

Chapter 3

Other economic activity

3.1 Economic development opportunities are vital to the people of the Tiwi Islands. As member of the Tiwi land Council, Mr Marius Puruntatameri, put it:

the fundamental thing of having developments on our land is to do away with handouts from the government, to create employment for our people. That is the key issue of creating business on our land, which is important to us because we cannot rely on the government to give us handout money all the time.¹

3.2 Forestry has been a very significant – if controversial – economic development activity on the Tiwi Islands. It is not, however, the only business in which Tiwi Islanders have been involved. Three other areas of existing activity are mining, art, sport, aquaculture and tourism. There is also some discussion of the potential for carbon storage as an economic activity.

Mining

3.3 In 2003, Matilda Minerals approached the Tiwi Land Council to obtain permission to gain access to the Tiwi Islands to conduct mineral exploration with a view to develop a mineral sands orebody.² This initial approach was rejected, however, following further discussions, the first tenement was granted in April 2004.³

3.4 To compensate landowners for any disturbance and nuisance arising from mining exploration activities, Matilda Minerals was required to negotiate an exploration access agreement with the affected landowners. This included an area-based rent of approximately \$100 000 per annum which was paid to the local landowners.⁴

3.5 Prior to the commencement of mining, a mining agreement was executed with the TLC, the Tiwi Trustees, and the affected landowners, for mining to commence at Andranangoo West. The agreement included a landowner royalty equivalent to 5% of the gross sales of product from this area. This was estimated to be up to \$750,000 per year. As with the land rent, the royalty was to be paid to the TLC which would forward the funds to the landowners following a submission, including a business plan, as to how the funds were to be spent. The first royalty payment was used to buy

1 *Committee Hansard*, 19 May 2009, p. 10.

2 Matilda Minerals, *Submission 16*, p. 1.

3 Matilda Minerals, *Submission 16*, p. 1.

4 Matilda Minerals, *Submission 16*, p. 1.

a truck-mounted concrete agitator to be operated by a Tiwi team in the construction of houses on the Tiwi Islands.⁵

3.6 The deep water port at Port Melville was used to ship ore out of the Tiwi Islands. Ore was successfully shipped from the port in July 2006 and July 2007, however, the wharf collapsed in August 2007, essentially putting a stop to mining operations:

...the wharf collapse stymied MAL's operations, as alternative methods of shipping and movement of ore had to be evaluated, eventually leading to the use of additional costly barges to tranship concentrate to vessels moored offshore from the wharf, which then carried it to China.⁶

3.7 In October 2008, Matilda Minerals went into administration citing the failed sale of ore to China.⁷

3.8 On 8 May 2009, Stirling Resources Limited announced that it had finalised payment for the acquisition of the assets of Matilda Minerals.⁸ The mining assets on the Tiwi Islands form part of Stirling Resources' Matilda Zircon project.⁹

3.9 The committee heard evidence that Stirling Resources wished to 'recommence mining as soon as possible' as:

World demand for high-grade zircon, which is produced from the Tiwis, remains strong. It is one of the few commodities that held its head up. The Aussie dollar is off a little bit from where it was and shipping costs have reduced substantially since it closed down. It now looks to be economic again. The project has the strategic advantage of being in the Tiwis, due to its relative close proximity to China. In fact, in Australia it was the closest operating mine to China. China is now becoming the largest source of demand for these minerals.¹⁰

5 Matilda Minerals, *Submission 16*, p. 2.

6 Matilda Minerals, *Submission 16*, p. 3.

7 ABC News, *Matilda Minerals in administration*, 24 October 2008, available: <http://www.abc.net.au/rural/news/content/200810/s2400291.htm> (accessed 15 May 2009); The Australian, *Matilda Minerals in administration as China sale fails*, 22 October 2008, available: <http://www.theaustralian.news.com.au/business/story/0,28124,24530966-36418,00.html> (accessed 15 May 2009).

