

# Responsible Mining: Challenges To Make It Right – Government Perspective

M.Z.A. Wahab<sup>a</sup>, M.H. Mazwir<sup>b</sup>, N.A. Ismail<sup>c</sup>

<sup>a</sup>Minerals and Geoscience Department Malaysia, Bangunan Tabung Haji, Jalan Tun Razak, 50658 Kuala Lumpur.

<sup>b</sup>Faculty of Industrial Sciences & Technology, Universiti Malaysia Pahang, Lebuhraya Tun, Razak, Gambang 26300, Kuantan, Pahang, Malaysia

<sup>c</sup>Rare Earth Research Centre, Universiti Malaysia Pahang, Lebuhraya Tun, Razak, Gambang 26300, Kuantan, Pahang, Malaysia

Email : [mohdzaim@jmg.gov.my](mailto:mohdzaim@jmg.gov.my)

## Abstract

The mining industry has impacted positively on the economy of the Nation and the State over the years. It has created employment for the local community, contributed to the state revenue, and is an economic driver especially in the development of remote mineralised areas. The Federal Constitution has laid down the jurisdiction of the Federal and State governments with regards to the development of mineral. Under the 9th Schedule of the Constitution, the Federal government is responsible for the development of mineral resources; mines, mining, mineral and mineral ores; oil and oilfields; purchase, sale, import and export of mineral and mineral ores; petroleum products; regulation of labour and safety in mines and oilfields; whilst for the State, the issuance and licenses for prospecting; mining leases and certificates. The responsibility of rehabilitation of mining land comes under both parties. Through these enabling powers, both the State and Federal governments have promulgated the Mineral Development Act 1994 (MDA) and the various State Mineral Enactments (SME) respectively. Both these laws outline the responsibilities of the tenement holders to their employee, the State, society as well as the environment. Apart from these laws, there are other related laws such as Environment Quality Act (EQA) and Occupational Safety and Health Act (OSHA). The concept of sustainability and concern for the environment has created a new challenge to the industry. Acknowledging the importance of mining is the desire of the government when issuing the tenement that the holder will carry out their exploration, mining and rehabilitation activities responsibly with the spirit of mining for closure.

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## 1. Introduction

Mining has contributed to the economic and social development in Malaysia, but some may argue that it is not enough, and mining has never been accepted fully due to society dissatisfaction and environmental degradation such as road and infrastructure destructions, river and environment pollutions and lack of economic generation. To address this concern, the concept of responsible mining can be used make society fully accept, and to create a sustainable mining industry in the country. Although there could be various definitions of the 'responsible mining' due to different aspects and views, Robin Broad (year) in his paper stated that the extended definition is the one that involved a more comprehensive notion of economically, environmentally and socially responsible mining. It is including require "free, prior, and informed consent" of local communities, careful assessment of the environment involved, responsible for all possible environmental impacts of the mining and last but not least economic benefits should be weighed against social and environmental impacts.

In Malaysia, miners are appointed by the government or the tenement holder. Although it is possible for anyone to apply for a mining lease, only a few are approved. The miners who are approved are expected to contribute to the economy regarding taxes, employment and in other spin-offs income generation. For instance, when Kuantan was booming with bauxite mining activities in 2014, there is a significant increase in diesel and petrol consumption especially in Bukit Goh area, employment of local worker rise and the bank making more profit due to the high daily transaction. However, aside from economic growth, the society, especially people nearby the mining area expecting more than that. They expected the miners to use better infrastructures for mining and to

have a proper environmental management. Major complaints by the public were made because of the destruction of the roads and infrastructures as well as water, air and noise pollution in the Kuantan area.

One good example to be followed by Malaysia is a nickel mining company in the Philippines, Rio Tuba Nickel Mining Corporation (RTNMC). RTNMC have demonstrated responsible mining throughout the years, and they were honored in June 2017 as an “environment champion” by the Palawan Council for Sustainable Development (NAC Corporate Communications Team, 2017). Some of the RTNMC approaches to responsible mining are to acquire an appropriate international standards certification, proper mining techniques, manage the welfare of employees and the host communities, follow environmental protection policies as well as organize information and education campaigns. As a responsible miner, RTMNC shows high values of transparency by becoming a member of Philippines’ Extractive Industry Transparency Initiative, and through its listed parent company, Nickel Asia Corp, RTMNC reports its effort on Sustainable Development under Global Reporting Initiatives GR4 Guidelines.

