bhpbilliton

dirty energy

Alternative Annual Report 2011

Contents

Introduction

"More than 30 million people were displaced in 2010 by environmental and weather-related disasters across Asia, experts have warned, and the problem is only likely to grow worse as climate change exacerbates such problems.

Tens of millions more people are likely to be similarly displaced in the future by the effects of climate change, including rising sea levels, floods, droughts and reduced agricultural productivity. Such people are likely to migrate in regions across Asia, and governments must start to prepare for the problems this will create."

– Asian Development Bank Report[1]

BHP Billiton is the world's largest diversified natural resources company, with a market capitalisation of US$233.9 billion at the end of June 2011.[2] It produces aluminium, coal (both thermal energy coal and metallurgical coal), copper, diamonds, iron ore, lead, manganese ores and alloys, natural gas, nickel, petroleum, silver, titanium, uranium and zinc from operations in Australia, Brazil, Canada, Chile, Colombia, Mozambique, Pakistan, Peru, South Africa, Trinidad and Tobago, the United Kingdom and the United States.[3] The company reported a record US$32 billion in pre-tax profits for 2011.[4]

The enormous size of the company and the diversity of its products and operating locations mean that there are a host of concerns about the impacts of its operations on the climate, ecosystems and communities.[5]

This 'Alternative Report' for 2011 does not attempt to note all these concerns. It concentrates instead on the negative impacts of the company's production of minerals and hydrocarbons used in energy production – coal, gas, oil and uranium – BHP Billiton's 'Dirty Energy'.

We make no attempt to present an exhaustive survey of the company's energy-related operations. The articles in this report provide snapshots of the negative impacts of some of those activities, as examples of why the company needs to change course.

The company's reports show that it is aware of these impacts and of many of the concerns that they raise. What is its response?

The company fully accepts the scientific consensus on climate change[6] and admits that it has 'a social and economic responsibility to constructively engage on climate change issues.'[7] It says it is working successfully on reducing the 'carbon intensity' of its operations (the amount of greenhouse gases generated per unit of production) and is 'engaging in policy development' to encourage governments to adopt market-based solutions which will have a 'revenue neutral' impact on businesses such as BHP Billiton's.[8]

Despite these admissions BHP Billiton continues to expand production of coal and petroleum, which, when burnt, contribute heavily to the generation of the carbon dioxide which is driving destructive climate change. It is involved in deep sea oil production, which is a more carbon intensive process than conventional oil production. The process of mining coal also releases large quantities of methane, which contributes even more powerfully to the rise in atmospheric temperatures which produce climate change.

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Instead, the company proposes to increase its production of other materials which may make a less destructive contribution to climate change but which pose very grave problems of their own.

First, there is natural gas production. With the acquisition of Chesapeake Energy Corporation's Fayetteville shale assets and Petrohawk Energy, BHP Billiton has an enormous stake in US shale gas, which it will develop with the help of hydraulic fracturing or 'fracking'. As the 'Oil, Gas and Greenhouse Gases' article in this report points out, 'The immediate concerns of communities in shale gas fields

involve pollution of water and dispersal of explosive gases. Another objection to fracking concerns the "tremors and quakes" which have already led the Arkansas Oil and Gas Commission (AOGC) to permanently close down two of BHP Billiton's waste-fluids disposal wells in its Fayettevile structure after four months of investigation into "a cluster of tremors and quakes" in central Arkansas. And there is uncertainty about the impact of shale gas production on greenhouse emissions too: 'Even the US Environmental Protection Agency (EPA) has come out with a report that shale gas emits much larger amounts of methane than conventional gas.'

Then there is uranium production. BHP Billiton appears to believe that if it increases uranium production it can claim that it is helping to create a low carbon economy. As this report's article on BHP Billiton's Olympic Dam mine makes clear, expansion of uranium production will in fact greatly increase the mine's generation of greenhouse gases and also use enormous quantities of water in an arid area – an issue of which the company is aware and about which it claims to be concerned.[9] But in addition to this, there is as yet no safe method for permanently storing radioactive wastes. Production of radioactive materials therefore creates severe danger for all future generations, both from the radioactive wastes created by mining uranium and the high-level wastes produced through the use of uranium in energy generation and weaponry. The Fukushima disaster earlier this year shows that nuclear energy production cannot be guaranteed to be safe, and that the consequences when things go wrong can be catastrophic. There are also concerns about the close links between 'civilian' nuclear energy programs and the production of the materials used for nuclear weapons.

Another false solution which BHP Billiton is pursuing in an effort to mitigate the impacts of its operations on the climate, and which we cover below, is REDD, the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries. The company commits to protecting areas of tropical forest which may or may not be under threat while pursuing coal mining projects in other areas of tropical forest, contributing to climate change by deforestation, fugitive methane emissions, and greenhouse gases generated in the mining process and through the burning of the coal produced.

As the articles below demonstrate, in addition to climate change impacts, deforestation, radioactive waste production, intense water use and water pollution, BHP Billiton's mining operations are also associated with resettlement of communities, destruction of traditional livelihoods, human rights abuses and flouting of Indigenous Peoples' rights.

In the 'Destroying Communities for Coal' article, on the company's Joint Venture coal mining operations in Colombia, it is noted that the Cerrejon mine has a history of forced resettlement, loss of livelihoods, and threats against those who criticise the Cerrejon Coal company's conduct. Cerrejon Coal's operations have violated the rights of small farming communities, communities of African descent (who are supposed to be guaranteed collective rights to their land under the Colombian Constitution of 1991) and the Indigenous Wayuu People.

Many of the communities impacted by BHP Billiton's operations around the world are Indigenous communities. While the company is explicit in its acceptance of the United Nations Declaration on Human Rights,[10] it refuses to accept the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). That Declaration explicitly recognises Indigenous Peoples' right to control their own land: many Indigenous Peoples have, after all, been incorporated into nation states without their consent, and UNDRIP is an attempt to restore some measure of self-determination. The Declaration recognises Indigenous Peoples' right to 'Free, Prior, Informed Consent' (FPIC)[11] over developments on their land, and this clearly implies the right to refuse permission for such developments to go ahead. BHP Billiton includes among the reasons for its current rejection of FPIC that there is 'a suggestion that it could be applied at each stage of a resource development, which would create uncertainty for long-term investments' and that 'FPIC could present ethical challenges as it may appear to confer a special set of rights on a group of people who have been born into a particular class.' While proclaiming its respect for Indigenous Peoples' cultures, BHP Billiton is opposed to allowing Indigenous Peoples to assert control over their territories or for their rights to take precedence over the company's profits.

BHP Billiton's profits – colossal as they are – are being made at the expense of Indigenous and other peoples, the destruction and degradation of healthy ecosystems and the dangerous alteration of the earth's atmosphere. The business as usual model is not sufficient if we are to truly address the impact of Multi National Enterprises (MNEs) on Indigenous communities and on our environment.

Siemens, a global engineering firm, has recently abandoned plans to re-enter nuclear power production, and instead will push renewable energy sources such as wind turbines and solar power[12]. This could be the thin edge of the wedge for MNEs to redirect investments towards renewable energy – an industry with clear growth that contributes to ongoing energy security, addresses carbon intensive energy production and enjoys a wide range of support from government, civil society and business.

The organisations that have produced this alternative report want BHP Billiton to move out of dirty energy – but what would we put in its place? Two contributors make some suggestions. We do not claim to know a clear way forward and we do not all agree on the details, but we do agree that the company's current activities are unsustainable. When one is on a journey and realises that one is lost and headed in the wrong direction, the first priority, even before determining the correct route, is to stop.

