

Ross Garnaut
[REDACTED]
[REDACTED]

Mark Scott
Managing Director
Australian Broadcasting Corporation
GPO Box 9994
Sydney NSW 2001

Dear Mark,

Thanks for your letter of 14 December, which I received and opened in the following week. That letter and this response follow previous communications from early October initiated by Mr Maurice Newman AC. They also follow your telephone call to me in the week commencing 6 December, during which you advised me that a suitable third party would look at the matter outside the ABC's standard review processes. In your telephone call of 13 December and your letter of December 14 you noted that, as, to your surprise, the standard review processes had not yet been applied, you would like to follow them through to completion. You invited me to assist those processes by commenting on my concerns about the stories broadcast on 9 September 2010 (the first story) and 15 September 2010 (the second story) by the ABC, Greg Hoy and Kerry O'Brien, so that the ABC may undertake a thorough internal investigation of this matter. While it has long been understood that "justice delayed is justice denied", I am happy to meet your request to provide additional information, in recognition that the ABC on its own initiative wishes to make sure that it handles the matter properly, and that it is better for the ABC and for me if these matters can be sorted out satisfactorily by the ABC.

I set out a number of concerns with the first story, 9 September, in a Statement and a Press Conference in Canberra on September 15. I advised the 7.30 Report in particular and the ABC in general in advance of the time and place of the Press Conference, and the Conference was well attended by employees of the ABC as well as other media outlets. The Statement and the video are both on my website www.rossgarnaut.com.au. The detailed contents of both should be considered by whomever is conducting the internal investigation for you.

I am now aware of two major and additional problems with the first story, beyond those covered in the Statement and the Press Conference.

First, the story on 9 September used material attributed to the Scottish Association of Marine Science (SAMS), deriving from a report commissioned by the European Union for the Papua New Guinea Government. The story asserted that "Documentation indirectly obtained by the 7.30 Report shows the Scottish research team's lead scientist had really stated READ STATEMENT: DSTP, or Deep Sea Tailings Placement, has major impacts on deep sea sediments and their biological communities, but there's presently no available information on long term recovery rates. Tailing impoundments, or dumps, may need to remain for decades or even centuries after the mine has closed and the company dissolved". (The quote is taken directly from the transcript of the story available at the time on the ABC's website).

On the face of it, this statement by SAMS in the story seems to condemn deep sea tailings placement (DSTP), which may require active efforts in remediation after the passing out of existence of the mining company. I was at a disadvantage in responding to this statement, as, as I explained in my Press Conference and Statement, I had only just become aware that the SAMS Report was available (as it happens on the website of one of the 7.30 Report's informants), and had not had the opportunity to read all of it.

I have now read the SAMS Report in full, and have seen the cited sentences in context. In fact, the SAMS scientists make the OPPOSITE point to that asserted by the 7.30 Report. The reference to centuries of impoundment extending beyond the life of the company is to the ALTERNATIVE to DSTP: impoundment on land.

Only by careful selection of words from the full statement, and juxtaposition of words that had been separated by other words in the full statement, was it possible for the ABC to reverse the meaning of the citation from the SAMS Report.

This deliberate deception is consistent with other aspects of the first story: the misleading use of film footage to powerful effect in three places; and the deceptive nature of the approach to Lihir Gold Limited seeking an interview with me (see below).

Incidentally, the overall position of the SAMS Report on the need to exercise sound judgement in striking a balance between environmental impact and development values is closely similar to that articulated in my own Statement and Press Conference.

The second major problem with the 9 September story, additional to those mentioned in my Press Conference of 15 September, is the extent of the misrepresentation of the impact of the Ok Tedi mine on downstream water quality in the Fly River. The Report had an interviewee state that "There's copper levels 800 kilometres away from the mine in the silt of the river, 3,000 times the safe levels".

I responded on 15 September that the water to which reference had been made was safe to drink. I have since had the benefit of access to relevant scientific data. There are no data for 800 kilometres downstream from the mine. There are data from 650 kilometres downstream, which presumably is no more contaminated than it is 150 kilometres further downstream. The data reveal copper levels, calculated on the most conservative possible basis (full data and methodology available on request), that are one twenty fifth of Australian standards for drinking water. The 7.30 Report exaggerated the reality by at least 75,000 times.

