

MINING IS NOT FOR EVER

On 29 November last year Rio Tinto announced that it would suspend production of alumina at its Gove refinery.

This announcement was hardly a surprise, the smelting plant was reputed to be losing Rio Tinto \$20–30 million per month and closure was based on the company's commercial accountability to its shareholders.

It had become increasingly clear that even with access to cheap gas to offset the burden of dependence on heavy fuel oil the Gove operation was commercially unsustainable—even with Commonwealth willingness to be guarantor on a \$800 million pipeline across Arnhem Land.

It is ironic that suspension was announced soon after the 50th anniversary of the Yirrkala bark petitions made to the Australian parliament in 1963. The anniversary was a timely reminder of iconic Yolngu opposition to mining on their traditional lands, an opposition unjustly dismissed by Mr Justice Blackburn in the NT Supreme Court in 1971.

The legal principle of *terra nullius* on which Blackburn relied was later judged wrong in the High Court Mabo judgment of 1992.

The special *Mining (Gove Peninsula Nabalco Agreement) Ordinance* of 1968 that issued special mineral leases for a period of 42 years, renewable for a further 42 years, was set in legal concrete.

This special ordinance was a special deal. The Commonwealth, keen to see the development of the north as part of a nationalist project, would only issue mining leases if a major bauxite treatment plant was constructed.

This required a significant area on the Gove Peninsula to be revoked from the Arnhem Land Reserve. And it meant a sweetheart deal on royalties, with a rate struck well below the usual standard.

The Yolngu suffered a double injustice: not only did they see their traditional lands alienated for a minimum 84 years, they were also required to effectively subsidise the national economy and a multinational corporation by receiving less compensation. I first discovered this double jeopardy when researching for a book *Aborigines and Mining Royalties in the Northern Territory* in 1983.

Fast forward to May 2011 when Rio Tinto welcomed a new era in sustainable development with the signing of the Gove Traditional Owners Agreement between Rio Tinto Alcan and Yolngu Traditional Owners with much political fanfare.

With time there have been changes. With land rights law, underlying title was now vested with an Aboriginal land trust, although the existing 84 year mining lease was guaranteed.

And the mining company was different; Rio Tinto acquired Alcan Gove in 2007.

The new 2011 deal is reputedly worth between \$15 and \$18 million per annum to Gove traditional owners to 2053, according to the Agreement, Treaties and Negotiated Settlements project website, the only publicly available information on the agreement.

There was also by now a different view about mining among with key Gumatj and Rirratjingu land owners seeing the mine, and the alumina refinery that had been significantly expanded with a \$3 billion investment, as an opportunity. In December 2012 *The Australian* reported ‘the curse of the bauxite mine becomes a late dawning opportunity for the Yolngu clans’; and the Gumatj clan headed by Galarrwuy Yunupingu planned to establish its own bauxite enterprise to feed the expanded refinery.

Even in June 2013 Yunupingu remained optimistic after a Memorandum of Understanding was signed to investigate bauxite extraction on the Dhupuma Plateau on Gumatj country.

Rio Tinto’s suspension decision came suddenly, despite rhetoric of sustainability just two years earlier: ‘This agreement is living proof of the great long term benefits that can be secured when mining companies and Traditional Owners work together in good faith for a common purpose’.

In fact it needs much more than good faith—favourable exchange rates, a high global price for aluminium and secure access to subsidised fuel are also essential.

The mainstream media universally condemned the decision highlighting the loss of over 1000 jobs at the plant with only 350 left in mining, the devastating flow on impacts on the mainly white township of Nhulunbuy, the negative impact on the regional economy and northern development and the anticipated collapsed value of the township real estate market. Yunupingu lamented the lost opportunity and the loss of a reputed 70 Indigenous jobs.

From a broader regional Yolngu perspective things can be seen a little differently.

This is because after 45 years, census data show that there have been few employment benefits to the region, only a handful of Yolngu from the townships of Yirrkala and Gunyanarra and from homelands in the region

actually work for Rio Tinto Alcan.

This fact did not stop the *The Australian* from editorialising on 27 November 2013 that hundreds of employees of Rio Tinto Alcan are Indigenous workers and that plant closure would be devastating for their families, local towns and the investments made by companies and governments in enhancing their skills. The excessive focus by the media, politicians and others on the tragedy of closure overlooks that from a regional Yolngu perspective other factors have played significant roles in their declining fortunes. One has been the demolition of the Community Development Employment Program.

