



22 November 2019

Mr Richard Pearshouse  
Head of Crisis and Environment  
Amnesty International

Dear Mr Pearshouse,

**Re: Your letter to Mr Bruce Hills dated 10 October 2019 (AI Letter) regarding Wagina Island**

Thank you for the opportunity to comment on the findings of your research and findings into Solomon Bauxite Limited's proposed bauxite mine on Vaghena/Wagina Island (**Wagina Island**).

As a preliminary comment, please note that I am acting in this matter as the director of Solomon Bauxite Ltd (**Solomon Bauxite**) and its holding company and in no other capacity. Kindly correct your records accordingly.

As a further liminary statement, Solomon Bauxite has always complied with the laws applicable to its operations and acknowledges the importance of upholding human rights.

This letter follows the conversation that took place on 31 October 2019 during which we explained to you some of the key aspects of the complex situation currently existing with respect to Wagina Island.

Your letter indicates that Amnesty International (**AI**) has conducted research and has made a number of findings, though it remains unclear what the scope or the purpose of such research are and what questions it endeavoured to answer.

The purpose of this response is to provide you with some information which is relevant to the matter of the project of Solomon Bauxite on Wagina Island, which may complete the information that you have gathered and may shed some light on some of the findings made by AI as reported in the AI Letter. It does not attempt to be exhaustive.

### **Geopolitical background**

For the purpose of geopolitical background, it is noted that: "*Wagina Island is located in the southeast of Choiseul Province in the Solomon Islands. The island was uninhabited for many years prior to the Gilbertese resettlement so it became registered as a Crown Land under the British Solomon Islands Protectorate (BSIP). The island comprised of three villages; Kukutin, Arariki, and Nikumaroro, which today are populated by the Gilbertese settlers and their descendants. The ownership of land allocated to the Gilbertese on Wagina remains contested to this day. Their rights to the allocated land plots and ownership of Wagina are not legally recognized under the Solomon Islands Law up to this day, despite being acknowledged as occupants of the island. With no absolute*



*rights over the land that they occupy and ownership of Wagina, the Gilbertese continue to feel insecure about their future and the future of their children. Some of the village leaders have pursued the documented evidence of the Gilbertese ownership of Wagina, but so far, no documentation has been found. As a result, land issues continue to persist to this day with the proposed bauxite prospecting on the island, which has caused tensions between the Gilbertese, the government, and the prospecting company. The Gilbertese on Wagina, whose rights were never formalized when they arrived in the Solomon Islands, fear further displacement should any development activities proceed on the island."*<sup>1</sup>

It is further noted that the customary owners of Wagina Island are the Volaekana people. The Volaekana people do not reside on Wagina Island (unless due to marriage etc.).

So, as a summary the stakeholders in this matter are:

- The Solomon Island Government (**SIG**);
- The Choiseul Regional Government (**Choiseul**);
- The residents of Wagina Island, namely the inhabitants of the Kukutin, Arariki, and Nikumaroro villages (the **Residents**);
- The Volaekana people (the **Customary Owners**); and - Solomon Bauxite.

Another major stakeholder is the Australian Government, which has been a key actor for the stability and the development of the poorest nation in the South Pacific. The Secretariat of the Pacific Community (**SPC**) is also a major actor in the region. Another more recent stakeholder in the economic life of Solomon Islands is the Democratic Republic of China, the existence of which was recognised (in preference to Taiwan, and in consideration for funding) by the SIG last September 2019.

### **Background on Solomon Bauxite**

By way of background the majority shareholder in Solomon Bauxite Limited is Southwest Pacific Bauxite HK Ltd (**SWPB**). SWPB acquired its stake in the project in July 2013.

The majority of shares in SWPB are under the control of professionals who have many years of industry experience in the mining industry and have successfully operated a number of ASX listed mining companies in accordance with Australia's high environmental and social standards in mining including working with indigenous populations without incident, significant disputes or adverse findings.

Our partners in the Wagina project are highly respected Australian or internationally based mining organisations and are committed to adherence to best practice global standards.

