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Mr Craig Thomson MP  
Standing Committee on Economics  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600  
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18 February 2011

Dear Mr Thomson

**Re: Inquiry into issues affecting Indigenous economic development in Queensland and review of the Wild Rivers (Environmental Management) Bill 2010**

Rio Tinto Alcan is pleased to have the opportunity to make a submission to the committee on the scope for increasing sustainable Indigenous economic development in Queensland and in particular comment on its experience under the *Wild Rivers Act (Qld) 2005*.

Rio Tinto Alcan's bauxite mining leases in the Cape York area are in the region of one declared Wild River (the Wenlock) and two potential Wild Rivers (the Ducie and the Watson).

Rio Tinto Alcan supports the original intent of the *Wild Rivers Act* regarding the protection of important river systems. The original intent of the legislation was not to constrain economic development, but to protect nature and the environment – and this is a fundamental part of the way Rio Tinto Alcan operates.

In all stakeholder discussions and submissions Rio Tinto Alcan have also reinforced the importance of respecting the wishes of the Traditional Owners, and it is critical that any declaration allows for use of water by the Traditional Owners of the land.

This submission focuses on two main issues, sustainable development in the context of Cape York and Rio Tinto Alcan's experience in Wild Rivers, through the Wenlock River case study.

If you have any questions about this submission please contact Jim Singer, General Manager Communication and External Affairs ([jim.singer@riotinto.com](mailto:jim.singer@riotinto.com) or 07 3867 1698).

Yours sincerely



Pat Fiore  
President and CEO, Bauxite and Alumina

CC: Michael Roche, CEO, Queensland Resources Council

### **Rio Tinto Alcan Weipa**

Rio Tinto Alcan began mining activities at Weipa, on the Western Cape York Peninsula, in the late 1950s following the discovery of the vast bauxite resource by geologist Harry Evans in 1955. The bauxite mine is an open pit and in 2010 produced 18.6 million dry product tonnes.

Rio Tinto Alcan Weipa plays an important role in the quality of life and future of the region. The operation contributes both funding and resources to local people and organisations in areas such as childcare, education, employment and training, health and safety and recreation.

Community facilities and infrastructure are also managed and partly funded by Rio Tinto Alcan and partly funded through a user pays system. This includes providing electricity to Weipa and surrounding communities.

Respect for the environment is central to Rio Tinto Alcan's approach. For example, in 2010 Rio Tinto Alcan Weipa met about 20 per cent of its water requirements using recycled water and rehabilitated more than 450 hectares of land.

Rio Tinto Alcan supports Native Title rights and undertakes its mining operations in consultation with the Traditional Owners of the region, ensuring that obligations established in the agreements can be met.

In 2001, Rio Tinto Alcan signed the Western Cape Communities Co-Existence Agreement (WCCCA), also known as an Indigenous Land Use Agreement, with eleven Traditional Owner groups, four local Aboriginal Councils, the Cape York Land Council and the Queensland Government. The Agreement recognises traditional rights to the land.

In 1997 Alcan South Pacific also entered into an agreement known as the Ely Bauxite Mining Project Agreement with six Traditional Owner groups, three Aboriginal Councils and the Cape York Land Council.

Following the acquisition of Alcan by Rio Tinto in October 2007, Rio Tinto Alcan Weipa now also manages this agreement. The main purpose of all these agreements is to provide a comprehensive, legally binding basis for Rio Tinto Alcan Weipa's relationships with the Traditional Owners, on whose historical land Rio Tinto Alcan Weipa acknowledges they operate.

Whilst these agreements recognise Native Title rights and interests on the Rio Tinto Alcan Mining Lease areas, they also seek to assist with the preservation of the Traditional Owners' culture and to provide a range of benefits and initiatives for the communities in exchange for their support for Rio Tinto Alcan Weipa's mining activities. Production linked payments are made by Rio Tinto Alcan Weipa to Traditional Owners' trusts. Payments are distributed via these trusts for education, hardship, cultural activities, business development etc.