BHP Global mining operations[13]

PRODUCTION OF DIRTY ENERGY MINERALS:		
Energy Product	**For 2011**	**For 2010**
Petroleum	159 million boe[14]	159 million boe
Metallurgical Coal	69,500,000 tonnes	66,131,000 tonnes
Energy Coal	32,678,000 tonnes	37,381,000 tonnes
Uranium	4,045 tonnes	2,279 tonnes

BHP global investment in dirty energy[15]

ENERGY COAL Country	Project	Product	Ownership
Australia	NSW Energy Coal	open cut coal	100%
Colombia	Cerrejon	coal, integrated rail and port	33.3%
South Africa	BHP Billiton Energy Coal South Africa	thermal coal	50-100%
US	New Mexico Coal	coal mining and power stations	100%

PETROLEUM Country	Project	Product	Ownership
Algeria	Ohanet	wet gas	45%
Algeria	ROD Integrated Development	onshore oil	38%
Australia	Bass Straight	oil, LPG, natural gas ethane	50%
Australia	Minerva	gas	90%
Australia	North West Shelf	LNG	8.33-16.67%
Australia	Pyrenees	oil	71.43%
Australia	Stybarrow	oil	50%
Pakistan	Zamzama	onshore gas	38.5%
Trinidad & Tobago	Angostura	offshore oil	45%
UK	Bruce Keith	oil and gas	Bruce: 16% Keith: 31.83
UK	Liverpool	oil and gas	46.1%
US	Gulf of Mexico (4)	deepwater oil and gas	Atlantis: 44% Shenzi: 44% Mad Dog: 23.9% Nepture: 35%

METALLURGICAL COAL Country	Project	Product	Ownership
Australia	Illawarra Coal	underground coal	100%
Australia	BHP Billiton Mitsubishi Alliance	integrated mine, rail and port	50%
Australia	BHP MItsu Coal	open cut coal	80%
Borneo	IndoMet Coal Project	coal - Kalimantan (not yet in operation)	75%

URANIUM Country	Project	Product	Ownership
Australia	Olympic Dam	uranium	100%
Australia	Yeelirrie	uranium	100% (not approved)

BHP Billiton in Colombia: Destroying communities for coal

Cerrejon Coal, of which BHP Billiton owns one third, plans to divert a river in Colombia in order to mine coal underneath its riverbed. Cerrejon Coal, which already has a history of displacing many communities in the area, is facing organised community opposition to the plan but is pressing ahead anyway.

BHP Billiton owns one-third of Cerrejon Coal, which operates the huge Cerrejon opencast thermal[16] coal mine in the department (province) of La Guajira in northern Colombia. The mine is one of the largest opencast coal operations in the world. It is the largest coal producer and exporter in Colombia and the world's fourth largest exporter of the material.[17] The other two shareholders in Cerrejon Coal are London-based Anglo American plc and Xstrata plc – which is Swiss-based and listed on the London Stock Exchange.

Cerrejon Coal's unjust treatment of workers and communities and its incompetent community relations has united the opposition to its expansion plans. FECODEMIGUA says that it is opposed to further mining expansion and states that it wants "no river diversion, no more contamination, no more plunder and no more displacements."

Last year, Cerrejon produced 30.3 million tonnes (it actually exported 31.5 million tonnes of coal). The mine lease contains an estimated 5 billion tonnes of coal.[18]

BHP Billiton and its partners are each investing US$437million to expand the mine in the hope of increasing production from its current capacity of 31.5 million tonnes per annum to 40 million tonnes by the end of 2015. Construction on the expansion project, known as the P40 Project, is to begin in late 2011 with completion expected in 2013.[19]

The expansion project would involve diverting a 26 kilometre stretch of the Rancheria River in order to gain access to coal deposits underneath the river bed. The Rancheria River flows from the Santa Marta mountains and provides La Guajira with water. Cerrejon claims that by relocating the flora and fauna in the riverbed, the environmental impact can be mitigated.

The original coal mine had already caused the displacement of many communities throughout its mine life, and residents near the mine complain of respiratory and eye problems caused by high levels of dust, and sleep disturbance due to machine noise.[20] Livestock and wild animals also suffer, they say, because of the noise and dust caused by blasting and machinery.[21] Springs and streams are disappearing as the mining interferes with the area's hydrology, and now the company has decided to divert the 26 kilometres of the Rio Rancheria just to mine coal.

The expansion project will affect 115 communities with a total population of 7,000 people that live downstream who will likely suffer from a decrease in water supply and contamination of their drinking water.[22]

FLAWED CONSENT PROCESS

As Indigenous and African-descendent communities, they are legally entitled to a consultation process, and Cerrejon Coal stated in April 2011 in meetings in London and Boston that the project would only go ahead with the consent of the communities. But in consultation meetings held in a number of communities it is unclear whether community members understood that they could reject the company's plans – or whether they feared the consequences if they said no. There is certainly organised community opposition to the expansion project, but the company is pressing ahead anyway.

Residents of rural communities near the mine feel like victims of a corporate modus operandi which imposes plans on them rather than consulting them with respect. The company acquires productive land on which communities have traditionally grown crops, tended livestock or hunted, and then prevents community members from accessing them. Communities suffer from noise and dust from frequent blasting at the mine, road closures and the passage of enormous mine machinery.[23]

Community leaders believe that this is intended by the company to pressure people to move out, selling their properties to the company for extremely low prices. In some cases, it is alleged, the company has taken over people's properties without payment.[24]

Community leaders say they are persecuted for standing up to the company and articulating their communities' demands. Some have been threatened and fear that their lives may be in danger. They say that company negotiators try to drive a wedge between community leaders and community members by insinuating that leaders are in it for themselves.[25]

Communities feel unsupported by municipal, departmental and national authorities. They speak of being 'left as orphans' in the face of the overwhelming power of the company.[26]

ECONOMIC DEPENDENCE?

Despite last year paying US$493.7 million in royalties, and US$882 million in taxes,[27] the poverty in the region (outside the luxury of the Cerrejon compound) suggests that these do not benefit local people very much. The Cerrejon joint venture partners consider that this is due to corruption at the local level, and its response has been to create a Corporate Social Responsibility programme to strengthen local government institutions. La Guajira has become economically dependent on Cerrejon Coal, which alone contributed 41% of its GDP.[28]Cerrejon argues that not expanding the mining operation would cause a serious crisis for the local economy, which has become dependent on it. To decrease this dependency, its response has been to create a programme to promote entrepreneurship and diversification of economic activity in the region. However, the scale of the proposed expansion is likely to increase La Guajira's dependence on coal mining still further.

On 7 June 2011, Cerrejon Coal's Manager of Social Responsibility, Jairo Vergara, assured communities and Colombian NGO Acción Permanente Por La Paz that the company wanted to develop a common agenda with local communities, including those which had already disappeared, but nothing definite has so far been agreed.[29]

UNITED OPPOSITION

Cerrejon Coal's approach to workers and communities is not only unjust but incompetent. Mine workers want to work but were driven to strike action by the company's intransigence. Communities do not want to move, but have been willing to move as long as just resettlement and compensation agreements are made and kept. The company's inept handling of relocation

Cerrejon Coal's Violation of workers' rights

It is not only communities that have been badly affected by the company's operations, but workers at the mine as well. Colombia is amongst the most dangerous countries in the world for trade unionists, with regular death threats and murders of union organisers. Despite this threat, unions continue to speak out against problems at Cerrejon.

Out of a total workforce of around 10,000, many of the workers directly employed by Cerrejon Coal belong to the SINTRACARBON trade union. The union is concerned about the health and safety of mine workers and about the rights and conditions of subcontracted workers, particularly their right to join a trade union. Strike action early this year led to pay rises; improvements in access to medical care; greater assistance with education costs for mineworkers' children; assistance with accommodation costs; greater commitment to assisting communities affected by the mine; and a commitment to respect the right of subcontracted workers to join a union.[36] But the union continues to push for better access to health care and social security support for workers who develop work-related illnesses and for better conditions for subcontracted workers.

In mid-September employees of US-based Aramark, which provides catering services to workers at the mine, began a hunger strike in protest against their employer's victimisation of members of food and drink workers' union SINALTRAINAL, including the unfair dismissal of three workers. This is in violation of workers' legal rights and the terms of the existing agreement with the company. Hunger strikers insisted on the reinstatement of the sacked workers and respect for their union rights.[37]

programmes has caused so much distrust and resentment that communities have come together in a new alliance, the Federación de Comunidades Afectadas y Desplazadas Por La Exploación Minera En La Guajira (Federation of Communities Affected and Displaces by Mineral Exploitation in La Guajira, FECODEMIGUA).

On 8 August 2011, FECODEMIGUA came together with the Asociación de Cabildos Indígenas del Sue de la Guajira (Association of Indigenous Leaders of the South of Guajira, AACIWASUG), Movimiento Fuerza de Mujeres Wayuu (Wayuu Women's Force), Comité de Residentes de Cañaverales (Cañaverales Residents' Committee), Reclame Guajira (La Guajira branch of the national network against large-scale transnational mining) and the SINTRACARBON trade union to form the Comit Comité Civico de la Guajira Frente a la Gran Mineria Transnacional (La Guajira Civic Committee against Large Transnational Mining) in defence of the settled communities living in the area around the mine, and those affected by the exploitation.[30]

Cerrejon Coal's unjust treatment of workers and communities and its incompetent community relations has united the opposition to its expansion plans. FECODEMIGUA says that it is opposed to further mining expansion and states that it wants "no river diversion, no more contamination, no more plunder and no more displacements."[31]

Richard Solly, Colombia Solidarity Campaign, UK

Cerrejon Coal's History of Displacement

The Cerrejon coal mine has a long history of involuntary and forced displacement of communities and disruption of Indigenous culture.[32] Many communities had disappeared before BHP Billiton bought into Cerrejon Coal in late 2000. At that time, the mine was operated by Intercor, a subsidiary of Exxon. By the time BHP Billiton and its joint venture partners bought out Intercor in early 2002, assuming operational control of the mine, another community had been forcibly removed – the community of Tabaco. It took nearly seven years of continuous international pressure for Cerrejon Coal to come to an agreement with former residents of the village at the end of 2008. Even now, nearly three years later, the agreed reconstruction of the village on a new site has not begun. There are concerns that Cerrejón and a Brazilian company, MPX Energy, which is exploring in the area, are going to expand their operations in ways that will make New Tabaco uninhabitable, even before the resettlement occurs. The same applies to the new village site of another community currently being relocated, the Indigenous community of Tamaquito.[33]

A number of other communities are currently in discussion with the company over involuntary relocation.