### **AI findings**

On the substance of the AI Letter, we absolutely reject the finding that "*according to [AI's] research, the EAC's findings, and a number of other people interviewed during this research, Solomon Bauxite Ltd has not met these [international] standards on consultation and human rights due diligence*". We

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<sup>1</sup> Ref. Climate Change Migration and Displacement: Learning from Past Relocations in the Pacific, by Tammy Tabe, published 1 July 2019



further absolutely reject any inference that Solomon Bauxite has violated human rights in general or in particular or has failed to uphold the rule of law.

We are concerned that, to reach such conclusion, Amnesty International's research has not been conducted in depth and has merely relied on a limited number of interviews with one stakeholder group providing one point of view rather than the comprehensive background research on original material necessary to understand the complex issues underlying the matter.

As discussed on our call on 31 October 2019, there is a number of complex issues involving the stakeholders listed above and whose rights must all legitimately be protected.

Solomon Bauxite has invested considerable time and resources over the period since we have become involved in this project in mid-2013 to address these issues and has followed an inclusive approach at every step of the process.

During this period, we have:

- operated within both Solomon Island's and international laws and global standards;
- respected the various legal and other review processes that have impacted the project including the process undertaken by the Residents by filing their request of a review by the Environmental Advisory Committee (**EAC**);
- carried out an inclusive approach including all the stakeholders listed above.

It is noted that no mining related activities related to the project have been conducted on Wagina since early 2014.

We note that you highlighted in our recent call that you have not interviewed anyone from the stakeholders' groups who support the project:

- the SIG;
- Choiseul;
- The Customary Owners;
- the Australian Government (principal aid provider); or - the SPC.

### **The Benefits of the Project**

As you acknowledged on our recent call, the mining industry has been identified by the World Bank and the SIG as one of a relatively small number of industries that Solomon Islands can develop to a global scale.

The Directors of SWPB believe that it is critical that Solomon Islands be in a position to attract mining companies that have the genuine skills and willingness to develop the mining industry in an environmentally and socially sustainable manner.

We believe this project is too valuable for all stakeholders for it not to be developed, so if not by Solomon Bauxite then by another reputable entity upholding international mining and environmental standards.

The Wagina bauxite project represents a significant financial and development opportunity for Solomon Islands.



Our estimates include a life of mine revenue of US\$1,480 million; total royalty payments to the SIG of US\$27.5 million; project corporate tax payable to the SIG of US\$132 million and duties on capital equipment payable to the SIG of US\$3.6 million. Other financial benefits include Income tax paid by employees on income made on Wagina and currency benefits with the conversion of US \$ revenue to Sol dollars.

In addition, we expect the project to create direct permanent employment of approximately 200 workers, apprenticeships and other training opportunities and business opportunities supply the mine and its workforce – with preference for Wagina Residents and businesses.

Population growth is increasing the need for housing, gardening, agriculture and economic development on Wagina. Solomon Bauxite recognises the importance of providing direct support and assistance to the local community, particularly in the areas of health, education and community infrastructure. Proposals have been outlined in the EIS and were discussed with village representatives so that they can be tailored and administered in the best interests of all parties. The infrastructure put in place will provide international standard drinkable water, school and medical facilities to the Residents so as to improve sanitation, health and literacy. A MOU was drafted and was to be presented to the Residents in 2014.

The benefits brought by the project address a number of human rights that have been marginally upheld since the Residents' migration to Wagina in the 1950's.

### **On the environmental aspect**

We comment on your findings as follows:

1. A number of AI findings have raised concerns with the consultation process conducted by The Ministry for Environment, Climate Change, Disaster Management and Meteorology between October 2012 to June 2013 as part of public consultation and publication Environmental Impact Study.

As discussed on our call I understand that you have not interviewed any personnel from the Ministry or sought to review their supporting material.

