to clean up cyanide waste. However in one instance, although the community won the lawsuit, the company declared bankruptcy the following year, hampering efforts to clean up the toxic site.

Given favourable conditions, cyanide will usually breakdown within a week, and does not remain within the environment. However cyanide usually breaks down into other destructive chemicals and is accompanied by other harmful metals which affect rivers and catchment areas. Furthermore, concerns remain across the world that cyanide is stored too close to residential areas and environmentally sensitive areas.

Cyanide has been banned in the US state of Montana, where in 1998 citizens voted on Initiative 137, a measure to phase out the use of cyanide in mining activities. Turkey had instituted similar restrictions a year earlier. The call is now on in Australia for stronger environmental standards in the wake of the recent accidents. These standards need to be mandatory not voluntary. Furthermore, Australian jurisdiction needs to be extended to incorporate corporate behavior by Australian companies overseas. Whether Australia will follow suit and place restrictions on cyanide leaching remains to be seen.

References


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The OCED produced a revised set of draft Guidelines for Multinational Enterprises, on 10 January 2000, designed to provide voluntary principles for responsible business conduct consistent with applicable laws. One claimed benefit for multinationals that follow the Guidelines is that compliance with the proforma set of principles for enterprises should help to ensure that operations of MNEs are in harmony with government policies. A further consideration is claimed to be ‘to strengthen the basis of mutual confidence between enterprises and the societies in which they operate and to help improve the foreign investment climate’ (all ‘big picture’ claims).

Aspects of triple bottom line areas of concern receive attention, with employment and industrial relations, combating bribery, consumer interests and disclosure all to the fore. In the OECD’s words:

"Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and recalling the provisions of paragraph 9 of the Introduction to the Guidelines that, inter alia, multinational and domestic enterprises are subject to the same expectations in respect of their conduct whenever the Guidelines are relevant to both, take due account of the need to protect the environment and avoid creating environmentally related health problems. In particular, enterprises, whether multinational or domestic, should:

Guidelines on the environment are examined in Chapter V of the draft document, a full copy of which is available at:


Existing OECD Guidelines, under Annex 1 to the Declaration on International Investment and Multinational Enterprises which was last revised in 1991 when, a section on environmental protection was added, have the following to say about MNCs and environmental protection:

The OECD Guidelines for Multinational Enterprises (MNEs) are non-binding recommendations to enterprises, made by the thirty-two governments that adhere to them. Their aim is to help MNEs operate in harmony with government policies and with societal expectations. The recommendations provide guidance on appropriate business conduct across the full range of MNE activities. They are supported by follow-up procedures in the participating countries, which comprise all 29 OECD Member countries, and three non-Member countries (Argentina, Brazil and Chile).
1. Assess, and take into account in decision making, foreseeable environmental and environmentally related health consequences of their activities, including siting decisions, impact on indigenous natural resources and foreseeable environmental and environmentally related health risks of products as well as from the generation, transport and disposal of waste;

2. Co-operate with competent authorities, inter alia, by providing adequate and timely information regarding the potential impacts on the environment and environmentally related health aspects of all their activities and by providing the relevant expertise available in the enterprise as a whole;

3. Take appropriate measures in their operations to minimise the risk of accidents and damage to health and the environment, and to co-operate in mitigating adverse effects, in particular:
   a) by selecting and adopting those technologies and practices which are compatible with these objectives;
   b) by introducing a system of environmental protection at the level of the enterprise as a whole including, where appropriate, the use of environmental auditing;
   c) by enabling their component entities to be adequately equipped, especially by providing them with adequate knowledge and assistance;
   d) by implementing education and training programmes for their employees;
   e) by preparing contingency plans; and
   f) by supporting, in an appropriate manner, public information and community awareness programmes.”

New draft environmental guidelines are adapted to reflect the current circumstances of MNCs as follows:

“Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in accordance with relevant international principles, objectives and standards, take due account of the need to protect the environment, to promote health and safety objectives, and generally to conduct their activities in a manner consistent with local conditions and the wider goal of sustainable development. In particular, enterprises should:

1. Establish and maintain a system of environmental management appropriate to the enterprise, including:
   • Collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities;
   • Establishment of measurable objectives and, where appropriate, targets for improved environmental performance, including periodically reviewing the continuing relevance of these objectives; and
   • Regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.

2. Taking into account concerns about cost, business confidentiality, and the need to protect intellectual property rights:
   • Provide the public with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in
improving environmental performance; and

- Provide opportunities for adequate and timely communication and consultation with the communities directly affected by the environmental, health, and safety policies of the enterprise.

3. Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with activities of the enterprise over their full life-cycle. Where these proposed activities may have significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact statement.

4. When a preliminary risk assessment indicates unacceptable effects on human health or the environment, not use the lack of full scientific certainty as a reason to delay the introduction of cost-effective measures intended to prevent such effects.

5. Maintain adequate contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations.

6. Continually seek to improve corporate environmental performance, by encouraging, where appropriate, such activities as:
   - Adoption of technologies and operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise;
   - Development and provision of products or services that have no undue environmental impacts; are safe in their intended use; are efficient in their consumption of energy and natural resources; can be reused, recycled, or at least disposed of safely;
   - Promoting higher levels of awareness among customers of the environmental implications of using the products and services of the enterprise; and
   - Research on ways of improving the environmental performance of the enterprise over the longer term.