Residents of Manantial, forcibly displaced many years before BHP Billiton's involvement in the Cerrejon mine, want their rights to just compensation recognised at last.

Residents of El Descanso, Zarahita and Palmarito are distressed by delays in the implementation of an agreement made with the company in 2004. Under the agreement, the communities handed over land occupied by their village cemeteries and the company was to provide land for a replacement cemetery in the Municipality of Barrancas. Seven years later, arrangements have still not been completed, and residents complain about the deeply disrespectful attitude of company officials with responsibility for relocations.[34]

Residents of Roche, currently in the process of being relocated, complain that the site to which they are being moved includes too little land for them to continue their agriculturally based, rural way of life. Some families have moved to the new site. Others refuse to move until issues such as maintenance of agricultural livelihoods have been resolved. They now fear being forcibly removed, like the residents of Tabaco ten years ago.[35] This is driving people into poverty and having a negative effect on their health.

photo: Cerrejon Mine. credit: Ixent Galpin

BHP Billiton threatens forests and communities in Central Kalimantan in pursuit of its big plans for coal.

At a coal industry conference in Bali in 2007, Nurul Fazrie, BHP Billiton's community relations and development superintendent at the time said: "We have the demand for coal and we will be the largest producer of coking coal in Indonesia." [38]

Indonesia is already the world's leading exporter of thermal coal[39] with an estimated quarter share of the total market.[40]

As reported in the BHP Billiton Alternative Annual Report in 2010, BHP Billiton holds seven mining concessions[41] covering 355,000 hectares in Central Kalimantan, on the Island of Borneo[42]. The company is also exclusive marketing agent for PT Arutmin Indonesia, which operates another six mines in South Kalimantan.

The company announced it would sell off the Central Kalimantan project in late 2009[43], but reversed the decision in 2010. Then, in March 2010, BHP Billiton announced an agreement to create a new joint venture for its Indonesian Coal Project with a subsidiary of PT Adaro Energy TBK. Adaro holds a 25% interest in the joint venture with BHP Billiton retaining 75%[44].

According to press reports, the project is expected to start commercial production in 2014, with output reaching 6 million tonnes of both thermal and coking coal within five years. Reported high proportions of metallurgical grade coal could well be a major attraction for BHP Billiton.

What will be the impact of the project? There is scant public information about the indigenous and local communities living in and around the concession area. Instead, up until now, the attention has been focused on the biodiversity impacts.

BIG PLANS

In 2007, the UK's Sunday Times newspaper reported that BHP Billiton planned to exploit mining rights in the Heart of Borneo conservation area and that it had lobbied for the protected status of some of its concession areas to be lifted[45]. Previously, a study for WWF confirmed that BHP Billiton's concessions overlapped with the 'Heart of Borneo' area. Meanwhile, the company's Sustainability Report for 2008 paints a benign picture of BHP Billiton, working to protect biodiversity in its concessions areas, without referring to the Heart of Borneo.

The company estimates that the total 'disturbed area' within its concessions will be around 15,000 hectares, from the total concession area of 355,000 hectares. The Sustainability Report for 2008 states the area had been under 'considerable threat from changes in land use, such as forestry and the rapid growth of palm oil plantations, plus 'poorly managed mining practices and illegal mining'. BHP Billiton does not appear to include itself as one of these threats.

The report also says that, should the project proceed, the plan is to start by creating 'small mines'. "By starting small, our aim is to develop further understanding of and experience in how to manage the environmental and biodiversity impacts within the region before large scale operations commence."

However, despite this claim to be starting small, BHP Billiton has begun the process of building the infrastructure to transport large amounts of coal to markets in Indonesia and beyond. This will involve the building of roads, river port facilities for the coal barges and possibly a railway to connect these mines to the coast[46]. The Indonesian government is also assessing the possibility of constructing a railway line into Central Kalimantan, principally for the transportation of coal[47]. If built, this railway could have an effect on the forests of Borneo comparable to that which the Trans-Amazonian Highway had in Brazil from the 1970s onwards, bringing potential irreversible, negative consequences for the people and environment of the region.

PROTESTS

At the 2010 BHP Billiton Annual General Meeting in London, two activists from Indonesia asked about BHP Billiton's planned and current projects in Central Kalimantan. One of them, Siti Maimunah of JATAM, the Indonesian mining advocacy network, drew attention to the destructive impacts of existing opencast coal mining in Kalimantan[48] and called for BHP Billiton to cancel its plans to begin coal mining in Central Kalimantan. Siti Maimunah accused the company of trying to change the boundaries of protected forests to enable it to mine in areas currently off-limits[49]. Both Jacques Nasser, the BHP Billiton Chairman and Marius Kloppers, the CEO, assured her that the company had not attempted to change the boundaries of protected forest areas and that the company would not begin opencast mining within protected forests.

Siti Maimunah accused the company of allowing its subsidiaries to continue exploring in an area where permission had been withdrawn. Marius Kloppers said that he was unaware of this; Siti Maimunah pointed out that the Indonesian Department for Forestry had made the information public in March 2009. The company would not commit to pulling out of Kalimantan: it refuses to listen to the calls from Indonesian civil society rejecting BHP Billiton's presence in Indonesia[50].

These calls for BHP Billiton and others to stop such 'development' projects in Central Kalimantan are growing.

In June of this year, an alliance of Indigenous organisations called on the Indonesian government to halt all REDD Plus projects (Reducing Emissions from Deforestation and Forest Degradation)in Central Kalimantan until adequate information can be provided to local communities and the principle of 'free, prior and informed consent' adhered to[51]. Similar calls have been addressed to the Kalimantan Climate and Forest Partnership (KCFP), regarding another REDD project initiated by BHP Billiton amongst others. A letter to the project operator signed by the Yayasan Petak Danum of Central Kalimantan and endorsed by 11 leading environmental and human rights organisations in Indonesia, expressed serious concerns under the banner of "No rights, no KCFP"[52]. What is clear is that serious money is pouring into the forests of Central Kalimantan, from governments and companies alike, under the guise of countering climate change and promoting development[53] and yet still much of Indonesian civil society is questioning how this will benefit them and more importantly what is the real motivation behind these incursions into their lives.

In these times of greater awareness of environmental and climate change impacts, biodiversity and carbon 'off-setting' projects are increasingly becoming the cloak behind which 'business as usual' is being hidden. BHP Billiton appears to be playing this game too, scrupulously defending its reputation on these fronts and yet washing its hands of responsibility when called to account for the impacts of its action. At BHP Billiton's last AGM in London in 2010 and in the context of BHP Billiton's threat to local communities and the environment in Indonesia, an individual shareholder from the London Mining Network asked, what was "the shareholder value" of continuing to mine coal at all? The question was met with derision and laughter from some shareholders present. The reply from the Chairman and CEO was more circumspect, blaming society as a whole for climate change and avoiding the specific question by talking vaguely about new technologies for reducing emissions of coal[54].

Given BHP Billiton's ever-growing profit levels, a reported US$32 billion in pre-tax profits for 2011,[55] surely it is time for this company to take some responsibility and leadership in moving the world away from this deadly source of energy[56]. As a first step, BHP Billiton should begin by rethinking the decision last year to restart its presence in Indonesia and to stop once and for all its plans to dig the heart out of the island of Borneo.

Andrew Hickman, Down to Earth, UK

BHP Billiton in Australia:
When Too Much Influence is Never Enough

Many Australians remember a time when BHP Billiton was known as the "the Big Australian." It was the company everyone's parents had a few shares in – as much through a vague sense of nationalism as a financial strategy. Then came Ok Tedi and the relationship with "the Big Australian" began to change.

It went from a company many Australian were proud of, to one that appeared to be just like all the other resource companies – environmental vandals with little regard for the communities they operated in and exploited. Of course since then the metamorphosis from "Big Australian" to massive transnational is complete.

The company's operation over the last twelve months is extraordinary by anyone's standards. Its size, profits and ambition are the stuff of modern legends. Its disengagement from and disregard for the common wealth and the communities that support it are equally astounding.