While SWPB was not involved in the project during this consultation process (as it was prior to the purchase of the SWPB stake in Solomon Bauxite) we have undertaken extensive discussions with the Ministry and support the view of the Director of Environment that the EAC consultation was conducted in accordance with the law as detailed in our appeal to the Minister on the EAC decision (we can provide on request).

Solomon Bauxite was not invited to be a party to the EAC Review but we have fully respected the review process as detailed in Solomon Island's Environment Act 1998.

In addition, since we became aware of the concerns of some of the Wagina Residents we have sought on numerous occasions to engage with the Island Leader group. Key amongst these attempted engagements have been:

- In March 2014 we met with the Island Leaders in Honiara and presented to them on the project that amongst other areas specifically address their concerns on the environment – see attached presentation. One outcome of this meeting was an invitation to Solomon Bauxite to visit Wagina and explain the project to the Residents and listen to any

concerns they may have on the project. This invitation was later rescinded based on legal advice they received not to engage with us while the EAC review was outstanding.

- We have signed MOU's with both the Customary Owners and with Choiseul with respect to our partnership with those stakeholders in the project. In October 2014 we were invited to meet with Island Leaders on Kagau to discuss and get feedback on a draft MOU with the Residents (copy attached). This meeting was cancelled the night before the meeting was due to be held despite the fact we had chartered an aircraft to get us to Kagau. You will see from the attached draft MOU dated of 2014 that we are fully committed to providing development benefits to the Residents.
- In late 2017 we appointed Mr Whitlam Togamae as our Country Manager with responsibility for all activity in Solomon Island. Subsequent to his appointment we also appointed Mr Simba Paza as Manager of Stakeholder Relations. Their focus in the past year has been to deliver sustainable stakeholder relations in particular working with the Residents to address their concerns about the project. This has involved multiple visits to Wagina and a number of face to face meetings with Island Leaders, Women Leaders and Youth groups. We have found that encouragingly, many of the younger citizens are keen on the project moving forward as it would provide employment and would contribute to better facilities on the island. However, our ability to progress the project has been made more difficult by the overriding influence of several elders who have tended to hijack our efforts. To illustrate this in 2018 we invited the Island Leaders to a meeting on Gizo to discuss on-going issues. Despite the leaders coming to Gizo at our expense and having two Directors of the company being present in Gizo for the meeting, the Island leaders at the last moment refused to meet with us.

The Residents cannot oppose us any lack of consultation when they have curtailed any consultation process themselves. We cannot implement a process that they deny themselves.

2. AI research has highlighted concerns the Residents have with the environmental threat of the project.

By way of background an Environmental Impact Statement (**EIS**) was prepared by EnviGreen Pacific Consultancy (Greenpac) and completed in 2012, plus a Supplementary EIS was completed in 2013. Dr Paulo Vanualilali was the lead author. A finding of significant concern was total coliform readings of freshwater and seawater in proximity to existing villages, which far exceed World Health Organization (**WHO**) standards and need urgent attention. In lay terms, this means that faecal matter exists in the water used by the Residents in their everyday life including for drinking. It is well recognised this has significant health impact.

In relation to the Wagina bauxite project, the key environmental consideration is that it is a simple development with minimal overburden, shallow mining, no waste dumps or tailings dams, no use of toxic chemicals, minimal processing and direct shipping of a dried and screened product. Solomon Bauxite has taken the approach within the EIS of understanding the areas of risk and addressing these issues through appropriate design and mitigation measures.

There are several areas, such as sediment control and environmental management plans, where Solomon Bauxite will undertake further work. These items will be the subject of



further discussions with the relevant authorities and approvals at the appropriate time. Solomon Bauxite remains open to discussions with the authorities and other stakeholders on these and other matters of mutual interest.

Prior to the granting of a Development Consent in September 2013, the project was reviewed on behalf of the SIG by Professor Mike Petterson, Director - Applied Geoscience & Technology (SOPAC) Division, Secretariat of the Pacific Community (SPC).

We understand that you have not interviewed any representatives of the SPC.

