

# Buyat bay : newmont's case essay



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Introduction PT Newmont Minahasa Raya (NMR) is a joint venture company between Newmont Gold Company (USA), which owns 80 percent of the shares, and PT Tanjung Serapung (Indonesia) holding 20 percent.

PT. NMR is located in South East Minahasa, some 80 km south of Manado, the capital of North Sulawesi. PTNMR operated an open pit mine from 1996 and ceased operations in 2001 after the deposit was recovered . They started producing gold in 1996 and began dispose their whole tailings through the pipe into Buyat Bay. In 2004, the Newmont Minahasa Raya gold mine began closing down its operations in North Sulawesi leaving local communities in Buyat Bay and Ratatotok with a long lasting environmental damage, economic decline, and a huge of health problems.

Environmental Issue Since the beginning of their project development in early 1993, NMR has tried to convince to the local public communities that their standard practices and operation would be environmentally saved and has been practically & widely carried out around the world of mining.

Environment Impact Assessment (EIA) was conducted by NMR to support their future project but the effectiveness was questionable. Mean while the design stage and during project implementation was carried out differently against the EIA. Tailing dumping What local communities worried about have aroused after the operation of NMR. As commonly practiced in gold mining operation, tailing as dangerous materials left over after the process of separating the valuable fraction from the worthless fraction of an ore , should have been disposed to beneath of the sea, under the thermocline layer. But in fact, in Newmont ' s case, as many as 2000 tons/day of tailings

were piped by NMR to the bottom of the Buyat Bay in 82 metres, far enough as many scientist argued .

Coastal dumping of tailings is a grave ecological concern because coastal waters are biologically the richest parts of the oceans, and because many open-ocean species depend on coastal habitat for part of their life cycle. Later on, the negative impact were clear shown by the die of several fish on the beginning of 1996 until 1997 . Despite of the prior evidences, NMR denied ll of that and said that the negative impact were not the result of its tailings dumping. Poisoning The Water The impact of Newmont operation was having the water polluted by arsenic. Newmont already knew about the water quality that was far beyond as regulated to the water quality standard and consciuously (or consciuously .

..? ) supplied the water to the people of two villages, Buyat and Ratatotok. Newmont argued that the standard has properly applied.

But people said, Newmont was applying older standard rather the new one. Since this activities will endanger the human's health and can be classified as against the law . Drinking water rich in arsenic over a long period leads to arsenic poisoning or arsenicosis. Arsenicosis is the effect of arsenic poisoning, usually over a long period such as from 5 to 20 years. Drinking arsenic-rich water over a long period results in various health effects including skin problems (such as colour changes on the skin, and hard patches on the palms and soles of the feet), skin cancer, cancers of the bladder, kidney and lung, and diseases of the blood vessels of the legs and

feet, and possibly also diabetes, high blood pressure and reproductive disorders .

Mercury in Air Pollutant As reported by P. Raja Siregar (2006), Newmont was conducting several dangerous operation on their process. It was indicated from the hot gas exhausted from its chimney. The exhaust gas was dark enough and it mean that the particulate concentration was high enough to pollute the Buyat's air. Later on, it was reported by New York Times on December 2004 with title " Mining Giant told It Put Toxic Vapours Into Indonesia's Air" . The newspaper said around 17 tonnes of mercury were released to the air for 4 years.

But the Newmont executives said nothing about the report but they carried out press conference which mentioned it didn't negatively impact on the bay and the people . Social impact Villagers living around Buyat Bay have reported skin rashes and sores on their bodies, severe headaches, tumors and reproductive health problems. And yet another destruction on local coral reef has affected the ecology of Buyat Bay. Resettlement of the residents was not conducted properly. The affected people voluntarily moved themselves to another village but some of the people were still eager to stay in their village because of some privilege given by Newmont.

These people were mostly main figure in the village's body of government official whom were also acting as spokesperson for Newmont benefit. The people move to the nearest village which wasn't polluted by toxic waste. The infrastructures were not sufficient enough to living appropriately. They had no electricity supply and clean water supply, as well. More over, most of the

people who used to be the fishermans, now became farmers by planting corn, chilies and bananas . Submarine Tailing Disposal (STD) Practice This tailing disposal practice is used more and more by mining companies from rich countries to poorer countries.

STD is practically illegal in the USA, Canada and Australia but these companies are operating and planning STD at mines throughout Asia-Pacific Region that would clearly not be permitted in their own countries .