Indeed 2010/11 has been another year in which BHP Billiton managed to extract as much profit from Australian minerals as possible while avoiding any as many obligations to contribute to society as possible.

It began with the mining industry's AUD$22 million advertising campaign[57] that was designed to kill off the Resources Super Profits Tax – a tax that could have yielded AUD$200 billion to the Australian economy over the coming decade.

While it's worth remembering that BHP Billiton had initially backed a carbon price in September 2010,[58] by 2011 things had begun to change. BHP Billiton is currently the twentieth most carbon polluting company in Australia. Its responsible for nearly six million tonnes of carbon pollution per year.

The Carbon tax would mean BHP Billiton has to contribute AUD$338 million to the Australian economy (if there was one in place for 2010/11). That's just 0.6% of the company's operating revenue – a reasonable ask given the company's pre tax profit for 2010-2011 was US$32 billion.

Unfortunately, though perhaps predictably, the company decided 0.6% of operating revenue was just too big an ask to secure a safe climate and by August 2011 they went on the front foot in their attack.[59]

Of course by this stage the once "Big Australia" was 76% non-Australian.

BHP Billiton has always understood that building power is as much about managing perception as it is about fundamental economic strength. When it comes to perception, the industry has waged an incredibly successful campaign across Australia. While mining now accounts for 9% of Australia's GDP, its contribution to the Australian workforce and economy is overstated.

A recent study by the Australian Institute found Australians believe that the mining sector:[60]

- Employs nine times more workers than it actually does;
- Accounts for three times as much economic activity as it actually does; and
- Is 30 per cent more Australian-owned that it actually is

The reality is that mining employs only 1.9% of the Australian workforce, one fifth that of manufacturing. While mining companies enjoy the highest profit margins of any sector (37%), they pay amongst the least in tax (14%).[61]

The success of BHP Billiton and other mining companies in over-inflating their worth to the Australian economy has put them in an incredible negotiating position and enables them to re-enforce their dominance by, for example, investing AUD$22 million in a campaign that avoids them paying tens of billions of dollars in Super Profits Tax.

Underlining the attack on the Super Profits Tax was the fear campaign about consequent job losses; BHP Billiton's Marius Kloppers was one of the most vocal on this issue. Sadly, that concern hasn't actually stopped him attempting to outsource as many jobs as possible to robots – yes, robots. In a spectacular contradiction, BHP Billiton is trying to protect Australians jobs against the Super Profits tax, while pursuing robot labour to overcome skills shortage in Australia.[62]

After the Ok Tedi scandal BHP Billiton realised they had, as minimum, a public relations disaster on their hands. At the time I was writing for the Australian Financial Review and in that capacity I interviewed Simon Longstaff, now of the St James Ethics Centre. Longstaff had been asked by BHP Billiton to look at how it worked and advise the company on how it could avoid a future Ok Tedi crisis – he was asked because he had previously worked with Royal Dutch Shell on its "ethical rehabilitation".

Without going into the detail of what he had proposed to the company, Longstaff said the company faces a clear choice, to pursue the systemic change needed to avoid Ok Tedi – like disasters or to continue on with business-as-usual and risk losing any reputation the may have once had.

Wonder which choice they made?

Julien Vincent, Climate & Energy Campaigner, Greenpeace Australia Pacific

photo: Greenpeace/Dean Sewell ***(Images may not be archived or on -sold. Further use of the images must be negotiated with Greenpeace.)***

BHP Billiton Australia: *Coal mine workers fight back - Queensland*

This year BHP Billiton was in negotiations with three unions representing 4,000 coal mine workers at seven different BHP Billiton operated coal mines in Queensland[63]. The negotiations were about extended overtime, longer rosters, and the proposed end to the two days a year where the mines shut down – Christmas and Boxing Day. The workers have been taking 'protected' action in response to these attacks on work conditions from BHP Billiton, as 'unprotected' strike actions are illegal in Australia.[64] In August 2011 BHP Billiton was forced to re-hire two union delegates who were dismissed after a defamation case.[65]

BHP Billiton Australia: *BHP battle with farmers - New South Wales*

BHP Billiton is a major player in NSW's coal industry; with two energy coal mines; Mt Arthur and Caroona. They also have three metallurgical coal mines in the Illawarra; Appin, West Cliff and Dendrobium along with two preparation plants and a holding in a consortium that operates the Port Kembla Coal terminal.

In addition to BHP Billiton's operating coal mines in NSW they have made a number of failed attempts to explore and mine coal in north and along the central coast of NSW as well as a number of closed coal mines.

CAROONA:[66]

BHP Billiton is pursuing rights to explore for coal in the Liverpool plains in Northern New South Wales (NSW). Access agreements to enter two pastoral properties by the NSW Chief mining warden were challenged in the NSW Supreme Court by two farmers. The Supreme Court found that the access agreements that had been granted to BHP Billiton were in breach of the NSW Mining Act and were therefore invalid. During the court case 5,000 farmers and others united in 615 days of blockading.

CATARACT RIVER: [67]

BHP Billiton mined for coal under the riverbed of the Cataract River. Through the mining process the riverbed rock was cracked. Once the rock of the riverbed was cracked this allowed thermal gases to vent into the river and the water from the river to drain away. A group of local residents successfully sued BHP Billiton in 1998.

GEORGES RIVER:[68]

BHP Billiton planned to mine under the river bed of Georges River claiming it would not crack as the Cataract River had, though they proposed to fix any holes or crack with cement grouting. The river bed did crack and could not be repaired. As a result two million litres per day are pumped into the river to maintain environmental flows.

NEPEAN RIVER:

BHP Billiton proposed to mine under the Nepean River. After a strong community campaign BHP Billiton announced that they would not mine under the riverbed but instead position their longwall panel 180m from the river. BHP Billiton have admitted to some damage; the local community groups are campaigning for stricter guidelines for longwall mining not to occur less than one kilometre away from rivers.

ILLAWARA ESCARPMENT: [69]

BHP Billiton is the major owner in the Illawara escarpment. Their new Dendrobium mine in Sydney's water catchment area is predicted to do unprecedented damage to the water catchment and surrounding environments. The proposed mine is on Wadi Wadi country, and threatens the sacred Wale Cave,[70] which is adjacent to the Dendrobium mine. The cave has ancient paintings and is of great cultural and historic significance. It has been recorded that damage to the cave has occurred from mining in the past, with water penetrating cracks in the roof and walls of the cave. The damage done in the past raises concerns about any further impact the Dendrobium mine would have on these significant caves.

Oil, Gas and Greenhouse Gases[71]

As high quality and easily accessible resources decline BHP Billiton is going into more carbon intensive and methane emitting operations including un-conventional fossil fuel, deep sea drilling of oil and fracking of shale gas.

BHP Billiton Globally: Re-carbonising instead of decarbonising

In order to hold global warming below the 2°C threshold established by the Intergovernmental Panel on Climate Change (IPCC) the world's economy needs be transformed into a low carbon economy. Governments and corporations need to decarbonise by reducing their greenhouse gas emissions.

BHP Billiton's mineral extraction activities in themselves are already highly carbon intensive, but its total greenhouse gas emissions are even higher as a result of its oil and gas projects and products, and will continue to get worse because of its expansion into unconventional sources.

The grip of fossil fuel based energy use is evident in the approval of the United States government of several permits to BHP Billiton to drill deepwater production wells in the Gulf of Mexico not even a year after the BP Deepwater Horizon exploded and spilled 185 million gallons of oil into that same body of water in the largest oil spill in history.[72] President Obama had suspended any offshore drillings in the aftermath of the tragedy but lifted the moratorium in October 2010.

Politicians and industry players criticised the Obama administration for delaying domestic offshore exploration and production in the face of an increase in the price of crude oil and political unrest in the Middle East. Even in the midst of debates in Congress, in the first half of 2011, about the right to explore for oil on the US continental shelf, the US Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) approved several offshore drilling permits to BHP Billiton in the Gulf of Mexico. This included the SB-201 well it operates in the Shenzi field which first started producing 17,000 barrels of oil per day in June 2010.

The environmental dangers posed by any offshore drilling activity are magnified in deepwater drilling like BHP Billiton's facilities in the Gulf of Mexico Shenzi Field, which are among the deepest in the world. Oil extracted at these depths is very carbon intensive. The energy and materials required to construct and maintain these rigs mean increased greenhouse gas emissions just to extract fossil fuel, the burning of which would further aggravate and accelerate global warming.

From metallic minerals to oil, BHP Billiton racks up greenhouse gas emissions through its extraction and production processes, as well as in the eventual use of its products. In its own disclosure in its 2010 Annual Review, BHP Billiton said it "produced 158.6 million barrels of oil equivalent (Mboe)" and racked up "1,462 thousand tonnes of Carbon Dioxide Equivalent" green house gas emissions; and that it has spent "over US$800 million in exploration" for yet more oil.[73]

Given the difficulty of accessing conventional or "easy" oil and gas reserves, BHP Billiton, like many oil and gas companies, is now expanding into unconventional sources which are more carbon intensive to extract and produce.

