

# Key-note address to the Sustainable Development Session of the Mining Indaba

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## DRILLING DOWN TO A SUSTAINABLE DISPENSATION

Honourable guests and dignitaries, I thank you for the opportunity to address you at the start of this very important session of the Mining Indaba. I am encouraged that the issue of sustainability has been considered in some of the sessions. This is a sign that the industry is starting to address sustainability as a matter of importance, a development that is warmly welcomed. However, mining activity has far-reaching implications for not only our own generation, but for future generations. Because of this, we can never afford to rest on our laurels and say that we are doing enough to ensure the sustainable development of all stakeholders in this critical industry.

As the introduction made clear, I am first and foremost a priest of the Christian faith. I therefore approach the issue of sustainability from the perspective of a moral theologian, and provide a voice that is infrequently heard in the corridors of the mining industry. A moral perspective is crucial to our discussion of sustainability, since it provides a framework in terms of which ethical decisions can be made. Sadly, questions of morality are seldom considered when decisions are made. This is, of course, nothing new. The Crusades of the Middle Ages and the colonial empires of the sixteenth to the nineteenth centuries are just two examples of far-reaching actions that history and time have shown to be profoundly a-moral in essence. In our modern world, moral voices are all too often lost by those who run our business empires in the intensity of profit-seeking on behalf of investors and shareholders.

In seeking to bring a moral voice, I do so from a Christian perspective and am fully aware that all major religions of our age are undergirded by a bedrock of morality that needs to be the basis of decisions made by leaders in all sectors.

Of course, while the right to a fair return on investment can never be gainsaid, and the profit motive is an undoubted incentive for business and shareholders, we need to build an industry that takes into account the needs of all stakeholders, both human and environmental, in determining the kinds of actions that are taken. When actions are skewed in the interests of one stakeholder only, an imbalance is created that leads to environmental degradation, human conflict and morally unsustainable outcomes.

Human rights are a central feature of the moral voice of which I am speaking. All of us are created in the image of God, and therefore have intrinsic worth and dignity. Indeed, respect for one another's dignity is a *sine qua non*. Respect for human dignity includes a fair salary for all and decent living conditions with access to water, sanitation, health care and education. In respect of the latter, we should never forget the wise words of our late Madiba when he said: "Education is the great engine of personal development. It is through education that the daughter of a peasant can become a doctor, that the son of a mineworker can become the head of the mine and that the child of farmworkers can become the president of a great nation."

In terms of the environment, Christianity reaffirms its vision of creation as a web of inter-dependent relationships bound together in the covenant which God has established with the whole earth and every living being. We believe that human beings are co-partners with the rest of Creation, and that we have a responsibility to make

personal and corporate sacrifices for the common good of all Creation. In the words of the prophet Isaiah, God did not create the world for chaos, but made it a place to be lived in.

The Lambeth Conference, a worldwide gathering of Anglican leaders that meets every ten years, said as far back as 1978 of the environment: "There is a growing realization in many parts of the world that environmental issues are amongst the most important ethical concerns facing humankind at the end of the second millennium. Gradually, we are realizing that if we are to sustain God-given life on this planet, then we will need to change our attitudes and behaviour. A combination of factors, industrial pollution, deforestation, soil erosion, mineral and fossil fuel depletion, species extinction, over-population, over-consumption, and even unregulated tourism and development, are having devastating global effects."

In the late 1970s, the concept of sustainable development was relatively new. One of the earliest references to it was in 1976, when it was used by Robert Stivers to describe an economy "in equilibrium with basic ecological support systems". In 1987, the United Nations World Commission on Environment and Development published the Brundtland Report, also known as "Our common future", which firmly established the inseparability of environment and development, and propelled them onto the world's political agenda. It included the following definition of sustainability, which is widely recognised: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Since these early days of discussion about sustainable development, much water has passed under the sustainability bridge, so to speak, and the issue is now firmly entrenched on the world's business and political agendas.

Perhaps the most important statement in recent years on sustainable development has come from the United Nations Conference on Sustainable Development held in Rio de Janeiro, Brazil, in June 2012. Its outcome document, "The future we want", provides a very clear road map for the future, and identifies the need to eradicate poverty as the greatest global challenge facing the world today, and an indispensable requirement for sustainable development. That the Rio declaration recognises that the management of the natural resource base is an essential requirement for sustainable development suggests that the mining industry in all its complexity is a fundamental pillar in the eradication of poverty, and should regard its sustainable development as an imperative that cannot be ignored.