Let me be clear: I have no wish to defend in any way the historical environmental practices at the Ok Tedi mine. I played no part in the decisions that led to adoption of those practices. Since I accepted the offer to chair the Board of Papua New Guinea Sustainable Development Limited, it has been my responsibility to do what I can to prevent the environmental problem being followed by a humanitarian disaster in the mine area (the North Fly region), Western Province and Papua New Guinea – if possible, to turn the income flows from Ok Tedi into a large contribution to regional and national sustainable development – and to alleviate the environmental impact to the extent reasonably possible. The greater travesty, above the misrepresentation of environmental damage at Ok Tedi, was for the ABC to associate my role with the original problem rather than its remediation.

I have two large concerns with the second story, placed on air on the evening of September 15. Of course, no reference could have been made to that story in my Press Conference or Statement of 15 September.

First, although the ABC had been alerted to egregious errors in the first story, there was no attempt to correct any of them. Rather, the intent of the second story was to reinforce the errors and distortions of the first story. Time after time, statements carried from my Press Conference were followed by the repetition of statements from the first story against which my own statements had been directed. This created the impression that the 7.30 Report was standing its ground, rejecting my points, and by implication asserting that I was in some combination lying and making erroneous statements. This compounded the damage of the first story.

Second—as the most damaging example of the first concern with the second story—in the second story the ABC, Mr Hoy and Mr O'Brien asserted that I had lied in saying that "I was given no idea that the 7.30 Report was contemplating a piece of this kind". Nothing that has been said on behalf of the ABC on this matter goes close to suggesting that anyone associated with Lihir Gold Limited or Newcrest Mining, let alone I, was advised that the ABC proposed to run a story that was an attack on my personal integrity, bringing in my responsibilities at Ok Tedi, and asserting a false dichotomy between my role in the Australian climate change policy discussion and my role in Papua New Guinea mines.

As I explained in my Press Conference, the shareholders of Lihir Gold Limited at a General Meeting on 23 August voted to accept the Board of Directors' recommendation that they endorse an offer from Newcrest Mining Limited to purchase their company. Under the arrangements agreed with Newcrest, executives reporting to the Chief Executive Officer of Newcrest Mining Limited took over executive responsibility for the Lihir mine from August 30. Until that time, the General Manager External Affairs of Lihir Gold Limited reported to the Chief Executive Officer of Lihir Gold Limited and through him to myself as Chairman. On August 30, all senior officers of Lihir Gold Limited had their services terminated. Some but not all were then employed by Newcrest Mining, under different reporting arrangements. The General Manager External Affairs was amongst the senior officers who departed Lihir completely on 30 August, and was not employed by Newcrest.

Up to and including 30 August, any communication to the Lihir Gold executive would have been passed on to me if the Chief Executive Officer thought it a matter of high importance. (You probably have a similar arrangement between the Chairman of the ABC Board and yourself). After that date, there could be no expectation that a communication to a former senior officer of Lihir Gold Limited, whether or not now employed by Newcrest, would be communicated to me.

I received a message from the General Manager External Affairs of Lihir Gold Limited on 23 August, informing me that the 7.30 Report wished to interview me. Mr Hoy was reported to have said: "Following the successful conclusion of LGL's shareholder meeting in Port Moresby which accepted the proposed merger with Newcrest, I was hoping to arrange an interview with Chairman Professor Ross Garnaut to discuss his experience with Lihir."

The next day, it was reported to me that Mr Hoy had expanded on his request: "We'd like to talk to Ross Garnaut about his experience at Lihir. Obviously a large and successful merger

is imminent and quite historic on the corporate landscape—coinciding as it does with a high gold price. Though for the Lihir executive it has clearly not all been easy, even in the past year. Though Ballarat was one recent hurdle, we'd like to know more about the challenges of operating in the PNG environment. The lessons learnt. The environment debate for Lihir. The future of natural resources in PNG. Hope that gives you the idea.”

These communications contained not a hint of the nature of the programme that was to follow. The former Lihir General Manager has described the approaches by Greg Hoy in the light of the subsequent programme as duplicitous.

At the time of this communication I was overseas. The earliest possible time for an interview was 30 August. That date subsequently became impossible. From 30 August, with the new Newcrest management having taken responsibility for Lihir and having to carry responsibility for the consequences of anything I said, it was not appropriate for me to speak on behalf of Lihir Gold. From that time I said that any request for an interview or comment on Lihir Gold should be addressed to Newcrest. I was advised by the Chairman and Chief Executive Officer of Newcrest in October that, to the best of their knowledge at that time, there had been only one request to Newcrest for an interview prior to the first story going to air (and none since), and that that had not been of a kind that it was appropriate to pass on to me.