Two Coordinating Committees were established under these agreements for the purpose of implementing and managing all the commitments detailed in these agreements. The Coordinating Committees serve as the main point of contact between Rio Tinto Alcan and the communities. Their main activities not only include dealing with policy matters but also advising Rio Tinto Alcan Weipa on cultural and heritage matters and monitoring and evaluating the progress of the agreements.

Over time, these Coordinating Committees have also established Sub Committees with the responsibility for reviewing and advising the Coordinating Committees on their role and responsibility in specific areas such as employment, training, environment and heritage.

As at the end of 2010, Rio Tinto Alcan Weipa directly employed approximately 870 people, 23 per cent of whom identify themselves as Indigenous. Fifteen per cent of Rio Tinto Alcan Weipa's employees consider themselves to be *local* Indigenous people.

Rio Tinto Alcan has been operating in the Western Cape for more than 50 years, and like all Queenslanders, values land and water as essential resources from an overall sustainable development perspective. Rio Tinto Alcan is strongly committed to managing land and water in a sustainable manner. Rio Tinto Alcan has a long established track record of continually looking for ways to improve land and water management while contributing to the Queensland economy and communities in Cape York.

The future demand for aluminium, and in particular consumption growth, in emerging markets will continue to drive significant growth in alumina and bauxite demand for Australian businesses. Thus, it is highly likely significant new capacity will be required to meet future demand growth, and the Cape York deposits are ideally situated to supply demand in the Asia Pacific region. Rio Tinto Alcan has demonstrated during the past 50 years its ability to manage this in a sustainable manner for the State.

### ***Cape York sustainable development***

Rio Tinto Alcan acknowledges its responsibilities to the local communities in which it operates, Traditional Owners and the Queensland and Federal Governments. Rio Tinto Alcan fully supports the need for economic development opportunities for Aboriginal people in the Cape York region. At Rio Tinto Alcan this is demonstrated through the WCCCA, Aboriginal employment and training initiatives, and support for local Aboriginal businesses. Rio Tinto Alcan acknowledges that its operations are on Aboriginal land and through agreements, such as the WCCCA, ensure its activities enhance the social and economic outcomes of local Aboriginal people. Rio Tinto Alcan believes that it is possible to support Indigenous rights to further develop economic interests, to protect the environment, and to responsibly conduct mining operations.

The agreements Rio Tinto Alcan has with Traditional Owners provide mechanisms to engage on environmental management, employment opportunities, business development, and cultural heritage management. These agreements guide the way we work. Rio Tinto Alcan respects Traditional Owner values and aspirations.

With regards to the Wild Rivers legislation, determining the balance between economic development and environmental protection is a complex issue. Rio Tinto Alcan respects the views of both the Traditional Owners and the Queensland Government and hope an outcome is reached that allows both to achieve their goals of Aboriginal economic development and protection of environmental values of waterways.

Meeting the needs of Aboriginal development and protecting the river, its tributaries and the environment are both important issues. Rio Tinto makes agreements with Traditional Owners to ensure its activities enhance the social and economic outcomes of local Aboriginal people. Using this style of agreement could provide a framework for governments and Traditional Owners to ensure outcomes that satisfy the goals of both parties.

### **Wild Rivers Legislation**

Rio Tinto Alcan supports the original intent of the *Wild Rivers Act* regarding the protection of important river systems. The original intent of the legislation was not to constrain economic development, but to protect nature and the environment – and this is a fundamental part of the way Rio Tinto Alcan operates.

In all its stakeholder discussions Rio Tinto Alcan has also reinforced to others, the importance of respecting the wishes of the Traditional Owners, and it is critical that any declaration allows for use of water by the Traditional Owners of the land.

Who has the rights to determine this balance is a complex issue. It is not the role of a corporate entity to determine this balance, in the case of Wild Rivers, or any other environmental legislation. Rio Tinto Alcan acknowledges its obligations to both the Queensland Government and to the Traditional Owners. These obligations will continue to direct Rio Tinto Alcan operations regardless of how the Government and the Traditional Owners reconcile their claims to control over development and environmental protection along the Wenlock River.

In its submission to the Queensland Government on the Wenlock declaration, Rio Tinto Alcan reiterated the need for ongoing effective consultation between all local parties who have the local knowledge of the significant environmental and cultural areas which need to be protected through any declaration.

