

It's not about rare earth, it's about political will

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Malaysians are wondering why Lynas is transporting concentrated ore from Australia to Malaysia. Many think they know the answer. I've made up my mind too, but it's not because of the science/technology behind Lynas.

It's because I believe the old saying: fish begins to rot from the head; more on that later.

Do you think there are any other companies which transport ore out of Australia? The answer is yes! There is a company listed on the Canadian stock exchange which operates a mine cum concentration plant in Western Australia and ships out lead ore, mainly to China.

Why do they ship ore out instead of processing it at home?

I suspect the main reason is the world commodity price of lead. The cost of building and operating a refining (smelting) plant must be balanced against the uncertainties of price and the very real possibility that the lead ore deposits will run out before the investment can be recovered.

There's also the issue of getting workers who will work in remote areas, with heavy and restrictive masks and garments. And the heightened sensitivity of a population which is unwilling to accept risks which are tolerated in other countries.

The same population will clamour for the benefits of lead. Do you know that lead-acid batteries accounts for 80% of global lead consumption? Do you know that lead is the most reclaimed metal in the world? Do you know that lead poisoning is accepted by many poor people in third world ship wrecking yards because this work at least enables them to have and feed families for several years?

The population will also clamour for return on investment in their stocks in mining companies. Mining is a capital-intensive and risky business, with governments having the power to instantly shut down mining and related operations. Pension funds expect good returns from their investments in companies which supply metals essential for our enjoyment of cars and protect us from electric power outages.

Magellan Metals in Australia is owned by Ivernia, a Canadian company. Magellan operates a mine located near Wiluna town, almost in the centre of Western Australia.

After raising funds from various sources, investigating technology and obtaining approvals from government agencies, Magellan began sinking money into the project. Magellan cut roads, built equipment, put up buildings and commissioned them.

In October 2005 Magellan began to operate it's open cast mine and processing facility and commenced to ship concentrated ore about a thousand kilometres by land to the port of Esperance and thereafter by sea to China.

In March 2007 Magellan had to suspend operations because it was discovered that lead dust had leaked while being transferred at Esperance port.

It was the birds that had signalled the problem. A Parliamentary Inquiry later concluded that about 9,500 birds had died due to poisoning by Magellan's Lead Carbonate. The Magellan mine resumed production and shipment after conducting a root cause investigation, developing a solution and testing it's

effectiveness.

The root cause was found to be the method of transporting the lead concentrate. The solution was to develop and prove a method of transporting the concentrate in wet form, within water and dust proof bags, within sealed containers.

The method – a demonstration of persistence and ingenuity – was approved by the regulators. The solution also included inspection and certification by independent auditors at various stages of the process. Shipments resumed, beginning with stockpiles stored near Wiluna.

In September 2009 the first shipment left Fremantle port. Yes, Fremantle about a thousand kilometres from Wiluna, not Esperance. Fremantle gave Magellan approval in February 2009.

It's been reported that the containers travelled by rail through 22 areas of relatively high population density before arriving at the port to commence the sea journey to China.

Despite best efforts to design the packaging to be spill-proof, despite the monitoring by independent auditors of each package and container, despite public release of lots of inspection data – including audit reports – to the general public on Magellan's website, the result was not what was expected; sometimes the bar is set too high.

On 15 December 2011 Magellan informed the EPA (Environmental Protection Agency) of lapses in its management plan. Amongst other things, the plan required Magellan to inform the EPA within 12 hours of discovering any loose lead in the containers.

Magellan said it had failed to do so. Further investigation revealed loose lead may have been detected as early as October 2009.

On 31 December 2011 the Australian Environment Minister ordered Magellan to stop shipments of lead concentrate between the Wiluna mine and Fremantle. On 23 February 2012 the ban was lifted: after a review concluded that 28 monitoring results for air quality in transport containers did not exceed prescribed limits.

The review was conducted by an independent Sydney based scientist who had formerly worked for the CSIRO (Commonwealth Scientific and Industrial Research Organization). We too have had experts review Lynas.

What can we learn from the Magellan experience? What do we learn about Australia? What do we learn about technology and the need for continuous improvement? What inferences can we draw about Malaysia's potential experience with Lynas?

We learn that life is never free of risk. We learn that to satisfy our 'needs,' other people often work in 'bad' situations: that's the history of estate workers and tin miners in the making of Malaysia. We learn that investment is needed, and those who invest expect to make a profit. We learn that countries need to share risks.

We learn that we cannot anticipate all problems, we have to take calculated risks – often through periods of trial with extensive monitoring: remember the Temporary Operating Licence for Lynas. We learn the importance of regulations, regulators and political will. We learn we must be vigilant.

In my first paragraph I said fish begin rotting from the head. In nations, when it comes to issues of policy and regulation, the head is the government of the day.

We live in Malaysia: where civil servants are subject to the Official Secrets Act; where civil servants are reminded to be 'grateful' to Umno-BN for their education; where the political leanings of civil servants are assessed by the government; where the prime minister and his associates make 'money deals' to buy

votes; where people are detained for wearing yellow tee-shirts; where ministers who are involved in unseemly ways with cows are protected; is the head rotting?

It's not about Lynas. It's about industry.

It's about the independence and courage of regulators. It's about political will. It's about a nation which estimates that in 2005 it produced close to 600,000 tons of toxic and hazardous waste. Is the body rotting? Will the civil servants wake up? Can we stop the rot?

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