There are various issues (both positive and negative) that have been considered and addressed in relation to the interaction between the proposed development and the three villages. This takes account of their potential scale and the likelihood of occurrence.

The impacts on the existing human and natural environment have been designed to eliminate or minimise significant negative impacts and to provide meaningful benefits.

None of the mining infrastructure, or any aspect of the project will involve any displacement of population as the project is located in the east of Wagina where it is all jungle or swamp areas of Wagina that are uninhabited and uncultivated. Moreover any mining operations and related infrastructure would be located in excess of 1km of any villages (namely access roads).

Potential environmental impacts during the construction and operation phases include:

- Road building and maintenance;
- Marine construction – causeway and barge loading;
- Construction on the land – screening and drying facility, storage facility, infrastructure and township;
- Quarrying operations for the production of materials for construction;
- Land clearing, mining and transport of the bauxite ore;
- Processing, transport, storage and loading of bauxite into seagoing vessels;
- Water extraction and treatment;
- Waste water treatment;
- Solid waste management;
- Hazardous substances;
- Rehabilitation of the site prior to decommissioning.

Positive impacts include:

- Provision of employment, both direct and indirect;
- Provision of world standard drinkable water and sanitation;
- Improved health facilities;
- Training in many aspects of business and mining;
- Increased wealth on Wagina;
- Improved infrastructure and access to the outside world.

The DOE requires that Environmental Management Plans (**EMP**) be developed to cover the three different phases of the project – construction, operations and decommissioning (including rehabilitation). An EMP is a site-specific plan developed to ensure that all employees, contractors and subcontractors comply with the environmental conditions of approval for the project and that the environmental risks are properly managed. The purpose of the EMP is to:

- identify priorities;
- set objectives and targets;
- define performance indicators;
- document strategies and time frames to achieve targets
- allocate responsibilities and identify the resources to enable realization of the overall plan;
- establish mechanisms to monitor, evaluate and report progress

The EIS provides the framework for the EMPs, which cover each of the project site locations. Solomon Bauxite will implement a Construction Environmental Management Plan and Operational Environmental Management Plan for the proposed development (**CEMP** and **OEMP** respectively), once the plans are approved by the DOE. The CEMP is submitted to the DOE prior to the commencement of construction. Once the plans are approved, Solomon Bauxite will be responsible for ensuring that its activities conform to the plans.

Key features in relation to the Wagina project include:

**a) Tailings and Waste Disposal**

The processing of the ROM bauxite will not produce tailings in the conventional sense, as most of the material mined has economic value. Only contaminant limestone and entrained vegetation matter will be rejected during handling. These materials will be collected in screen reject hoppers, loaded into mine haul trucks and dumped in designated mined out areas.

Liquid and solid waste management will be carefully managed and controlled according to EMPs developed specifically for the project which will embody the principles of reduce, reuse and recycle. The plans will also prescribe effective waste disposal methods, safe use of hazardous substances and an ongoing employee environmental training program. Particular emphasis will be placed on management of hydrocarbons and the control of sediment during construction and mining operations.

Solid wastes will be recycled, buried in mined out pit areas or burnt. Appropriate waste water treatment facilities will be installed to treat contaminated and waste waters from the mining, processing, infrastructure and accommodation facilities.

**b) Progressive Reclamation and Rehabilitation**

Once mining of an area is completed, the void will be available for the placement of topsoil and other vegetable matter stripped when opening up new mining areas, as well as any rejects from the processing facility. The placement of organic material into mined out areas will encourage rapid natural regrowth. The backfilling

sequence will be determined by the site environmental officer in line with effective and sequential rehabilitation.

**c) Monitoring Effects on Air, Land and Water**

A regular program of monitoring environmental performance will be undertaken. A philosophy of minimise usage, reuse and recycle will be adopted to minimise the volumes of waste generated and requiring disposal. All employees will undergo an environmental induction at commencement of employment with routine updates. The monitoring program will be designed in consultation with the company's environmental consultant and officers of the Department of Environment. Monitoring will focus on:

**Air:** Potential exists for the generation of dust from the drying facility, ship loading and haul roads on dry days. Due to the high rainfall, conveyors will be covered and dried product will be stored in buildings which should mitigate against dust generation. In the rare times when haul roads become dusty, a water cart will be utilised to keep surfaces damp and prevent excessive dust generation. Visual monitoring will be appropriate.