8 ABN Newswire, *Stirling Resources Limited announced it has finalised payment for the acquisition of Matilda Minerals' assets*, 8 May 2009, available: [http://www.abnnewswire.net/press/en/60616/Stirling_Resources_Limited_\(ASX:SRE\)_Announced_It_Has_Finalized_Payment_For_The_Acquisition_Of_Matilda_Minerals%27_Assets_\(ASX:MAL\).html](http://www.abnnewswire.net/press/en/60616/Stirling_Resources_Limited_(ASX:SRE)_Announced_It_Has_Finalized_Payment_For_The_Acquisition_Of_Matilda_Minerals%27_Assets_(ASX:MAL).html) (accessed 15 May 2009).

9 Stirling Resources, *Projects – Matilda Zircon*, available: <http://www.stirlingresources.com.au/stirling-zircon-project.html> (accessed 18 August 2009).

10 Mr Bruce Maluish, Business Development Manager, Stirling Resources, *Committee Hansard*, 14 August 2009, p. 50.

3.10 In its market update of September 2009, Stirling Resources indicated it hoped to recommence operations in the third quarter of 2009.¹¹

Art centres

3.11 There are three art centres on the Tiwi Islands: Munupi, Jilamara and Tiwi Design.¹² Local Tiwi artists sell their work through the art centres with the bulk of profits returned to the artists and the remainder returned to the art centres to cover operational costs.¹³

3.12 Tiwi Design is the oldest of the three art centres and was established in 1968.¹⁴ It is also one of the most successful commercial indigenous art centres in Australia.¹⁵

3.13 Cumulatively, the three Tiwi art centres support approximately 100 artists and generate over \$2 million in income per annum, excluding government funding.¹⁶ The committee heard that the revenue generated by the art centres has been growing and that, whilst some shrinkage is expected due to the current economic situation, the indigenous arts activities on the Tiwi Islands are sustainable 'with projections of some growth' in the medium-term.¹⁷

3.14 In addition to the art centres, Bima Wear is a fabric printmaking and clothing business based at Nguiu and established in 1969.¹⁸ Bima Wear currently employs twelve Tiwi women full time producing unique fabric prints and sewn garments.¹⁹ The fabrics feature traditional symbols, structures and family and environmental representations that are central to Tiwi culture.²⁰

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- 11 Stirling Resources, 'Corporate Update', 23 September 2009, http://www.stirlingresources.com.au/images/ks/corp_update_23sept09.pdf (accessed 19 October 2009).
- 12 Tiwi Art Network, available: <http://www.tiwiart.com/about.asp> (accessed 15 May 2009).
- 13 Tiwi Art Network, available: <http://www.tiwiart.com/about.asp> (accessed 15 May 2009).
- 14 Tiwi Design, available: <http://www.tiwidesign.com/about.asp> (accessed 15 May 2009).
- 15 Ms Lynn Bean, First Assistant Secretary, Arts Division, Department of the Environment, Water, Heritage and the Arts, *Proof Committee Hansard*, 14 August 2009, p. 30.
- 16 Ms Lynn Bean, First Assistant Secretary, Arts Division, Department of the Environment, Water, Heritage and the Arts, *Proof Committee Hansard*, 14 August 2009, p. 30.
- 17 Ms Lynn Bean, First Assistant Secretary, Arts Division, Department of the Environment, Water, Heritage and the Arts, *Proof Committee Hansard*, 14 August 2009, p. 31.
- 18 Bima Wear, *About Us*, available: <http://bimawear.com/about-us/> (accessed 18 August 2009).
- 19 Bima Wear, *About Us*, available: <http://bimawear.com/about-us/> (accessed 18 August 2009).
- 20 Bima Wear, *About Us*, available: <http://bimawear.com/about-us/> (accessed 18 August 2009).

Tourism

3.15 Tourism on the Tiwi Islands began more than twenty years ago and was initially run by 'external management companies and joint venture'.²¹ The TLC's 1996 economic development strategy outlined the intention for tourism on the islands to 'move away from the joint ventures with non-Tiwi interests'.²²

3.16 Tiwi Tours was first established in 1988 with Pirntubula Pty Ltd and Australian Kakadu Holidays as equal shareholders.²³ Seven years later, Tiwi Tours became wholly-owned by the Tiwi people.²⁴

3.17 Tourists visiting the Tiwi Islands require a permit, which can be obtained through Tiwi Tours or the Tiwi Art Network.²⁵ The 2007/08 Tiwi Land Council Annual Report stated that:

Tourist visitors under the control of licensed and approved operators recorded over a doubling of numbers from 2438 to 5402. This includes Fishing and Day Tourists and also 648 person cabin nights accommodating visitors at Nguiu, many on Government business.²⁶

3.18 Permits issued to visitors through licensed fishing operators, licensed day tour operators and amateur fishing camps generated \$184 899 in income in 2007/08.²⁷

3.19 Recreational fishing has attracted tourists to the Tiwi Islands for many years.²⁸ There is at present one recreational fishing lodge operating on the Islands: Melville Island Lodge is located at Milikapiti and offers 'professionally operated, high quality and personalised "catch & release" fishing adventure situated in a spectacular

21 Tiwi Land Council, *Tiwi Islands Region Economic Development Strategy*, November 1996, p. 36.

22 Tiwi Land Council, *Tiwi Islands Region Economic Development Strategy*, November 1996, p. 36.

23 Tiwi Land Council, *Tiwi Islands Region Economic Development Strategy*, November 1996, p. 38.

24 Tiwi Land Council, *Tiwi Islands Region Economic Development Strategy*, November 1996, p. 38.

25 Tiwi Land Council, *Visiting the Islands*, available: <http://www.tiwilandcouncil.net.au/Visiting/TIWI-Visiting.htm> (accessed 15 May 2009).

26 Tiwi Land Council, *Annual Report 2007/2008*, available: http://www.tiwilandcouncil.net.au/Publications/Publications_all.htm (accessed 15 May 2009), p. 25.

27 Tiwi Land Council, *Annual Report 2007/2008*, available: http://www.tiwilandcouncil.net.au/Publications/Publications_all.htm (accessed 15 May 2009), p. 27.

28 Tiwi Land Council, *Tiwi Islands Region Economic Development Strategy*, November 1996, p. 36.

and pristine wilderness environment'.²⁹ The Lodge employs 10 people and generates revenues of approximately \$2 million per year.³⁰

Carbon sequestration and storage

3.20 With regard to natural forests, carbon sequestration and storage is the process by which plants absorb atmospheric carbon through photosynthesis and store it in their leaves, woody tissue and roots.³¹ Carbon is also stored in the decaying plant matter, such as deadwood and leaf litter, found in forests.³²

3.21 Forests and the 'green carbon' stored within them 'play a critical role in regulating greenhouse gas concentrations in the atmosphere'.³³ As a result, there has been in recent years increasing focus on reducing emissions from deforestation and degradation (REDD) 'as a vital component of a comprehensive solution to the climate change problem'.³⁴

3.22 Several submitters suggested carbon sequestration and storage should be pursued as an economic opportunity with low environmental impacts.

3.23 Mr Peter Robertson stated:

A new model is needed which puts at the front and centre the Tiwi Islands' twin globally recognised assets, namely, its Indigenous culture, knowledge and skills and secondly, the rich biodiversity and carbon sequestration values of the islands' forests, coasts and marine environment.

The successful adoption and rollout of this high-value, low-risk, low-impact approach, which unites the arts, tourism, Indigenous rangers and land management, the carbon economy and low impact production of fruit and other crops, will need to be supported by a whole-of-government approach...³⁵

29 Melville Island Lodge, available: <http://www.melvillelodge.com.au/index.html> (accessed 15 May 2009).

30 Mr Mike Baxter, *Submission 2*, p. 1.

31 Brendan G. Mackey et al, *Green Carbon The role of natural forests in carbon storage. Part 1 A green carbon account of Australia's south-eastern eucalypt forests, and policy implications*, ANU E Press, Canberra, 2008, pp 11 & 22.

32 Brendan G. Mackey et al, *Green Carbon The role of natural forests in carbon storage. Part 1 A green carbon account of Australia's south-eastern eucalypt forests, and policy implications*, ANU E Press, Canberra, 2008, p. 22.

33 Brendan G. Mackey et al, *Green Carbon The role of natural forests in carbon storage. Part 1 A green carbon account of Australia's south-eastern eucalypt forests, and policy implications*, ANU E Press, Canberra, 2008, pp 11-13.