7. Provide adequate education and training to employees in environmental health and safety matters, including the handling of hazardous materials and the prevention of environmental accidents, as well as more general environmental management areas, such as environmental impact assessment procedures, public relations, and environmental technologies.

In addition it is suggested (OECD, 2000, p.8) that enterprises should disclose information about ‘material foreseeable risk factors’ and information about the systems for managing risks and complying with laws, and on statements or codes of business conduct. Finally, a more specific suggestion is that enterprises are encouraged to apply high quality [disclosure] standards for non-financial information including environmental and social reporting where they exist.

Comparison between the 1991 and 2000 Guidelines highlights a number of changes that have occurred since the 1991 version.

First, changes have been made to reflect the fact that the Rio Declaration on Environment and Development propounded the principles of ecologically sustainable development the year after the 1991 Guidelines appeared. For
example, Guideline 4 now directly addresses the precautionary principle.

Second, concepts contained in international environmental management standards (e.g. the ISO 14000 series) have an important part to play in the new Guidelines. In particular, the need to maintain an environmental management system is made explicit in Guideline 1, life-cycle assessment is encouraged by Guideline 3, and the idea of continual improvement features in Guideline 5.

Third, the objectives set out in Agenda 21, the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters are also reflected in the Guidelines.

Potential problems with these Guidelines relate to the fact that they are only voluntary and MNEs that do not sign up to the Guidelines, or to relevant Codes continue to have a significant adverse impact on the environment (e.g. Esmeralda Exploration Limited the Australian gold company that has been associated with a spill of tailings containing cyanide in Romania and, even if found not to be responsible for river pollution, has not signed up to the Australian Minerals Council Code for Environmental Management).

A second problem is that public pressure on MNEs is likely to increase in severity as the likelihood of a monolithically capitalistic world governed by global corporations in ‘the new world order’ is recognized. Without close monitoring and enforcement, such organizations will have the power and motivation to override government desires about environmental conservation (and environmental performance). The new OECD Guidelines provide a small step in the right direction. They encourage MNE environmental management and improvements in environmental performance, but they reflect a coming together of government and corporate power in a cooperative way, when maintaining separation of powers and checks and balances is likely to be a much more fruitful long run avenue for maintaining the freedom of democratic society to insist on environmental conservation.

Reference:


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Launch of Australia’s National Pollutant Inventory (NPI)

On Friday 28th Jan 2000, Australia’s Federal Environment Minister, Senator Robert Hill, launched Australia’s first National Pollutant Inventory in Melbourne. NPI’s are already in use in Canada, Mexico and the United States. Researchers and the general public can access the internet and download data on corporate atmospheric pollution emissions. The emissions cover a wide variety of substances from various industrial companies, and also include details as to what is being undertaken to remedy the problem. The national pollutant inventory can be found at:


Nation Greenhouse Gases Inventory

The Commonwealth Government released in September the 1997 Greenhouse Gases Inventory. Further detail may be found at:


A Framework for Public Environmental Reporting – An Australian Approach

Environment Australia, has just published a report on public environmental reporting in Australia. Prepared by a consortium consisting of the Snowy Mountains Engineering Corporation and the Australian Industry Group, the report is designed for business and includes issues such as how to design a public environmental report, the elements needed for a successful environmental report including the identification of key performance indicators, through to communicating the information to stakeholders. The report can be accessed at


Greenpeace Releases “Unseen Poisons in Asia” Report

This month (Month), Greenpeace has released a report on the state of poisons in South and South East Asia and Oceania. The report emphasizes the problems caused by persistent organic pollutants (pop), which are resistant to natural breakdown processes. A briefing on the report as well as a full download are available at;

[http://www.greenpeace.org/%7Etoxics/reports/asiapopsbriefing.html](http://www.greenpeace.org/%7Etoxics/reports/asiapopsbriefing.html)

ASEAN Haze Action Online

The Association of South East Asian Nations (ASEAN) has launched a website called “ASEAN Haze Action Online”. The site reports on the current haze situation in the region caused by forest fires in Indonesia’s northern provinces. Links are provided to the pollution indexes of regional countries Singapore and Malaysia. The website can be located at;

[http://www.haze-online.or.id/](http://www.haze-online.or.id/)

World Bank Recommends OK Tedi Closure

A report commissioned by the Papua New Guinea government has recommended that BHP’s controversial OK Tedi copper mine be closed on environmental grounds. Whilst
it conceded that immediate closure would result in adverse social impact for those dependent upon the mine for economic wellbeing, it did recommend closure in the long term. The report cites BHP’s attempt to obtain legal immunity from damages as evidence that concerns for shareholder wealth were placed above the health and welfare of the citizens of surrounding regions.

**MCA – Revised Code of Management**

Late in 1999, The Minerals Council of Australia revised its 1996 voluntary code on environmental management, incorporating stakeholder objectives. It can be located at