### **Wenlock Declaration – Case Study**

In October 2008, Rio Tinto Alcan provided the Queensland Government with an estimate of the company's potential long term future water needs for its mining operations within transportable water distance of the Wenlock River.

Rio Tinto Alcan's current estimate of water use for a viable large scale mine, within transportable water distance of the Wenlock River, is 90 gegalitres per annum (GLpa). This is equivalent to approximately 2.45 per cent of the government-measured annual mean flow of 3,670 GLpa for the Wenlock River and is a substantially lower quantity than that originally authorised under the *Commonwealth Aluminium Corporation Pty Limited Agreement Act 1957* (the Comalco Act) and *Alcan Queensland Pty Limited Agreement Act 1965* (the Alcan Act). In calculating this estimate of potential future water needs in the region, Rio Tinto Alcan is continuing with its current policy of maximising water recycling throughout its activities and prioritising reuse of tailings dam water. In 2010, agreement between the Queensland Government and Rio Tinto Alcan was achieved and reflected in amendments to the Comalco and Alcan Acts to recognise the Wenlock declaration and reflect Rio Tinto Alcan's requirements for viable large scale mining. Rio Tinto Alcan believes it took a responsible and workable position on the long term take from the Wenlock River. How much is used in the future will also depend on the development of mining technology and the specific characteristics of the ore body.

In its submission on the Wenlock, Rio Tinto Alcan specifically noted the importance of respecting the potential use of water from the Wenlock Basin by the Traditional Owners of the land. Rio Tinto Alcan notes that 5000 megalitres Indigenous reserve (Division 3 – 14.2) to meet the economic and social aspirations of Traditional Owners. Rio Tinto Alcan strongly supported that the declaration proposal identify the potential use of water from the Wenlock River by Traditional Owners of the land represented within the Western Cape Communities Coexistence Agreement and supported that the reserve amount be based on comprehensive analysis and consultation.

The government has indicated that independent scientific research indicates there is sufficient water in the Wenlock River to fully protect the environment, meet Indigenous development needs, and allow for allocations for industry. Traditional owners participate both directly and indirectly in mining activities and as such the economic benefit of this use is shared.

***Protection of Riparian Land – Rio Tinto Alcan Current Practices***

To understand any regional ecosystem and its biodiversity, an on-ground assessment should be undertaken to determine if there are high biodiversity ecosystems that require protection within the riparian zone. A systematic on-ground assessment process is what Rio Tinto Alcan completes as part of the planning of mining boundaries to ensure compelling protection of the regional ecosystems.

Rio Tinto Alcan Weipa has a standard buffer of 200 m around all riparian zones. Additionally, it has a rigorous environmental and cultural processes integrated into its mine planning to ensure sustainable ecological protection, particularly for high biodiversity ecosystems. This consists of mapping of the proposed mining area, then conducting cultural and environmental pre-clearing surveys to determine any areas that require protection, then if there are any areas of special significance these are protected by an increased buffer zone prior to any mining activities commencing. It is important to note that any riparian zone of high biodiversity remains protected and that Rio Tinto Alcan only conducts mining activities in lower biodiversity areas based on the pre-clearing ground surveys.

This is Rio Tinto Alcan's standard practice at Weipa, which includes the requirements of the Rio Tinto Global Environmental Standards, and is above and beyond the requirements of the Comalco Act and Alcan Act obligations. The current buffer practices guide the basis on which Rio Tinto Alcan's reserves and resources are calculated as per the Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code).

Rio Tinto Alcan agrees that preservation of areas around waterways is critical. This impacts the way the Weipa mine operates, and the areas mined. Rio Tinto Alcan Weipa's mining operation plans identify and protect sensitive ecosystems on the mining lease. These plans are also reviewed with Traditional Owners, prior to any activity taking place. The Wenlock declaration has reduced Rio Tinto Alcan Weipa bauxite reserves significantly. Approximately 54 million tonnes will now not be mined as it falls in high preservation areas. At current mining rates this equivalent to reducing mine life by approximately three years.