## **2. Guiding Principles and Laws in Malaysia**

In Malaysia, there are several guiding principles and laws for miners; the State Mineral Enactments (SME) (Mineral Enactment (State of Johor), 2003 and Mineral Enactment (State of Pahang), 2001), Mineral Development Act 1994 (MDA, 1994), Environmental Quality Act 1994 (EQA), Occupational Safety and Health Act 1994 (OSHA), Factories and Machinery Act 1967 and Explosives Act 1957.

Under the SME, it is stated that mineral is vested solely with the State authority. The miners are required to adhere to statutory conditions which are to submit periodic activity reports, to compensate for any loss, damage or disturbance caused. Besides that, miners are obliged to restore prospecting or exploration area, to relinquish areas required by State authority for public purposes, to comply with annual work programme, expenditure, and area relinquishment, to seek approval for sales of the specimen, and lastly payment of royalty. Furthermore, SME also requires all the miners to start mining only within the stipulated time, performing progressive rehabilitation and renew their licenses 12 months before expiry. There is also special provision under SME jurisdiction regarding mine rehabilitation and common rehabilitation fund as well as a prohibition to work river without proper permission.

Whereas under the MDA, miners are required to submit operational mining scheme and execute the activities according to the approved scheme. Other than that, miners are enforced to conduct good and safe practices of working place, comply with all the environmental standards, appoint a mine manager for mines with ten workers or more. In addition to that, MDA law also stated that all final plans or workings must be furnished, record books and information concerning the operation of the mine are well kept, and mine abandonment is reported three months before closure. Finally, is a miners duty to report of any accident resulting in loss of life or serious bodily injury or resulting damage to any property.

All these law and regulations are meant to standardize the mining industries in Malaysia and not to strangle them. The challenge is to enforce and make the industry aware and comply with the laws. Unfortunately, there are always a few miners that would find ways to go around it. In fact, the onus to mine responsibly is on the miner themselves. As such, the change towards a responsible mining has to start from within the mining industry.

## **3. Challenges to Make it Right**

Stephen Covey in his highly famous book “The 7 Habits of Highly Effective People” (1989) outlined an inside-out approach to personal and interpersonal effectiveness, which means change or transformation has to start from within. The inside-out principle-centered approaches can be adopted by miners to pave the way towards a responsible mining industry.

i) Be proactive

Being proactive mean recognizing the responsibility to make the vision and mission of the company is achieved. Mining players should be proactive in creating a better respectable image in terms of trust, reputation, integrity, and credibility; and also to inculcate best practices and sustainable technology to the public. The industry image is the product of their own choice, and thus they should be focusing on their image by keeping and making commitments

ii) Begin with the end in mind

Miners should always begin with the end in mind. The end should be clearly defined which is mining for closure. It is crucial for the miner to know how the project will be ended and understand the current situation before taking the next step. For instances, before the mining activity commences, rehabilitation activities should already be planned ahead, and market changes are monitor consistently for future scenario planning.

iii) Put first thing first

Each miners should perform mineral exploration or investigative activities prior to mining. Based on the exploration data, a suited feasibility and baseline study could be developed, and finally, Environmental Impact Assessment (EIA) and Operational Mining Scheme (OMS) could be completed. For a more thorough country such as Myanmar, Social Impact Assessment (SIA) is also required by their law. However, above all, the safety of workers, the community and environment should always be prioritized.

iv) Think win-win

The next principle is to think win-win by seeking mutual benefits between miners, the government, suppliers, employee, the public and the environment. The miners must have three essential traits which are integrity, maturity and abundance mentality which could produce excellent results with regards to guidelines, resources, accountability and even consequences.

v) Seek first to understand and then to be understood

Communication between the aforementioned bodies above are just as important, and it could be useful in solving problems. The skills that need to be learned in this principle is empathic listening, a skill to listen and fully understand another party, emotionally and intellectually. It is powerful enough to open a better communication between different agencies as well as creating an opportunity to do preventive work if a problem occurred.

vi) Synergies

Differences should be valued and respected among miners and others. Miners should build on strengths to compensate for their weakness. They should also seek not to imitate past creative experience but instead should seek new ones around new and different and higher purposes.

vii) Sharpen the saw

Mining industries should always strive for continual self-renewal and self-improvement. They should learn new things, commit to being a better and become a responsible and respected industry in Malaysia.

#### 4. Conclusions

The rights given by the State is a privilege for the mining industry to contribute to the economy, social development as well as to create a better environment. It comes with a hefty responsibility, and irresponsible mining is not an option. The challenge is great but it is worth it for a sustainable mining industry.

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