This year BHP Billiton acquired US company Chesapeake Energy Corporation's Fayetteville shale assets (which include 487,000 acres of mineral rights leases and 420 miles of pipeline located in north central Arkansas) for US$4.75 billion, and then Petrohawk Energy, which has assets in Texas and Louisiana, for US$12.1 billion. These moves are a high stakes bid by BHP Billiton to have a giant foothold in production of shale gas.[74]

There is an ongoing debate right now on the economics and environmental effects of production of shale gas, particularly with the method used to extract the gas – hydraulic fracturing or "fracking". The immediate concerns of communities in shale gas fields involve pollution of water and dispersal of explosive gases. Another objection to fracking concerns the "tremors and quakes" which have already led the Arkansas Oil and Gas Commission (AOGC) to permanently close down two of BHP Billiton's waste fluids disposal wells in its Fayettevile structure after four months of investigation into "a cluster of tremors and quakes" in central Arkansas.

Shale gas production is being touted as emitting fewer greenhouse gases than other fossil fuels, but in May 2010 the Council of Scientific Society Presidents wrote to President Obama that shale gas might aggravate global warming rather than mitigate it. Even the US EPA has come out with a report that shale gas emits much larger amounts of methane than conventional gas.

BHP Billiton's mining operations already wreak havoc on the environment and the climate. Its expansion into unconventional oil and gas only exacerbates its climate debt.

Romel de Vera, Legal Rights and Natural Resources - Kasama sa Kalikasan (Friends of the Earth - Philippines) / FOEI-Resist Mining, Oil and Gas Program

BHP Billiton in Australia: Hero or destroyer?

BHP Billiton is in a joint venture partnership with other fossil fuel giants to build an industrial gas processing facility at James Price Point, north of Broome in the Kimberley region of Western Australia.

The development of heavy industry and a deepwater port on the pristine Kimberley coast would have severe local impacts in the middle of the world's largest humpback whale nursery, and facilitate wide scale industrialisation of one of the world's last unspoiled areas.

Coal, uranium, bauxite and copper mining companies are lining up to develop their projects in anticipation of approval being given for the industrial gas site.

According to a recent United Nations global study, northern Australia, including the Kimberley, has the most pristine coastline in the world after the polar regions.

The north Kimberley is one of the very few regions in Australia to have no recorded native animal extinctions since European settlement.

There are viable alternative sites for processing the gas from the Browse field and BHP Billiton has a responsibility to withdraw support for a 'greenfields' site on the Kimberley coast and explore other technically and economically viable sites.

Indeed, BHP Billiton Petroleum Chief Executive Michael Yeager has previously stated that BHP Billiton is concerned about the choice of James Price Point because there are existing LNG plants elsewhere on the Western Australia coast that could be used instead.

Since June 2011 the local Aboriginal Custodians and community, and supporters who know and love the Kimberley have joined in protest against the gas hub, daily delaying pre-approval on site works.

Palaeontologists have been describing a dinosaur trackway (with over 16 different species) along the Dampier Peninsular coast from Broome to the north of James Price point. On the 31 August 2011 the Federal Minister for Environment, Tony Burke, included the dinosaur footprints on the Australian National Heritage list.

David Heard, Senior Director of Equity Research for investment bank Merrill Lynch, said, "As speculation around the project mounts, the joint venture partners may be forced to abandon the preferred remote Kimberley site for lower risk options, including using a floating liquefied natural gas plant, or using existing infrastructure".

Despite this, Woodside Petroleum and joint venture partners including BHP Billiton are continuing to pursue this contentious project.

Renae Williams and Jenita Enevoldsen, The Wilderness Society

photo: Drill rig off the pristine Kimberley coast, part of the JV James Price Point gas hub

BHP Billiton in Australia: "Wanti" uranium – leave it

BHP Billiton continue to pursue a uranium mine at Yeelirrie despite ongoing opposition from Traditional Custodians and pastoralists, growing opposition from the public and a lack of bipartisan support.

Yeelirrie is in a small valley south of the Montague ranges in mid-west Western Australia, around 500 kilometres north of Kalgoorlie. The area experiences some of Western Australia's most extreme weather: temperatures can rise above 45 °C and drop below zero. Among the spinifex, breakaways and gnarly acacia woodlands live a wide variety of marsupials, reptiles, birds and bugs. Below the surface is a clean water aquifer and an ancient and little studied groundwater dependent ecosystem that has evolved over millions of years.

In the 1970s, Western Mining Corporation (WMC) operated a trial uranium mine that left 35,000 tonnes of uranium ore on the surface at Yeelirrie. This material was unfenced and exposed to the environment for 20 years until WMC was forced to clean up and fence the site in 2003. In 2005 BHP Billiton acquired WMC and control of both the Yeelirrie deposit and the massive Olympic Dam uranium mine in South Australia. This started BHP Billiton's disappointing move into the contested and contaminating uranium sector.

The consultation and consent process for the proposed Yeelirrie uranium mine has been limited and inadequate, and the project has been criticised and opposed by both Traditional Custodians and local pastoralists.

In 2010 the Wongutha people formally directed their representative body, the Central Desert Native Title Service, not to advance or discuss Yeelirrie with BHP Billiton. This position was reiterated in August 2011.[75]

Local indigenous people have requested that the company release studies and details of the health and radionuclide content of animals in the region, as they are concerned about hunting animals that have grazed on contaminated sites.

BHP Billiton's failure to release any of these reports has led many to distrust the company. This has been further heightened by a litany of accidents and workplace fatalities at other BHP Billiton operations in Western Australia in recent years. These new concerns build on a long history of deficient environmental performance and management, unnecessary radiation exposure and poor relationships with the Wongutha people and the Koara tribal group.

The Yeelirrie project is surrounded by a high level of uncertainty and remains a risky investment for BHP Billiton. There is continuing political uncertainty around uranium mining in Western Australia with no bipartisan support for the sector.

In 2011 the Western Australia Labor party reaffirmed their opposition to uranium mining and strengthened their position by declaring that they will challenge any approved uranium mines.[76] Legal advice obtained by the current Western Australia liberal government on any future compensation

photo: Group photo next to the Yeelirrie exploration site; protesters walked to Yeelirrie from Wiluna as part of a 10 week "Walk Away From Uranium Mining" from Wiluna to Perth. Traditional Custodians of Yeelirrie welcome the walkers and their support to stop uranium mining at Yeelirrie.

claims for closure of uranium mines suggests that no compensation would be payable to uranium miners forced to close under a future state Labor government.[77]

There is strong and growing opposition to uranium mining in Western Australia, with the Labor party, the Western Australian Greens, many trade unions, Aboriginal, environmental and civil society groups seeking to ban uranium mining in the state.

Yeelirrie is a controversial mine in a contested political climate and the project remains uncertain.

BHP Billiton has completed an exploration program at Yeelirrie and submitted a scoping study, which has been approved by the West Australian Environment Protection Authority. Since this time the company has fallen behind on plans to submit an Environmental Review Management Plan to the Western Australian EPA. Instead they have re-allocated the Yeelirrie project staff into other parts of BHP Billiton and have begun rehabilitation of the exploration site.[78] As both the uranium price and the share price of many uranium miners continues to fall, it would be fitting that BHP Billiton steered away from the controversial and unpopular nuclear industry.

"Within the Wongutha Tribal group I am the leader of my clan, the Koara people. Yeelirrie is in my tribal boundary. One of the things BHP has not done, and what it's supposed to do, it's law actually for them to do a heritage survey with me and my people. They've never consulted with me to do that. What I need to say to you is this.... before we ever knew about nuclear anything that place Yeelirrie was a no go zone for my tribal people. The name of it, in my native language, the place Yeelirrie means 'death'. BHP Billiton has never done a heritage survey with me. I'm happy that while uranium is in the ground it's safe, I'm concerned what it's going to do when it comes out of the ground. Now if it's going to start killing off people in another country, destroying their lives, I'm concerned about that, because it's my land that could be doing this stuff. It concerns me, it concerns my tribal group, it concerns the surrounding people." Richard Evans, Koara Traditional Owner.

Mia Pepper, Conservation Council of Western Australia

photo: Aerial photo of Yeelirrie – showing exploration drillling scar - April 2011.

BHP Billiton in Australia: Irradiating the future

BHP Billiton's plans to expand the Olympic Dam uranium mine will massively increase greenhouse gas emissions and radioactive waste production. While making record profits BHP Billiton will be collecting millions of dollars in government subsidies for diesel, and maintaining access to 42 million litres of water a day for free.