Indeed, the Rio declaration acknowledges the major contribution of minerals and metals to the world economy and modern societies. It notes that mining industries are important to all countries with mineral resources, particularly developing countries, such as those in Africa.

Mining offers the opportunity to catalyse broad-based economic development, reduce poverty and assist countries in meeting internationally agreed development goals, provided they are managed effectively and properly. And therein lies the rub.

In order to contribute towards development goals, mining activities should maximize social and economic benefits for all their stakeholders, including workers and their families, surrounding communities, and those who are impacted, however, far away, by mining activities. This implies that mining has a responsibility to effectively address negative environmental and social impacts.

However, such a responsibility cannot be left entirely to the mining industry. Governments also need to play a role by having strong capacities to develop, manage and regulate their mining industries, in the interests of sustainable development. To do so, they need effective legal frameworks, policies and practices for the mining sector that deliver economic and social benefits and include effective safeguards that reduce social and environmental impacts.

Such policy frameworks also need to make provision for a future in which mining is no longer economically viable in a particular area. In such a scenario, communities that have developed around mines will need alternative sources of income to sustain them. In addition, mining activities will have created long-term environmental impacts, such as acid drainage, that will need to be carefully managed if they are not to be detrimental to the health of those remaining in the area beyond the life of the mine.

The Rio declaration also identifies the issue of accountability and transparency as critical for sustainable development. This applies to both the mining industry and governments. There can be little doubt the secrecy that surrounds many mining deals between industry and government is a smokescreen for corruption and unsafe mining practices, and does nothing to contribute to achieving sustainable development of everyone involved in mining.

How to maximize the development benefits of mining while improving the environmental and social sustainability of the mining sector was documented by the Johannesburg Plan of Implementation of 2002. The Johannesburg Plan identified three priority areas for the environmental and social sustainability of the mining sector:

- Address the environmental, economic, health and social impacts and benefits of mining throughout their life cycle, including workers' health and safety;
- Enhance the participation of stakeholders, including local and indigenous communities and women;
- Foster sustainable mining practices through the provision of financial, technical and capacity-building support to developing countries and countries with economies in transition.

From the above, it is obvious that there is a clear imperative for mining to contribute towards development goals by being sustainable. In my view, sustainable development occurs when all involved have a stake in the development processes and outcomes. In the mining sector; government, private companies, workers and communities are the four key pillars for this sustainable development. Therefore, the challenge to sustainable development is that of ensuring that these four key pillars work in a symbiotic and mutually reinforcing way. For government, this calls for facilitating investment and development in the sector through enacting effective and fair regulation and taxation, exercising good governance at national and sectoral levels, effective provision of necessary public goods of a sectoral and national nature, as well as minimising national and sectoral risks. For the private sector, this calls for adherence to the highest business ethics that places at the centre and values highly the livelihoods and aspirations of workers and communities they work in. My experience clearly shows that the latter is not a weakness and neither does it reduce competitiveness. In fact it is capable of unleashing significant value that is key to sustaining the operations. For the workers and communities, this sustainable development means being able to envision and tie their future to the company's realities and aspirations, and in doing so, promote the symbiotic relationship.

The crunch issue, however, is to ask ourselves: how well are we doing in the quest to make mining sustainable? Achieving the above mentioned symbiotic relationship requires commitment and determination on the part of all stakeholders in implementing and upholding the following;

- Long-held but unsustainable business and ethical practices will need to be changed in order to operate in a new way.
- Unpopular moral voices will have to be raised, heard and taken seriously in boardrooms.
- Government officials will need to have clean noses, and the corrupt must be unceremoniously booted out of office.
- Organised labour needs to act with the interests of all stakeholders, and not just those of its members.
- Civil society must maintain its vigilance and courageously speak out against wrong practices.
- Citizens of affected communities must band together so that they can be a strong voice articulating their particular needs.

I want to emphasise in particular this last point: that of the participation of citizens in the process of building sustainability in mining. The last few decades have shown that any attempts to eradicate poverty through sustainability have little or no impact if citizens are not an integral part of the solution. Citizens are the central ingredient to any transformative agenda.