There was no justification for the ABC's assertion in the second story: that by implication I lied when I said that I was given no idea that the ABC was contemplating a piece of the kind that went to air. No-one who values the truth would pretend that the first story, extended and reinforced by the second, was about my experience at Lihir; about the largest corporate transaction in the history of the Australian resources sector; about the challenges faced by the Lihir executive; about the general environment debate in Lihir (the Mining Journal prize for exemplary environmental management? The immense effort that was put into monitoring environmental impact? The encouragement of transparent analysis by independent scientists and the publication of results? The path-breaking conversion of electricity generation from fossil fuel to geo-thermal power?); or about the future of natural resources in Papua New Guinea.

Nor was it even about deep sea tailings placement (DSTP) at Lihir—or else the ABC's interest in Lihir would not have started and ended with the attacks on the out-going Chairman of Lihir Gold Limited. I note that when the Chief Executive of Newcrest Mining Limited, now the world's third largest gold mining company, was asked one question at that company's Annual General Meeting in October about the significance of the 7.30 Report's stories on Lihir, the discussion ended with his comment that the report had not been well researched and that there was no issue. To the best of my knowledge, the statement was unimportant enough for the ABC not to report it in any of its outlets, with approbation or criticism or with no comment at all.

The “kind of piece” that appeared as the first story on 9 September and which was reinforced by the second story on 15 September was an attack on the integrity of one person.

When I sat down in my Melbourne office over the Christmas holiday period to prepare this letter, and sought to refresh my memory by going to the ABC's website, I became aware for the first time of the existence on your website of a document “The 7.30 Report responds to

Ross Garnaut". No-one from the ABC had told me that this had been posted. I could not obtain access to some of the scientific materials referred to in this document until this week.

Let me deal with that document now, as a third source of concern, beyond the first and second stories discussed above. Let us call it the third story.

Just as the second story reinforces and extends the errors and distortions of the first, the third story reinforces and extends the errors and distortions of the first and second.

The third story does not seek to defend many of the points made in the first story and shown to be false in my Statement and Press Conference. For example, it does not seek to answer my defence against the damaging accusation that Lihir Gold Limited had been secretive on environmental management, to which I responded in my Statement and Press Conference. But the ABC made no apology, nor even retraction of major and damaging claims that had been shown to be false.

The third story seeks again to defend the 7.30 Report against my criticisms that I had been given no notice that the ABC was contemplating a programme of the kind that went to air, by providing additional material on communications with officers of Lihir Gold and Newcrest prior to the publication of the first story.

I have already dealt with this question in this letter. None of the material on exchanges between the 7.30 Report and officers and former officers of Lihir Gold limited and officers of Newcrest that is presented in third story contradicts my statement that I had not been informed of the nature of the story that was to be run on the 7.30 Report.

Here I should add one point about my past relationship with the current affairs programmes of the ABC, that throws additional light on the special nature of the approach to Lihir Gold officers for me to appear on the 7.30 Report on this occasion. I have appeared many times over recent years on the major ABC television and radio current affairs programmes. On the numerous occasions that I have been approached with requests to appear on the 7.30 Report, Lateline and Four Corners, direct contact has been made before an interview by some combination of senior executives associated with those programmes and the lead presenters of the programme. I am well known to ABC officers working on these programmes. The ABC current affairs programmes had always found it easy to contact me directly. With this background, I would have thought that a major programme—half of the 7.30 Report devoted to an attack on me, and six days later as much time again—would have been preceded by some direct contact with me. As far as I know there was no attempt by anyone at all at the ABC—let alone the senior officers who had always made contact in the past—to contact me directly.

The second important element in the third story is its production of a great smoke screen, to obscure the erroneous nature of its claims about Lihir's use of Deep Sea Tailings Placement.

The first story, and my response to it, related to the placement of the TAILINGS of Lihir Gold limited in deep water—the system known as Deep Sea Tailings Displacement (DSTP). The tailings comprise materials that are chemically altered in the processing of ore. At Lihir, the tailings are further processed to reduce toxicity to levels that are judged to be safe in the circumstances of release in the deep sea, and then transported by pipeline into the deep ocean.

After my response to the first story on 15 September had demonstrated the claims about DSTP at Lihir to be false, the ABC in the third story changed the subject. It seeks to deceive the reader by talking about a different issue.