"Here you are, BHP, the biggest mining company in the world, and here we are the oldest peoples in the world. You should be listening to us about this land and the water. BHP, don't go ahead with the expansion: we all know how dangerous it is. There should never be an open pit uranium mine in the desert. We don't know if your shareholders understand the impacts of what you're doing to the Arabunna people, the Kokatha people and other tribes around that area. You don't understand what you're doing to the land and the culture." [79]

– Uncle Kevin Buzzacott, an Arabunna Elder from Lake Eyre South, South Australia.

WMC first developed the Olympic Dam (Roxby Downs) Uranium Mine in 1983, despite strong and sustained opposition from Kokatha and Arabunna Traditional Owners and environmentalists. BHP Billiton purchased the underground Olympic Dam mine in 2005.

In May 2011 BHP Billiton released the final Environmental Impact Statement (EIS) detailing plans to turn Olympic Dam into a massive open pit mine.[80] On October the Australian Government approved the new mine proposal for Olympic Dam. This new open pit mine is intended to operate alongside the existing underground mine and to increase uranium production from 4,000 to 19,000 tonnes per year and copper production from 200,000 to 750,000 tonnes a year. Disappointingly, the company has not considered − and has not been required to consider − the option of mining and exporting copper, gold and silver but not uranium, an option which has been shown to be viable by independent research.[81]

RADIOACTIVE POLLUTION AND RESOURCE DEPLETION

The new open pit mine would see the production of radioactive tailings increase seven-fold to 68 million tonnes annually. These tailings are stored above ground and contain a toxic, acidic mix of radionuclides and heavy metals, effectively a source of permanent pollution. There have been many spills and leaks since the mine began. In the mid-1990s it was revealed that about three billion litres had seeped from the tailings dams over two years. These problems at the existing underground mine have yet to be resolved.

BHP Billiton has designed the proposed new open pit mine to leak on average three million litres of liquid radioactive waste a day from the tailings piles and to dump radioactive tailings on the surface to be left there forever.[82] It does not intend to rehabilitate the proposed new open pit at closure of the mine but to leave this radioactive scar on the landscape forever.

BHP Billiton should have to prevent leakage and agree to isolate tailings from the environment for at least the minimum 10,000 year regulatory standard applied by the Australian Government for the Ranger uranium mine in the Northern Territory.

Integral to the open pit mine plan, is an increase in water consumption from 35 million litres daily from the Great Artesian Basin (GAB) to around 250 million litres daily to be turned into liquid radioactive wastes in processing the ore.

This water would come from a combination of sources of which up to 42 million litres would come from the GAB and over 200 million litres a day from a proposed desalination plant near Whyalla. That's over 100,000 litres every minute − in the driest state of the driest inhabited continent on Earth. The water already taken from the GAB has had adverse impacts on the health and flow rates of the precious and unique Mound Springs.[83] The proposed desalination plant is also inappropriately sited and threatens the fragile low flushing Upper Spencer Gulf and the breeding ground of the charismatic Giant Australian Cuttle Fish.[84]

"Enough damage has been done from the Olympic Dam uranium mine, they should not expand it," protests Eileen Wani Wingfield, a Senior Kokatha woman from Coober Pedy in South Australia. "Many of our food sources, traditional plants and trees are gone because of this mine. We worry for our water: it's our main source of life. The mine causes many safety risks to our roads – transporting the uranium from the mine. It has stopped us from accessing our sacred sites and destroyed others. These can never be replaced. BHP never

NUCLEAR WEAPONS

Uranium production at Olympic Dam is expected to increase to 19,000 tonnes per year, sufficient to fuel 95 power reactors, which will produce 2,850 tonnes of high-level nuclear waste per year (in the form of spent nuclear fuel). That amount of spent fuel contains 28.5 tonnes of plutonium – enough for 2,850 nuclear weapons each year. Over the lifespan of the mine (up to 2050), it could be responsible for the production of enough plutonium for over 100,000 nuclear weapons.[88]

consulted me or my families: they select who they consult with. Many of our people have not had a voice. We want the mine stopped now, because it's not good for anything."[85]

ABOVE THE LAW

The existing mine operates under the Roxby Downs Indenture Act 1982, which provides exemptions and overrides key state legislation including the SA Aboriginal Heritage Act 1979 and 1988.[86] BHP Billiton is in a legal position to determine what consultation occurs with which Traditional Owners and the nature of any consultation. The company decides the level of protection that Aboriginal heritage sites receive and which sites are recognised. BHP Billiton claims that it fully complies with Aboriginal heritage legislation. However, the question remains why the company is unwilling to relinquish the outdated legal exemptions.

The Indenture Act also allows wide-ranging exemptions from key environmental laws such as the South Australian Environmental Protection Act 1993, Freedom of Information Act 1991 and the Natural Resources Act 2004 – including on critical water resources and GAB management issues.

Yet another provision of the Indenture Act means that BHP Billiton pays nothing for its water take for the Olympic Dam Mine. Despite the company recording a net profit of $US32 billion[87] in the 12 months to June 30, 2011, precious GAB water is taken free of charge while the groundwater system is damaged and depleted.

FALSE SOLUTION

The proposed expansion of the Olympic Dam uranium mine highlights the fallacy that nuclear power is a 'solution' to climate change. If the mine expansion proceeds as proposed, it would generate 5.3−5.9 million tonnes of greenhouse gas emissions annually, increasing South Australia's total greenhouse gas emissions by 12−14% and making it impossible for South Australia to meet its legislated target of emitting no more than 13 million tonnes of greenhouse gases state-wide by 2050.

If the new open pit goes ahead BHP Billiton proposes that the majority of copper production occur in China rather than the current practice of processing all copper on site. The company intends to export uranium-infused copper concentrate, some 1.6 million tonnes a year containing a few thousand tonnes of uranium and 400,000 tonnes of copper. China is the sole market for this radioactive concentrate. This highly contentious plan would see BHP Billiton dumping some 1.2 million tonnes of long lived radioactive mine wastes in China every year and would require an amendment to Australia's uranium export treaty with China to provide for the unprecedented sale of Australian uranium in concentrates.

David Noonan, Independent environmental campaigner based in Adelaide, South Australia

BHP BILLITON – *Record Profits and Still on Corporate Welfare*

The Olympic Dam Expansion Draft EIS states that the proposed new mine will require 346 million litres of diesel per year in its initial development stage, 394 million litres per year in the intermediate stage, and over 490 million litres per year at full production.[89] This is in addition to the 26 million litres per year currently used at the mine.

Under current fuel tax credit rates, BHP Billiton stands to gain AUD$128 million per year in diesel rebates in the initial development period of the mine, AUD$144 million per year in the intermediate stage, and AUD$178 million per year at full production.[90]

BHP Billiton projects that the Australian Government will receive $2.6 billion in revenues up to year 30 of the mine.[91] By year 16 of the mine's life, BHP Billiton would have received this $2.6 billion from the Australian Government in diesel rebates alone.

The total South Australian and Australian Government revenues over the 30 year expansion scenario are estimated at AUD$10.5 billion (including royalties to the state government). By year 30, nearly half of this (AUD$5.1 billion) will have returned to BHP Billiton in the form of diesel rebates.

The exclusion of diesel subsidies from the projected revenue to the South Australian and Australian Government results in a 50% overprojection of economic benefits at the combined state and federal level.

The continuation of these subsidies is out of step with the Australian Government's stated commitment to reducing carbon emissions. They provide an economic incentive for a continued reliance on heavily polluting fuels such as diesel, skew comparisons between the economic viability of renewable and non-renewable energy, and shift wealth from Australian taxpayers to multi-billion dollar corporations such as BHP Billiton.

WINNING AN OLYMPIC GOLD FOR CARBON EMISSIONS

The Olympic Dam mine in South Australia currently draws 10% of the state's base load power of 870GWh a year. In 2009 BHP Billiton released an EIS for a proposal to expand the mine to be the largest open pit mine in the world. It will take five years of digging to reach the uranium ore body.

The electricity requirement for such a massive extraction would gradually increase over a five year period, resulting in an energy consumption of about 650MW of electricity, which will consume 4,400GWh of energy annually – which over five years, would result in five times its current energy requirements.

It is estimated the Olympic Dam mine will generate 5.3-5.9 million tonnes of carbon emissions annually, which is 1% of Australia's total and will make it impossible for South Australia to reach its target of 13 million tonnes of greenhouse gas emissions annually.