I recall vigorously debating this issue with Marcia Langton at the 2008 Garma Festival of Traditional Culture, with Phillip Adams mediating: Langton saw CDEP as an 'exceptional' welfare trap and destructive, I saw it as productive and its abolition as a terrible mistake.

Whichever perspective one supports, there is no doubt that the wellbeing prospects for people in the region have declined as CDEP has been incrementally throttled, replaced for most participants by unemployment, welfare and greater poverty.

Another has been the declining fortunes of the visual arts in the aftermath of the Global Financial Crisis.

The production and marketing of art has been a major Yolngu success story that saw sales and returns to artists grow rapidly and uninterrupted for two decades.

Art, mainly produced at homelands, is a crucially important source of income, but there was no rescue package for struggling Yolngu artists as sales plummeted.

More positively, natural and cultural resource management work by the Dhimurru and Yirralka land and sea rangers in their respective Dhimurru and Laynhapuy Indigenous Protected Areas has been remunerated far more realistically by the state, Rio Tinto and fee-for-service clients.

Indeed more Yolngu work for these community-based ranger groups than for Rio Tinto Alcan Gove.

In her Boyer Lectures 2012 Marcia Langton warned that 'Mining is the only significant industry in remote [Indigenous] communities and dependence on it may leave these communities in a precarious position when operations stop'.

'High levels of dependence on mining can be detrimental for Indigenous and rural and regional communities, so development aimed at increasing economic

diversity is needed’.

Indeed. 45 years after mining started not only have Yolngu chosen not to directly engage in mine employment, but the sustainable footprint that Rio Tinto extols has never eventuated until suddenly there is a ‘transitional support plan for Nhulunbuy’.

It is unfortunate that nascent plans by the Gumatj to mine bauxite might not proceed.

What has recently unfolded at Gove is instructive and replete with sad irony. First, in 2013 Indigenous Chief Minister Adam Giles decided to protect the gas interests of future generations of all Territorians and risk Rio Tinto mothballing the refinery, which is precisely what happened—such governmental vacillation can be interpreted as a form of ‘sovereign risk’.

Second, just as the drama at Gove was unfolding the Minister for Indigenous Affairs Nigel Scullion was conducting consultations with Yolngu at Yirrkala for a 99 year whole-of-township lease.

Such an arrangement aims to facilitate individual home ownership at the very moment that a real estate market 14 kilometres away at Nhulunbuy is collapsing.

This might highlight for Yolngu the risk of home ownership and the fact that capital gains from housing are far from guaranteed.

Third, as the Abbott Government is considering how to develop the north and undertaking a review of Indigenous employment and training, it is instructive to consider just how difficult enterprise and job creation can be—manufacturing at Gove has failed despite being underwritten directly and indirectly by the Australian taxpayer and Yolngu for decades.

Yet there has been little attempt to ask seriously if the 1960s dream of a giant alumina smelter in remote north-east Arnhem Land actually makes any commercial sense? The answer in today’s globally competitive world screams ‘no’.

There are parallels here with Henry Ford’s Fordlandia project, an early 20th century attempt to build an artificial township and cultivate plantation rubber deep in the remote jungles of the Amazon that also failed spectacularly.

Perhaps it is timely to be more respectful of sustainable Aboriginal businesses like the Buku-Larrngay Mulka Arts Centre; and to consider the areas where Yolngu have comparative advantage in the delivery of environmental services to Rio Tinto, Customs, Australian Quarantine, the Department of Environment,

and NT Fisheries.

Let's hope that the Yolngu not just mine workers are provided structural adjustment transition support, not to cope with the loss of a handful of jobs, but to address the endemic poverty that many have faced experienced as minerals were profitably extracted from their land.

There is however no talk yet of such a package for Yolngu in the region that could include the reinstatement of CDEP, better arts support, realistic support for homelands, and enhanced opportunities in environmental work—including rehabilitation necessitated by strip mining, and waste water and red mud disposal.

Evidently, mining is not for ever, ever; and what is unfolding at Gove is a timely reminder of this.

February 2014