34 Brendan G. Mackey et al, *Green Carbon The role of natural forests in carbon storage. Part 1 A green carbon account of Australia's south-eastern eucalypt forests, and policy implications*, ANU E Press, Canberra, 2008, p. 9.

35 Mr Peter Robertson, *Committee Hansard*, 18 May 2009, p. 30.

3.24 Dr Stuart Blanch agreed that there were 'carbon management' opportunities for the Tiwi people to explore.³⁶

3.25 Professor Stephen Garnett explained to the committee the operation of a REDD scheme and its potential benefits to the Tiwi people:

...people get paid not to cut down forests which they have a permit to clear. That would depend on the amount of carbon in the forest, both in the standing trees and in the soil...There is potential for the Tiwi Islanders to be part of that market.³⁷

And:

Senator IAN MACDONALD—...In simple terms, are you saying that the Tiwi Islanders can say to the carbon market: 'Look, we have some native forests here. We're going to let them continue to grow and you pay us to offset some of your emissions elsewhere in the world.' Is that right?

Prof. Garnett—More or less right, yes. They have to have the permits to clear. You cannot do that for land that was never going to be cleared.

3.26 In his submission to the inquiry, Professor Garnett suggested that 4200 hectares of native forests approved for clearing on the Tiwi Islands may 'have been worth up to \$110 million under a REDD scheme under the [Climate, Community and Biodiversity] Standard of the voluntary carbon market' had they *not* been cleared.³⁸

3.27 Professor Garnett indicated that, potentially, the Tiwi could earn more money through the carbon market than from the continuation or expansion of plantation forestry on the islands.³⁹ However, he also acknowledged that the possibility of any future earnings for the Tiwi people through the carbon market were uncertain:

Prof. Garnett—...The situation has changed and it is still uncertain. It depends on the system that is eventually brought in under the CPRS.

Senator IAN MACDONALD—If anything is brought in.

Prof. Garnett—If anything is brought in. But until that is settled one way or another you could not attract investment of any sort.⁴⁰

3.28 The committee understands that there is some uncertainty about future opportunities for carbon capture or storage to benefit the Tiwi Islands. This is in part because past benefits were dependent on choosing to retain forest cover for which

36 Dr Stuart Blanch, Coordinator, Environment Centre NT, *Committee Hansard*, 18 May 2009, p. 3.

37 Professor Stephen Garnett, *Proof Committee Hansard*, 2 October 2009, p. 19.

38 Professor Stephen Garnett, *Submission 24*, p. 1.

39 Professor Stephen Garnett, *Proof Committee Hansard*, 2 October 2009, p. 18.

40 Professor Stephen Garnett, *Proof Committee Hansard*, 2 October 2009, pp 17-18.

there were pre-existing permits to clear. This type of opportunity no longer exists, owing to these areas having now been cleared and put under plantation.

3.29 Forests for carbon capture require the management of risks to the forests such as fire and cyclone damage. Professor Garnett indicated that experience in western Arnhem Land showed that fire management could be successful, with the additional benefits of providing land ranger employment, which had strong support amongst Indigenous land managers.⁴¹

Conclusion

3.30 The committee believes that the success of economic development on the Tiwi Islands will be dependent upon a variety of activities contributing to that development. Economic activities detailed in this chapter plus other opportunities that may be identified in the future are likely to have an important role in this regard. However, the committee is of the view that all stakeholders must be allowed to adequately participate in decisions regarding how economic diversity is achieved on the Tiwi Islands.

3.31 The committee notes that Indigenous Business Australia (IBA) is an authority that works to:

identify and pursue opportunities that enable Indigenous Australians to create wealth, accumulate assets and achieve their financial aspirations. We do this by building mutually respectful and responsible partnerships with Indigenous Australians, government agencies, private sector business and industry...⁴²

3.32 The committee notes that this includes partnership arrangements of the sort that are being explored by the Tiwi Land Council. The committee believes it is important that the Land Council work with IBA and the Northern Territory government in the assessment of any future major economic development initiatives, to ensure the most extensive possible rigorous economic assessment is undertaken.

41 Professor Stephen Garnett, *Proof Committee Hansard*, 2 October 2009, p. 21.

42 Indigenous Business Australia, About Us, <http://www.iba.gov.au/about-us/> (accessed 28 October 2009).