Unfortunately, the Government of Indonesia (Gol) were not well knowledgeable about this issue and practically, the Gol were able to be convinced by mining companies who like to open their business in Indonesia. Furthermore, these mining companies were able to use the weakness of Indonesian environmental law, which doesn't give any statement in detail on a specific practice (tailing dumping practice). From the above information, I see that Newmont has against its environment commitment which mention " To create an environment where we hold each other - employees, contractors and others, accountable for maintaining high environmental standards and contribute to the continual improvement of company environmental performance and the prevention of pollution". Newmont has clearly implemented such practice in Indonesia that was illegally carried out in their home country. NMR had told to the world that it upheld American environmental law but in fact it did not.

Even though such commitment typically represent as important aspect of the actor's identity, falling short on those commitments may not generate external criticism. It can be quite damaging to the actor's self-concept . But in Newmont's case, the above theory doesn't apply, otherwise external

criticism are significantly attacked to Newmont side. It is quite strange regarding that Newmont's statement was just only commitment not become its duties which mean that Newmont won't be obliged to owe to other parties-the general public. NMR's Prosecutions The Indonesian Forum for The Environment (WALHI) filed suit against Richard Ness, CEO of NMR, charging him with polluting the bay with toxic waste. And afterward on April 24, 2007, the verdict was belong to Richard Ness after a long debating and legal proceeding .

NMR's Cosmetic Public Communication What is interesting here was how their response to all allegations from the local communities, NGO's and scientist. NMR was working closely with many public relation consultants to fix NMR's reputation up during the judgement against Richard Ness. From putting advertisements in either national or foreign newspapers (Wall Street Journal, Dow Jones), pers conference, inviting the journalist to come to Buyat Bay and site office, approach to communities by giving exclusive facilitation, until launching the website with the so-called " www. buyatbayfacts. com" were several efforts made by NMR management to twist the facts shown by local communities, scientist and environment NGO's. The NMR top management realize that these effort were made to draw positive opinion from local and international people.

The impact of giving unequal treatment among local people was a horizontal conflict between them either local people or academic. Around USD 16 Million were spent for the last 2 years to draw positive opinion and to fix the Newmont's reputation. Analyzing the Newmont Case Newmont has clearly put the environment impact aside and uphold the economic benefit as their

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main interest. For that reason, many Newmont's stakeholders were become the victim because of the Newmont's existence. The Newmont has told untruth about the stories to the world and defending as if they were the only truthfulness. Newmont was hiding the dark side and only show the white side by stressing data that supported Newmont's case.

Meanwhile, Newmont Several factors can be listed as Newmont are still able to practice like that : 1. The greedy behaviour of human being who manage and lead the Newmont. The shareholder of the Newmont are also involved in this behaviour because they are likely to have the benefit. If the Newmont make the profit, the shareholder will also gain the profit, regardless any destruction of the environment.

2. The " standard practice" have become Newmont's values. Anything shall be done for the shake of Newmont's interest. 3.

The rich countries implicitly support the existence of the Newmont. This because they have indirectly interest for the outcome of Newmont's product.

4. Newmont is a Fortune 500 Company, a highly regarded classification, which valued how big the company profit. Because of this, Newmont has a lot of money to practice such unethical actions. Newmont are also failure to apply the framework of ethics as studied by Lynn Sharpe Payne (2006).

The steps are : 1. Understanding the fact Stakeholder analysis shall have been conducted before Newmont tried to initiate the project. The analysis will be identifying the likely parties to be affected and for each parties, mapping the consequences both positive and negative, short term and long. With the likely outcomes for various stakeholder thus arrayed, the proposed

action can be more thoroughly and systematically evaluated against the relevant ethical standard.

In Newmont case, their pattern to response the claims were at random and unstructure. And the result, Newmont would become out of their energy dealing with abundant problems attacking themselves. 2. Identifying relevant standard

- Newmont was breaking the property principle, for example : eliminate the chance local fisherman to go to the sea
- Newmont was breaking the reliability principle and against its own commitment
- Newmont was also breaking the transparency principle since they lie to the public in every aspect whilst hiding the truth.

Newmont broke the responsiveness principle 3. Maintaining objectivity

- The top management are failure to use this tools Potential solutions to avoid the same practices as Newmont did

1. Newmont's top management shall be replaced with one who has integrity and respect business ethics.
2. Risk management committee shall have been formed to justify whether the planned investment are going to be conducted properly using appropriate tools.

3. Environmental Impact Assessment (EIA) and Social Assessment shall have been conducted by reliable and independent consultant since the initiation of the project. Conducting a weak EIA will lead to bigger cost.
4. NGO's either national or international with local communities shall have voiced consistently any findings through all media such as : local and international newspapers, books, press conferences, seminars; in order to draw attention



from publics and having Newmont pressurized by because of their wrong practices.

Newmont is urged to reform its human rights and environmental practices at its global operation. 5. The case of Newmont is a good lecture for Government of Indonesia particularly for Ministry of Environment to regulate and to impose new detail environment laws. Mining industry shall, later on comply with the law and unable to find any excuse about their practices.

References