This deception will have been successful with many readers because the identification of the deception requires some specialised knowledge. In the absence of that knowledge, a reader may see in some statements attributed by the ABC to Dr Brunskill, some support for some damaging claims in the first and second stories. With a little background knowledge, it is clear that that there is no such support.

I repeat, in so far as it relates to Lihir, the attack on me in the 7.30 Report relates to Lihir's use of Deep Sea Tailings Placement—DSTP. My response to the first story focuses on the tailings issue and DSTP, because that was the subject of the attack.

The ABC's defence in the third story of statements made in the first and second stories depends on points that Dr Brunskill makes about a completely separate issue: the disposal of waste rock into the harbour adjacent to the mine. The waste rock is of a similar chemical composition to material into which it is placed. Its disposal raises none of the issues discussed in relation to DSTP. Lihir Gold Limited in its publicly available environmental impact and other stories noted and estimated the extent of the increased turbidity deriving from the disposal of waste rock, and the environmental impact expected to be associated with that localised increase in turbidity. As it happens, the scientific material on disposal of waste rock at Lihir to which reference is made in the third story suggests only a closely localised impact. That material confirms that the environmental impact of this waste rock disposal is certainly no greater than, and probably less than, anticipated in the studies that the company and national and international environmental reporting agencies had made available to the public.

None of the first three points raised by Dr Brunskill and cited on the first page of the third story relates to DSTP. The fourth point seems to relate to DSTP but does not contradict the comments that I made on DTSP in Lihir in my Statement and Press Conference.

As Dr Brunskill is quoted in the third story as saying, I have no expertise in marine science. He is quite right. But you can extract the meaning from documents cited by Brunskill in the ABC's third story by being able to read English. At this point Brunskill made reference to five documents.

Reference 1: Brewer et al. Explicitly related to disposal of waste rock and not to chemically treated tailings through DSTP. Notes that waste effects are localised close to the site of disposal. Accumulation of metals mostly from naturally occurring metals. These results are much as anticipated in the studies made public by the company.

Reference 2: Flynn et al. Relates to waste rock not tailings disposal. Does not point to damage beyond that anticipated in company studies and regulatory approvals.

Reference 3. Rotmann. PhD thesis. Explicitly related to water turbidity from waste rock and not to DSTP. Highly favourable to Lihir performance: "...mining activities had affected and were affecting corals and coral communities over a much more restricted area than predicted by the mine's environmental impact statement."

Reference 4. Thomas et al. Explicitly related to waste disposal and not to DSTP.

Reference 5. Thomas . PhD thesis. Could not locate the PhD thesis on the web during the holiday period, but found an article published by this author and others on a closely similar topic in the same year as acceptance of the PhD thesis (2003). Explicitly related to waste rock disposal and not to DSTP. Favourable to Lihir performance: "...conform with pre-operations impact predictions". (See Thomas, Severine, Rudd, Peter V., and Day, Geoff (2003), "Turbidity regimes over fringing coral reefs near a mining site at Lihir Island. Papua New Guinea". Marine Pollution Bulletin, 46(8) pp 1006-1014). Subsequent access to the thesis demonstrates that this work is related specifically to waste rock and is favourable to Lihir's environmental management.

The article with direct reference to DSTP that Dr Brunskill relies on in the third story, that by Burd et al, is not about Lihir. As I said in my Statement and Press Conference, whether or not DSTP is best environmental practice depends on local conditions.

I should mention a few other errors, distortions and deceptive presentations in the third story.

The standard authoritative sources make it clear that Lihir is NOT in the Bismarck Sea. The long island of New Ireland represents the north-east boundary of the Bismarck Sea. Lihir Island is to the east of New Ireland.

Lihir is in Papua New Guinea waters, and not in international waters. It can be in Papua New Guinea waters or international waters, but not both. The tailings settle only in Papua New Guinea waters.

The assertion that the Australian, Chinese or Indonesian viewers of the programme would know that the Highlands dancers covered by the voice referring to "protesters" were not Lihirian protesting about the mine is risible.

The few statements that are correct in the third story are statements that do not contradict anything said in my Statement or Press Conference, and are presumably there to give the impression to the innocent reader that the ABC was after all right about something that was in dispute between me and the ABC. To achieve this result, sleight of hand was necessary, to give the impression of disagreement on some points on which there was none.