**Land:** Industrial and domestic waste will be buried in separate, well defined and managed pits, with garbage and refuse regularly covered to control infiltration by vermin and wildlife. Used hydrocarbons will be collected and transported from the Island for recycling or use elsewhere. Regular inspections will be undertaken by an environmental officer and area supervisors.

**Water:** Levels of sediment in waters discharged from site. Due to the high rainfall on Wagina Island, it will not be possible to operate a mine without discharging excess water to the environment. The company recognises the potentially negative impact on the local seaweed industry which would be caused by the discharge of sediment bearing waters from the site. Where possible clean rainwater will be diverted away from active mining, treatment or infrastructure areas. A series of sediment dams will be constructed within the mining areas and between the mining areas and the Seleana River. The target will be to discharge only clear water into natural water courses which exit the mining lease, with the major discharge being into the Seleana River.

Spillages of hydrocarbons will be closely monitored with spills collected and contaminated soils stockpiled and remediated. Hydrocarbon storage facilities will be banded.

Regular inspections of all at risk areas of the operations will be undertaken by an environmental officer and area supervisors.

**Land ownership regarding land covered by the ML.**

As you are aware and as per our reiteration above, land ownership is a longstanding claim dating back to before Solomon Islands' independence.

This is an issue that Solomon Bauxite does not have an official role in as it is constrained by its commitment to uphold Solomon Island laws and the rights enshrined by those laws.



Before independence the land was designated as Government land and the treatment of this land needs to be in accordance with the law of Solomon Islands.

This view has been reinforced in a number of meetings Solomon Bauxite has had with the SIG including the then Deputy Prime Minister. Without making any statement on behalf of the SIG, we believe that the SIG recognises the need to deal with these issues.

As part of the process Solomon Bauxite as a stakeholder has reached in principle agreement with Mines, Lands and Environment for a Cabinet paper that will address long outstanding land disputes dating back to before Solomon Island's independence. We have also been investigating further to gain a better understanding of these land disputes including meeting with a former Commissioner of Lands who was in the role during the period when Solomon Islands was still under British administration. Our Country Manager has recently reached agreement with the Island Leaders to work on a pro-bono basis to assist the Residents with legal issues around land involved in deceased estates.

As explained in summary above, we believe that the matter of the mining project on Wagina Island is a complex matter that is necessary to advance due to the sustainable benefits it would bring one of the poorest nations in the world, that involves many stakeholders and that there are inherent difficulties in obtaining compromises or in meeting hidden or long-standing agendas. Any such project would change the life of the Residents, whether they own or not the land neighbouring the project, and the project constitutes no threat to their current occupation of Wagina. We believe that the development of Wagina would be consistent with DFAT's objective of sustainable economic development as a pathway for enhanced social and economic outcomes. We also believe that any consultation process needs the willing participation of all stakeholders. Solomon Bauxite has communicated and continues to communicate to the best of its abilities but any such communication can only be as effective as the recipients are willing to engage.

Finally, we note that AI has indicated that it will recommend to the Minister that he uphold the decision of the EAC. We wish for AI to consider whether an organization which is not a party to the appeal should seek to influence the Minister in the exercise of his duty to determine the appeal. The Minister is not a judge but he is performing a quasi-judicial role. If this appeal was being heard by a court, would AI write to the judge telling him how he should decide the case? Our view is that, should AI choose to take on that course, it should be very circumspect, considering the legal implications of intervening in the process, to have in-depth knowledge of the matter. This letter is only one of the steps necessary to achieve such understanding.

Let us know if you have any questions.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Bruce Hills".

**Bruce Hills**  
Director  
Solomon Bauxite Ltd