In our work at African Monitor, we have spent a lot of time listening to, and learning from citizens what sustainable development means for them through extensive consultations. We have found that it is impossible to overstate the importance of listening to the wisdom that emerges when the poor begin to define the future as they see it.

From our deliberations with citizens, it is clear that five issues stand out for them, each of which pertains to economic development in Africa, with a bearing on the mining sector.

The first issue for citizens is the need to decisively address inequality. If our world is to become sustainable, there is a drastic need to shift from an unjust, unequal world towards an equal world, where global resources are shared by all and benefit all.

The second issue for citizens is the need for economic opportunities for the poor. Such opportunities should integrate citizens and marginalised communities in the production and growth process. During our consultative process, we heard people throughout the continent saying: "We do not want handouts. We want access to opportunities and an enabling environment where we can generate sustainable livelihoods." What does this mean for the mining sector? It means that over and above providing housing and other social services for mining communities, mining companies need to start thinking about how to create business linkages and economic

opportunities for their communities. It is well and good to provide services - in fact it should be standard practice to do so. But we also need to think about sustainability in the long-term. Is it not possible that mining activity becomes the engine and catalyst for the local economy? I think this is not only possible but also necessary.

Citizens want to be able to participate in decisions that affect their lives. We are not talking here about mere consultation, or some other superficial process. Citizens want meaningful engagement about how their monies are spent and how their aspirations are addressed. They want consultation about how their land is used, and how this affects their lives. As Nobel prize-winning economist Amartyr Sen has argued, development programmes are most effective and sustainable when intended recipients are fully engaged – respected, heard and involved – in every stage, from inception and planning to delivery; and when adequate attention is paid to the realities on the ground.

Fourth, citizens of Africa - in particular the young, tell us that corruption must go. Citizens have a deep fatigue with the corruption evident in this continent. They are speaking strongly and clearly about this issue, and are demanding that accountability systems be put in place to provide effective deterrents to corruption, including that found in global business. It has become the norm in public discourse to make corruption a government issue; but no one knows more than the people sitting in this room that government corruption is a drop in the ocean compared to corporate corruption. We know about the scramble for Africa's resources by the global giants; and the unscrupulous deals struck behind closed doors that do not benefit this continent. We know about the land grabs; the blood diamonds; and the battles over our oil fields.

We are only beginning to understand the extent and impact of illicit financial flows in Africa, which are propagated by industry. Estimates by Global Financial Integrity (GFI) and the African Development Bank puts the loss by Africa over the period 1980 to 2009 at 1.2 to 1.3 trillion US dollars on an inflation-adjusted basis. South Africa alone lost more than 100 billion US dollars between 2002 and 2011. Out of this, 80% of the illicit outflows have been from trade mispricing and manipulations. Where the mining sector has been involved in such illicit outflows, it needs to urgently make redress for this.

Finally, the fifth issue we heard is the collective and joint responsibility of world governments to provide financing towards an equitable world. Our work in tracking the delivery of development commitments in Africa shows that these have largely not been met by all role players. The need for shared responsibility in financing for development also requires that we look to new and additional forms of financing, including strengthening taxation systems.

Given that citizens have spoken so clearly about sustainable development, the mining industry needs to honestly and openly look at how it is measuring up to citizen expectations in terms of its own transformation. How is this sector beginning to redefine its role to advance Africa's development agenda? How is each mining company beginning to shape its role as a corporate citizen?

In South Africa, the Mining Charter is a valuable tool in the transformation of the mining industry. The specific targets that its scorecard has set for a range of issues have helped address some of the inequality in the industry, most notably through its target of 26% for ownership by Historically Disadvantaged South Africans. Other elements of the Mining Charter's scorecard that contribute towards sustainability include housing and living conditions, procurement and enterprise development, employment equity, human resource development, mine community development, and beneficiation.

Although the Mining Charter's scorecard has resulted in progress towards the sustainability of the mining industry, challenges remain, and led to the formation last year of a Framework Agreement for a Sustainable Mining Industry by labour, organised business and government. This Agreement recognised that the working and living conditions of many mine workers are not optimal. Housing and community development remain a key concern. Transformation had not reached optimal levels, and the intermittent tensions in the industry had undermined stable labour relations, constitutional rights, equity and the rule of law.

