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HD **Fury over one-day mine bid**
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THE Queensland government has been denounced for squandering a historic opportunity to give Aborigines a **stake** in developing a rich bauxite deposit on Cape York, as new details emerged of a bidding process that opened and closed in a single day.

Former Comalco and MIM chief executive Nick Stump said the selection of Swiss-based miner and commodity trader Glencore International as preferred proponent for the Aurukun development was a disgrace, undercutting efforts to share the proceeds of **mining** with indigenous communities. The state Liberal National Party government advised Mr Stump's joint venture with local traditional owners, Aurukun Bauxite Development, that it had lost out to Glencore on the same day competitive bidding was reopened in August.

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The decision may now be challenged in the courts as an abuse of process, while the federal government is under mounting pressure to intervene.

ABD managing director John Benson said the bidding process was flawed and baffling. "It just doesn't make sense, the way they went about it," he told The Australian. "It puzzles everybody. I certainly don't understand it." In a blistering letter to federal Indigenous Affairs Minister Nigel Scullion, Mr Stump, the ABD chairman, complained of being personally offended by Queensland Deputy Premier Jeff Seeney, who said during a stormy meeting words to the effect that his job was to "protect" the indigenous community of Aurukun from "people like" Mr Stump and Mr Benson, a **mining** entrepreneur with a chequered history of project development. "In my 45 years in the industry, when discussing projects with governments in countries such as Chile, Bolivia, Argentina, Italy, Germany, New Zealand, Papua New Guinea and every shade of politics in Queensland, I have never been so outraged," Mr Stump fumed in his September 29 letter to Senator Scullion.

The veteran **mining** industry leader told The Australian: "Quite frankly, the embarrassment of that meeting was how Mr Seeney sought to treat our Cape York colleagues. Dismissive, aggressive ... he was a man without any understanding in terms of the commitments he had made." Mr Seeney agreed last night that Mr Stump had "captured the flavour" of the exchange. But he insisted the bidding process was fair, and the fact that one of his departmental officers had advised ABD that competitive bids were reinstated on August 28 and settled that day in favour of Glencore was a "technical formality".

A spokesman for Senator Scullion said the minister had raised the bauxite project with the Queensland government but this was a matter for the state.

ABD, a start-up chaired by Mr Stump with strong local indigenous support and board involvement, says it has signed an indigenous land-use agreement with representatives of the Wik and Wik Way peoples to develop the bauxite fields around Aurukun, a township of 1000. The reserves were controversially "land banked" for nearly half a century by big **mining** interests, critics claim.

ABD has offered traditional owners a liability-free 15 per cent share in the revived project and says it has \$80 **million** in seed funding from Singaporean and Indonesian investors, with a view to commencing

production in June 2017. Calculated on a bauxite price of \$41 a tonne, this would generate \$950 million for the local community over 35 years and \$5.46 billion in state and federal taxes, the company says.

Glencore, the third biggest miner in the country, with massive coal and copper interests, admits it won't have an indigenous landuse agreement in place for 12 months, the prerequisite for it to proceed with the Aurukun project. Environmental impact and feasibility studies would take up to four years, a spokeswoman said. ABD board member Gina Castelain confirmed the traditional owners had this week signed off on the ILUA with ABD, and this would be lodged with the National Native Title Tribunal as soon as today.

With the eyes of the world on Australia as foreign leaders fly in to Brisbane for the G20 meeting, the bitter dispute over the Aurukun bauxite deposits will raise fresh questions over how impoverished indigenous communities can be dealt into the wealth and jobs generated by mining.

For decades, various Queensland governments have sought to open up the bauxite fields surrounding the former Presbyterian mission. After a French company, Pechiney, failed to develop them, Chinese aluminium maker Chalco was awarded mining development rights on condition that it build a smelter to treat the ore locally. Chalco withdrew in 2010, and the leases were again put out to tender by Campbell Newman's LNP government in 2012, this time without the smelter component. Glencore was short-listed last September with Australian Indigenous Resources, the forerunner to ABD.

In March, the state government rejected both proposals, suspending the bidding process. Mr Seeney's chief-of-staff, Jeff Popp, advised Mr Benson that the company was "unknown and could not deliver the project", according to meeting notes taken on March 11 by Cape York indigenous figure Gerhard Pearson. This precipitated a restructuring of the company and the appointment of Mr Stump.

Mr Stump told The Australian that the bidding process gave rise to grounds for possible legal action against the state, which ABD was exploring. On August 28, the government announced that competitive bidding had been reinstated, and that Glencore had been selected as preferred proponent. "The state reinstated the competitive bid process on 28 August 2014 and all the relevant parties were notified of the state's decision on that date," Graham Albion, of the Department of State Development, Infrastructure and Planning, advised Mr Benson in a September 20 email.

Dismissing Mr Stump's criticism, Mr Seeney said: "It's just basically a formal reopening of the previous process that we had suspended ... so there had been an informal process that had continued between those two places in time." In his September 29 letter to Senator Scullion, Mr Stump complained: "The competitive bidding process curiously prevented us from talking to our partners, the traditional owners and the Aurukun community ... we have been continuing discussions with DSD (Department of State Development), who continue to be dismissive of our credentials.

"I first met Jeff Seeney on 3rd July, accompanied by Gerhard Pearson and (indigenous leader) Richie Ahmat ... Mr Seeney was totally dismissive of our proposal, and, among other things, stated that part of his job was to protect Gerhard and Richie from people like myself and our managing director John Benson." While this was "not a direct quote", Mr Seeney accepted it reflected the tense tone of the meeting. "I was making the point to Mr Stump and Mr Benson that they had nothing behind their proposal, and while their proposal was attractive to the people of Aurukun and the traditional owners, it was a false proposal ... the last thing the government wanted to see was the people of Aurukun taken in by another false proposal, and, mate, I stand by that 100 per cent." A spokeswoman for Glencore confirmed the head of its international aluminium business, Andrew Caplan, had flown to meet Mr Seeney on July 3 — the day he saw Mr Stump and the ABD delegation — for what was described in Mr Seeney's diary as a "business in confidence" discussion. She said negotiating the indigenous land use agreement with the native title holders was challenging. "Despite numerous attempts to contact them, we have had some difficulties ... we would need to work through next year, if we were to press on," she said.

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