Three examples of this sleight of hand are especially damaging to me. One is the false impression that is given in the third story that I had said that there was no disruption to the natural environment at Lihir, so that evidence of any disruption at all to the environment proved me to be wrong. As you can see from my Statement and Press Conference, I said that good environmental management involved responsible judgements about the right balance to be struck between different values and objectives.

The second especially damaging sleight of hand, is the suggestion on page 10 that I had said ("repeated(ly)") that research had already been "sufficiently exhaustive". What I actually said was close to the opposite of this statement. I said that "While company and independent studies have found no evidence so far of unacceptable outcomes, LGL (Lihir Gold Limited) has taken nothing for granted and maintains close monitoring of impacts in case circumstances change".

The third especially damaging sleight of hand is the suggestion that I saw no problem in the environmental degradation at Ok Tedi. Nothing that I said in the Statement and the Press Conference supports this view. It is sadly ironical that an excellent book on the Fly River system is set up in the third story as something that is supposed to contradict my positions on Ok Tedi: the book is mainly the result of work undertaken by employees of Ok Tedi Mining Limited and consultants to the mining company, and I was actively involved in decisions to support transparent publication of scientific material resulting from company-sponsored research on the environmental impact, and in particular the publication of this book.

The third story defends the repetition in the first story of deceptive material on Ok Tedi and myself from a 7.30 Report that went to air in December 2008, by stating that no objection was raised to that material at the time. I decided not to take action on that false, deceptive and damaging story in December 2008 because of the risk that it would spread the calumny. It is now clear that the risks from not taking action were greater. You may find it helpful to good management of the ABC to look into this episode even at this late stage.

Mark, this letter contains a lot of detail, but lets keep our eyes on the big issues as well.

There are some very big issues at stake on this matter.

One issue is the right of an individual of good character and reputation to enjoy that reputation, without gratuitous and baseless attack.

A second issue is the integrity of our national broadcaster, at a time when there are many pressures from competing media to move away from respect for truth, into a world in which one opinion, right or wrong, is as good as another.

The integrity of our national broadcaster, in turn, is important to the integrity of our democracy, in an age in which various interests find it fruitful to invest heavily in the creation of phantom realities.

Even more is at stake in Papua New Guinea's young and vulnerable democracy. The ABC once played a valuable role in the growth of democratic culture, practices and institutions in Papua New Guinea. Journalists employed by the ABC with long and deep knowledge of the country helped to sort the fog of information into the true and the false, the self-serving and the straightforward, the defence of and the opposition to transparency in public life. This was highly and positively influential in Papua New Guinea. It would be a tragedy if the ABC's role in Papua New Guinea was permanently transformed into one that reinforced the many pressures to obscure the truth.

On the particular matters of mining and the resources sector, the three stories crossed a line of public interest that is important to the development of Papua New Guinea and many developing countries, as well as directly to Australia.

The three stories aligned the ABC with an extreme position in an important discussion about the environment and the resources sector. Exemplary environmental management at a mine is not zero disruption of the natural environment. As I said in my Statement and Press Conference, exemplary management requires a responsible balance to be struck between

environmental and human development values. There is room for conscientious discussion and debate about the right balance in general and at particular mines.

Exemplary management requires commitment to careful and transparent analysis and public disclosure of environmental impacts. Note that scientific publications related to Lihir or Ok Tedi that are drawn upon in the ABC's defence of its attack on me acknowledge the generous assistance of the two companies—the result of strong support for objective scientific analysis of the environmental impact of mining and for transparent and uninhibited communication of results. The third story wandered outside the reasonable limits of Australian discourse on environmental management when it associated itself with general sneering at scientific work that is undertaken under consulting arrangements for mining companies.

The line that was crossed divides responsible mining development from deep green opposition to any development at all.

Mark, I look forward to your response. I hope that the ABC sees it as being in its own interests to broadcast an apology and correction as influentially as it broadcasted the errors and deceptions of the three stories. If you judged it to be of value, I would be happy to be interviewed on the 7.30 Report by people who had no interest in defending the old stories, about the corporate challenges of mining in Papua New Guinea and other developing countries, about what is involved in exemplary environmental management in these contexts, about the role of natural resources in Papua New Guinea development, and to the extent that it is relevant to these great themes, to my own role in Papua New Guinea mining. I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink that reads "Ross Garnaut". The signature is written in a cursive, flowing style.

Ross Garnaut

14 January 2010

CC: Maurice Newman