Of concern is the fact that the parties to this Agreement – labour, organised business and government – do not include community representatives. Although the Agreement commits business to assisting in the upgrading of human settlements around mining towns, and providing workers with skills to empower them, communities are not being adequately consulted. It is important to emphasise that the only people who can speak on behalf of the poor are the poor and their representatives – not business or any other stakeholder! I have already spelt out the importance of including the voices of citizens; to leave out their representatives in the form of organisations of civil society from this Agreement is a serious omission which could severely retard progress towards a sustainable industry.

Wider afield, in the rest of Africa, most African mining countries rewrote their mining codes over two decades to reflect the private sector as leader in the mineral development process. However, the codes were mostly aimed at attracting foreign direct investment without much emphasis on development of communities.

An encouraging development, however, was the formulation of the African Mining Vision (AMV) in February 2009. This document was prepared for the First African Union Conference of Ministers Responsible for Mineral Resources Development. The vision advocates for “transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development”, a vision consistent with sustainable development. Central to the thinking in this report is an understanding that Africa needs to integrate its mineral policy with its developmental policy. Abdoulie Janneh, a former Executive Secretary of the United Nations Economic Commission for Africa, says the Africa Mining Vision is “deliberately ambitious”.

He adds: “This is what is required to change the path and destiny of Africa’s industrialisation and the fight against poverty. The realization of the Vision hinges on strong political will and a commitment to developing strong capable mineral management systems and institutions: an astute understanding of Africa’s relative advantages in the global mineral value chain, maximizing the benefits of regional integration, and building robust partnerships”.

Finally, I would like to pose some specific questions of the mining industry on behalf of the citizens of Africa whose opinions we sought and which were spelt out earlier in this address:

To what extent are citizens living in poverty in Africa sharing in the wealth of the mineral resources of our continent? I don’t need to spell out the unhappy history of our continent in respect of colonial powers and their exploitation of Africa’s natural resources. Suffice to say that the mining sector was used during the colonial era to develop the economies of western nations without regard to the sustainable development of the sector. In the words of the United Nations Africa Review Report on Mining, “this has not changed much in the post-colonial era”. The inadequate returns of such mining activities to the people of this continent are a major cause of the poverty that still exists today in Africa. In 2012 the United Nations estimated that 47% of Sub-Saharan Africans live on less than \$1.25 a day. If mining is to be sustainable, it needs to share its mineral riches equitably with all, not just with its shareholders, many of whom are already wealthy, some obscenely so.

- To what extent has the mining sector created significant economic opportunities for the poor? In this respect, one is not only talking of the direct jobs created by the mining industry but entrepreneurial opportunities for the community as a whole
- When is Africa going to stop exporting raw minerals? The sector can multiply its contribution to sustainable development through beneficiation of mineral resources and upward and downward linkages with local industries. This perhaps could trigger the long waited African industrialization. In my opinion, this is one of the biggest failures of our industry and I sincerely hope that plans to redress this are underway.
- Has the mining industry included communities of their mines in making important decisions about matters that impact on their lives – matters such as the quality of water, housing conditions, the opportunity for workers to live with their families, to name a few?
- What action is the mining industry and government taking to eliminate corruption in the industry? For example, why are government officials allowed to become shareholders in some mines, thereby compromising their ability to act independently in making decisions as government officials?
- What creative suggestions are being made by the mining industry to contribute additional financing towards an equitable world? A natural resources tax is one way in which billions could be added to the development financing envelope, and I challenge the industry to not only be open to the idea of such a tax, but to suggest it to government as a positive contribution by mining towards sustainability.

In conclusion, I will return to where I started this address: as a moral theologian. The history of humankind shows us that we are in constant need of checks and balances to ensure that it is on the right track in terms of stewardship of the environment and our shared common humanity. It was Reinhold Niebuhr who said that “man’s capacity for justice makes democracy possible, but man’s inclination to injustice makes democracy necessary”.

In terms of the mining industry, I propose that the time is right for the establishment of an independent process to address problematic issues, ensure that the industry is on the right track to sustainable development, and, as far as possible, bring harmony to all stakeholders, including the citizens of our continent.

This panel of independent persons and skilled negotiators should be able to hear from all stakeholders involved, and should be able to reach decisions that all stakeholders will be required to abide by and implement. It should establish a code of conduct for all stakeholders, and monitor the extent to which parties are adhering to it.

Such a body will go a long way towards the sustainable development of this industry, attract further investment to Africa, as well as being a model for the rest of the world to emulate.

I thank you for your attention today.