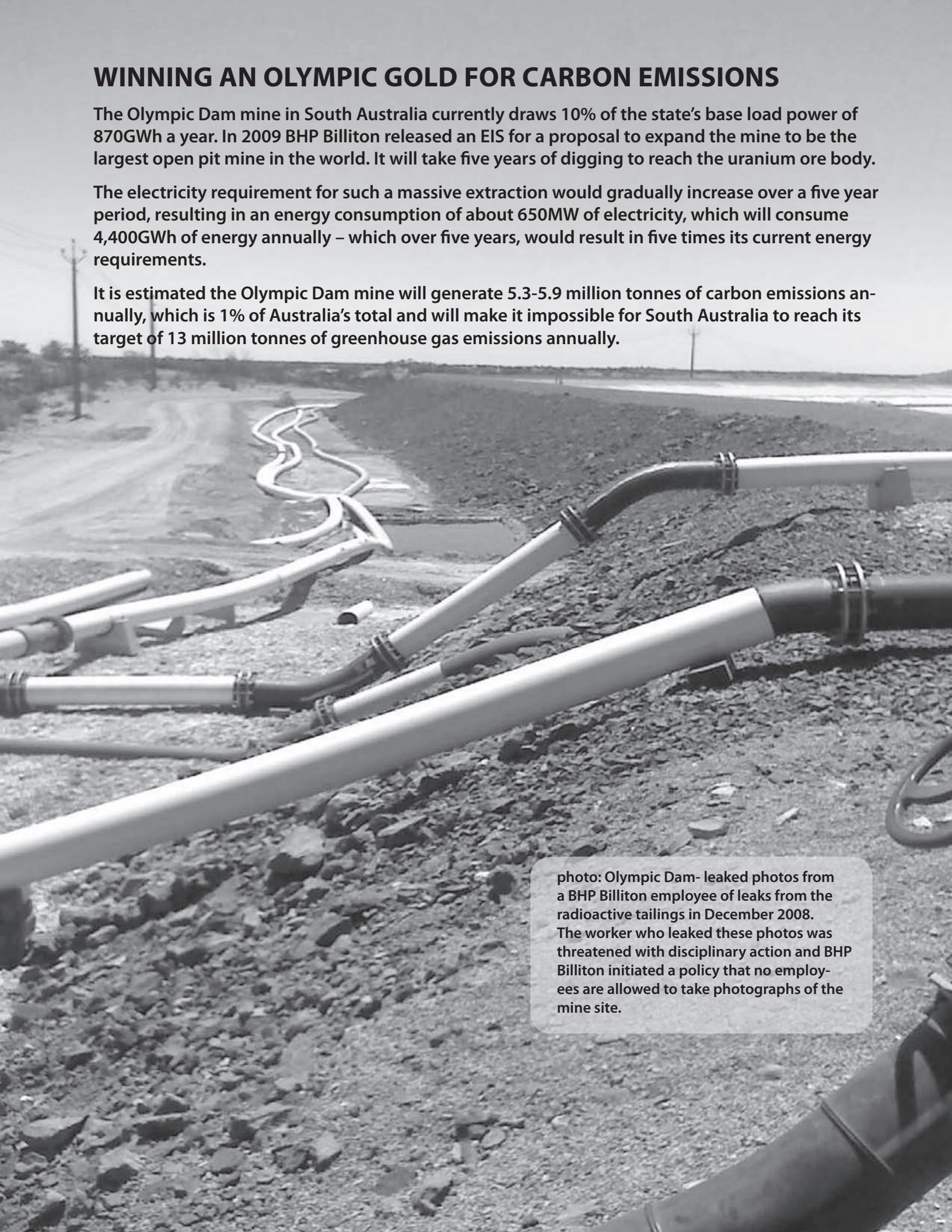

photo: Olympic Dam- leaked photos from a BHP Billiton employee of leaks from the radioactive tailings in December 2008. The worker who leaked these photos was threatened with disciplinary action and BHP Billiton initiated a policy that no employees are allowed to take photographs of the mine site.

BHP Billiton in Indonesia:
Mining for REDD a false solution to climate change

BHP Billiton tries to offset its increasing carbon emissions through "Reducing Emissions from Deforestation and Forest Degradation (REDD)" in Indonesia instead of systematically reducing them.

In 2009, Rio Tinto, one of the world's biggest mining companies, explained how it hoped that it could use REDD,[92] "as an economic tool to offset their carbon footprint and to conserve biodiversity". That, in a nutshell, explains the mining industry's interest in REDD. Companies hope to continue mining, while investing comparatively small amounts of money in REDD credits to "offset" the destruction.

A look at the involvement of the mining industry in REDD in Indonesia illustrates how the industry is hoping that REDD will allow business as usual to continue.

For example, the Kalimantan Climate and Forest Partnership is a REDD- type project taking place on the Indonesian part of the island of Borneo. BHP Billiton, one of the world's largest producers and marketers of export thermal coal, was one of the founding members of the KCFP, together with the governments of Indonesia and Australia. The project has been seriously criticised by Indigenous Peoples living in the area. On 8 June 2011, a group of indigenous leaders released a statement explaining that the project was not respecting their rights and demanding that the project be stopped.

While BHP Billiton is investing in REDD, it is business as usual at the company's 335,000 hectare coal mining concession in Maruwai, Central Kalimantan. BHP Billiton is also planning to expand its iron ore mining operating to the tune of AUS $48 billion. Clearly, it is going to need an awful lot of cheap carbon credits to offset all that pollution.

Shell Canada Energy and Gazprom Marketing and Trading helped to fund studies related to the Rimba Raya conservation project in Central Kalimantan. The project aims to preserve 91,215 hectares of forest, of which 47,006 hectares was threatened with conversion to oil palm plantations. The project hopes to avoid more than 96 million tonnes of carbon dioxide equivalent emissions. The Project Design Document thanks Shell Canada Energy for "generous support and tireless work in developing the peat methodology". Clearly though, Shell and Gazprom are not only interested in funding REDD studies. Both companies have their eye on REDD credits to offset their polluting operations, such as Shell's tar sands mining in Canada and Gazprom's destructive oil and gas operations off the coast of Sakhalin Island in Russia's Far East.

Mining companies are not only interested in REDD credits. At least one company hopes that its involvement in REDD will increase the chances of new mining projects being approved.

In May 2011, a Canadian mining company called East Asia Minerals Corporation, signed a Memorandum of Understanding to buy 50% of Carbon Conservation, a company set up to profit from trading REDD credits. East Asia Minerals explained that the deal will help develop a "green" brand for one of its existing mines on the Indonesian island of Sumatra and "potentially facilitate a smoother process for approval of, and support for, mining permits". The company has several mining projects proposed in densely forested areas, including inside the Ulu Masen National Park, which a Carbon Conservation project is supposed to be protecting.

On 19 May 2011, Indonesia's president, Susilo Bambang Yudhoyono, signed a two-year moratorium on new forestry concessions in primary forests and peatlands. This deeply flawed moratorium is part of a Norwegian-funded US$1 billion dollar REDD deal. The day before, President Yudhoyono signed an even more industry-friendly ruling, allowing underground mining in protected forest areas. "Both of these regulations allow business as usual practices," as Avi Mahaningtyas, of the Indonesian NGO Partnerships for Governance Reform, pointed out to AlertNet.

The Norwegian government is an enthusiastic proponent of REDD, with US$1 billion offered to Indonesia, US$1 billion to Brazil and US$250 million to Guyana. But Norway does not only invest in schemes that are (at least in theory) supposed to protect forests. As research by the Environmental Investigation Agency shows, Norway's Government Pension Fund Global (the world's biggest sovereign wealth fund) also invests in palm oil companies that are busy converting forest to monocultures. Norway also has more than US$10 million worth of shares in Gunns Ltd, a company responsible for clearcutting vast areas of Tasmanian old-growth forests.

Norway also invests in oil and gas companies and mining companies. While Norway divested its holdings in Rio Tinto in 2008 and Freeport McMoRan in 2006 (because of the companies' involvement in the notorious Grasberg mine in Papua), Norway still has almost US$580 million invested in BHP Billiton, US$1.1 billion in Gazprom OAO and US$3.89 billion in Shell, for example. Meanwhile, earlier this year, Norway's state-owned oil company, Statoil, expanded its operations in Indonesia.

The Norwegian Government is doing the same thing as the mining industry. It's the old magician's trick of distracting the audience. The distraction is REDD, and the trick is continued extraction and burning of fossil fuels.

Chris Langii[93], http://chrislang.org

Solutions?

The following articles are opinion pieces which do not necessarily reflect the positions of all the organisations involved in publishing this report. They are presented as valuable contributions to a necessary debate.

Less mining, more reuse and recycling?

Geoff Nettleton, of PIPLinks (Indigenous Peoples' Links) in the UK, reflects on the necessity for change within the mining industry.

The mining industry grew to provide the basic and necessary minerals for the development of an industrial society. Additionally it mines key luxuries and concentrations of wealth including gold and other precious metals.

Mining, however, has a long and shameful history of association with environmental destruction and serious human rights violations, particularly in the development of the European-based imperial enterprises of Spain, Britain and other countries.

This history of violations and destruction is continuing. This report and previous reports on the activities of BHP Billiton clearly show that this company, like others in the industry, pursues practices that are unacceptable in contemporary society.

In the past, lack of communication and the greed for the wealth that the industry generated has been enough to allow many of the regular investors in the company to turn a blind eye to the methods by which the wealth was generated. But today we know ever more clearly, and from every remote corner of the world, the price that others pay to make profit. It is increasingly clear that the price is too high and can no longer be accepted.

Clearly, we still need minerals and the products of mining; but we cannot continue to allow this to be at the expense of the rights, livelihoods and even lives of indigenous and other peoples in the remote sites where today's mines are often concentrated. Today there are advances not only in communications but also in the recognition of rights and access to legal action that mean that companies and investors are being held increasingly accountable for abuses. Mining cannot continue to assume that there can be business as usual. If companies violate laws and obligations they will be held liable.

Techniques with unacceptable impacts, such as destruction of forest cover or pollution of rivers and coastal zones, will increasingly be banned. There are a growing number of people and groups committed to the idea that abusers of rights and despoilers of the environment must be made to pay. And if the mining industry is to survive it will have to develop beyond such abuses.

A wide range of minerals will continue to be needed, but we will all have to adapt to minimise green field site production and maximise recycling and reuse of metals, a shift away from disposable production and substitution of other renewable materials for metals. Better recycling and reuse of minerals that have already been refined using expensive and high-energy processing is increasingly being required by state and local authorities. But BHP Billiton currently plays little role in this expanding source of minerals.

Meanwhile the costs and environmental and social impacts associated with green field mine sites continue to grow. Lower grade deposits require more extensive operations and processing than formerly and this adds to costs and impacts. Extraction of gold, copper and other minerals is therefore having increasing environmental impacts for decreasing yields. This and cumulative refinements in gathering waste for recycling will shift the balance of impacts and costs away from green field site mining towards greater recycling. The company and its investors need to respond rapidly to this change.

In the arena of environmental damage, larger mines exploiting lower grade resources are causing increasing damage to forests, river systems and inshore waters which are not only vital to the peoples who depend directly upon them but to us all. Such destruction is now widely recognised to contribute to global warming, which is now a major threat to all our existence – especially those millions of us who live at or near sea level.

the prioritisation of the needs and wealth of those who depend on mineral extraction at the expense of those who suffer the suppression of their rights and destruction of their livelihoods to provide it is no longer tolerable.

BHP Billiton has a particular responsibility in its operations that our alternative report highlights. The company continues to maximise fossil fuel extraction both of coal and petroleum and projects high levels of production of both continuing over decades. A large part of the profitability of the company is currently dependent on these discredited, destructive sectors. The company also engages in uranium mining, which offers false promises of a shift to sustainability.

It is clear in scientific discussions and in the deliberations of UN bodies and international negotiations that there is virtual consensus (industry-sponsored researchers excepted) on the urgent imperative to move away from our dependence on fossil fuels like coal and oil, and take urgent action to minimise (as we are already too late to halt) temperature increase, sea level rise and climate change. Timetables have been set and legislation is following. It is true that such international action is grindingly slow to progress, not least because of the rearguard resistance of powerful lobbies including from the mining industry both in the US and Australia. But the more we do delay action to replace fossil fuel sources the greater the damage and, it is reasonable to predict, the greater the backlash against the lobbies that resisted action while there was still time.

No doubt the need for minerals will continue. But the prioritisation of the needs and wealth of those who depend on mineral extraction at the expense of those who suffer the suppression of their rights and destruction of their livelihoods to provide it is no longer tolerable. Companies that continue to depend heavily for profits on carbon fuels and other unsustainable sectors like uranium mining will suffer.

BHP Billiton and the wider industry must move to forms of extraction that provide adequate environmental and social safeguards or they will be subject to litigation and exposure which will threaten their viability. Governments which have, until now, collaborated in such trade-offs, will be forced by domestic and international obligations, including those responding to the threat of global warming, to increase their commitment to recycling, reuse and substitution and the reduction of green field mining.

For BHP Billiton investors this is a vital time. We urge investors to seek clear provision for contingencies for future legal actions against the company from those who have suffered directly from its operations and to urge diversification away from those fuel-based sectors of the company that we can all see need to reduce rapidly for the sake of the global environment.

Moving into rare earths?

Rare earths may provide part of the solution to the world's energy needs because of their contribution to renewable energy generation – but there are concerns about the radioactive wastes associated with rare earths mining. Unlike uranium, use of rare earths does not create further, even more dangerous radioactive wastes. Tully McIntyre, of Friends of the Earth in Melbourne, argues the case for expanding rare earths mining.

Mining giants such as BHP Billiton could begin the sustainable transition to mining for our renewable energy future and not just line their pockets by supplying dirty resources to the dirty energy market.

Rare earths, collectively known as the lanthanide series, are actually more abundant than their name implies, with 17 elements making up the rare earth package. Their use in our everyday lives has made them not so rare at all.[94]

For the past few decades, China has dominated the rare earth market, mining and supplying over 90% of world demand. The Western world has not batted an eye-lid, as China has mined and processed these elements at such a low cost. As a result of cheap mining practices, environmental and social damage has resulted.[95]

Mining company BHP Billiton is sitting on one of the world's largest deposits of rare earths. It has been estimated by Geoscience Australia that some 53 million tonnes of rare earths[96] can be found in BHP Billiton's 100% owned Olympic Dam mine in South Australia.

The economic value of these rare earths exceeds the value of the mine's uranium, copper, gold and silver by a factor of four. The estimated value of the rare earths within the Olympic Dam ore body is US$4.2 billion.[97] BHP Billiton has stated that there is no economic value in mining rare earths.

With a fast-paced technological world at the emerging face of climate change, there need to be sustainable solutions to our

energy needs. Rather than continuing the depletion of non-renewable dirty resources, such as uranium, gas, coal and oil, we need large mining companies like BHP Billiton to take a leading step in securing our energy future by resourcing a sustainable energy future.

Rare earths will play a key part in the transition of our current energy technology to sustainable and ethical renewable energy systems, such as solar and wind.

Rare earth elements make up the batteries of hybrid electric cars and are used in the building of wind turbines and the manufacturing of more efficient solar cells. With the advancement of these three technologies we can begin to steer away from our reliance on dirty energy.

Rare earths are also used in computers, phones, magnets, televisions and much more.

Rare earth mining will be a necessary part of the clean energy future − but mining and processing must be managed in a socially and environmentally sound way.

Although there are currently many social and environmental concerns with the mining, refining and recycling of rare earths – notably the fact that rare earths mining is associated with the production of radioactive wastes – many believe it can be done with minimal environmental impact. As with any form of mining, there are associated issues with impacts on Indigenous communities, competing land uses and social impacts, all of which can be managed better with genuine consultation, better intentions and wiser prioritising.

Australia has the infrastructure and available resources to create a rare earth industry in this country. If we are to mine rare earths, we should take the responsibility to process them here and not export them to be processed in unwilling countries like Malaysia.

With the appropriate investment into effective engineering, mining, processing and management of rare earths, Australia could become a sustainable leader in modern technology.

Mining giants such as BHP Billiton could begin the sustainable transition to mining for our renewable energy future and not just line their pockets by supplying dirty resources to the dirty energy market.

URBAN MINING

A solution for managing post-consumer waste is urban mining. Urban mining is a term used for reclaiming compounds and elements from products, building and waste. In Kosaka, Japan, urban mining is booming with the salvaging of rare earths from electronic waste, by removing the rare earth components from old mobile phones and computers to be stockpiled and reused again in new technology. It is estimated that currently only 1% of rare earths are actually recycled. Salvaging and reusing e-waste could ensure a responsible way of managing post-consumer electronic waste and ensuring rare earths elements remain not so rare.

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Legal Rights and Natural Resources Center (LRC)

Friends of the Earth
Friends of the Earth Philippines
Friends of the Earth Australia

COLOMBIA SOLIDARITY CAMPAIGN

Conservation Council of Western Australia ccwa Look forward

Alyansa Tigil Mina (ATM)

mpi mineral policy institute

DTE Down to Earth

Cover photo: BHP Billiton's Olympic Dam Uranium & Copper Mine, Roxby Downs, South Australia, credit: Jessie Boylan, 2011

Back cover photo: The pristine Kimberley coast, an important breading ground for wales, home to dugongs, turtles and hosts dinosaur footprints embedded in the rocks along the coast.

Bottom back cover: Group photo next to the Yeelirrie exploration site; protesters walked to Yeelirrie from Wiluna as part of a 10 week "Walk Away From Uranium Mining" from Wiluna to Perth. Traditional Custodians of Yeelirrie welcome the walkers and their support to stop uranium mining at Yeelirrie.