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Century Mine Closure: Implications for Gulf Communities

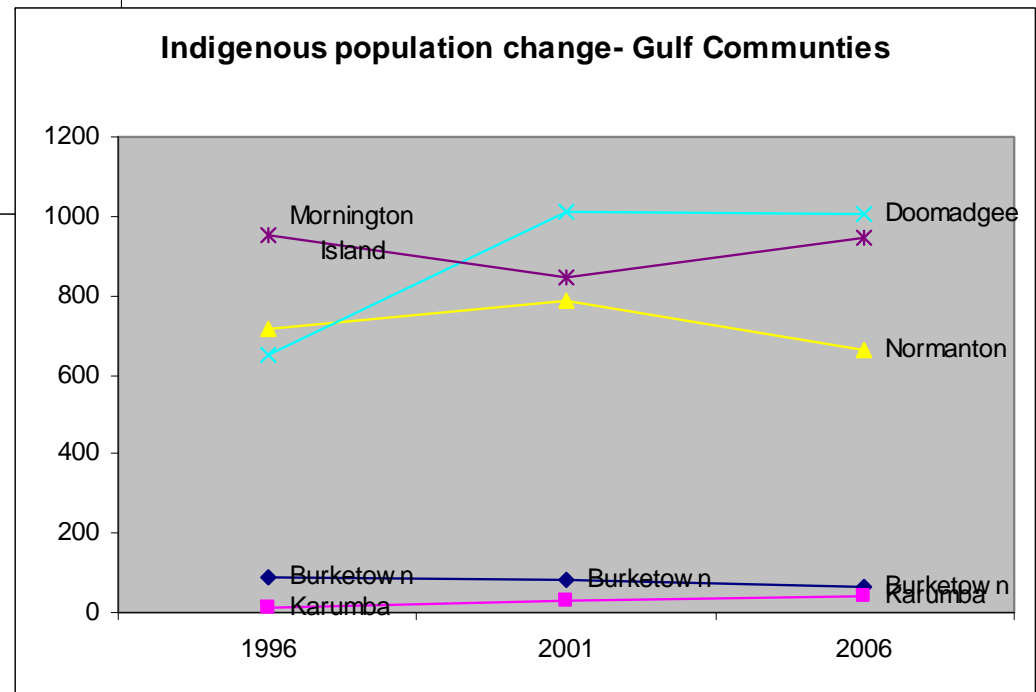
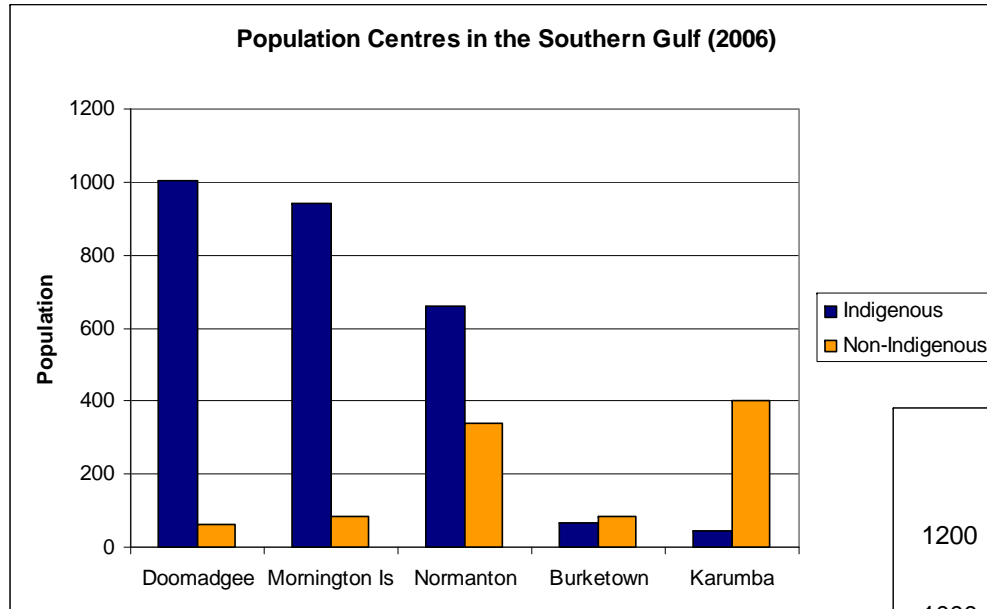
Presenter: Prof. David Brereton (CSRM)

Authors: Joni Parmenter (CSRM, Lloyd Jones (Century Mine)

Location of Zinifex Century Mine



Community Profiles





Research Questions

1. To what extent and in what ways have Southern Gulf Aboriginal communities benefitted to date from the presence of Century Mine?
2. What contribution has the mine made to the sustainability of these communities?
3. What will be the likely consequences of mine closure for the region (currently scheduled for 2015)?
4. What could be done between now and closure to leverage better sustainable development outcomes from the presence of the mine?



Gulf Communities Agreement (1997) Commitments

From Century

- > Training and Employment Opportunities
- > Environmental and Cultural Heritage Protection, access to country
- > Transfer of pastoral leases
- > Royalties
- > Business development

From State Government

- > All weather access roads to mine site
- > Funds to ADBT and GADC
- > Support for training and development
- > Birthing centres
- > Financial contribution for Lawn Hill application
- > SIA

Assessing contributions to SD

Need to distinguish **benefit flows** from **contributions to capital**.

It is important to measure both in order to assess the potential impacts of closure.

Examples

| Benefit flow | Contribution to capital |
|--|---|
| \$\$ payments, income from employment, etc | Accumulation of assets and savings; creation of new business |
| Training and employment opportunities | Enhanced skills; 'job readiness', greater employment mobility |



Assessing contributions

The distributional aspects are also important, particularly in the context of the GCA.

Key Questions

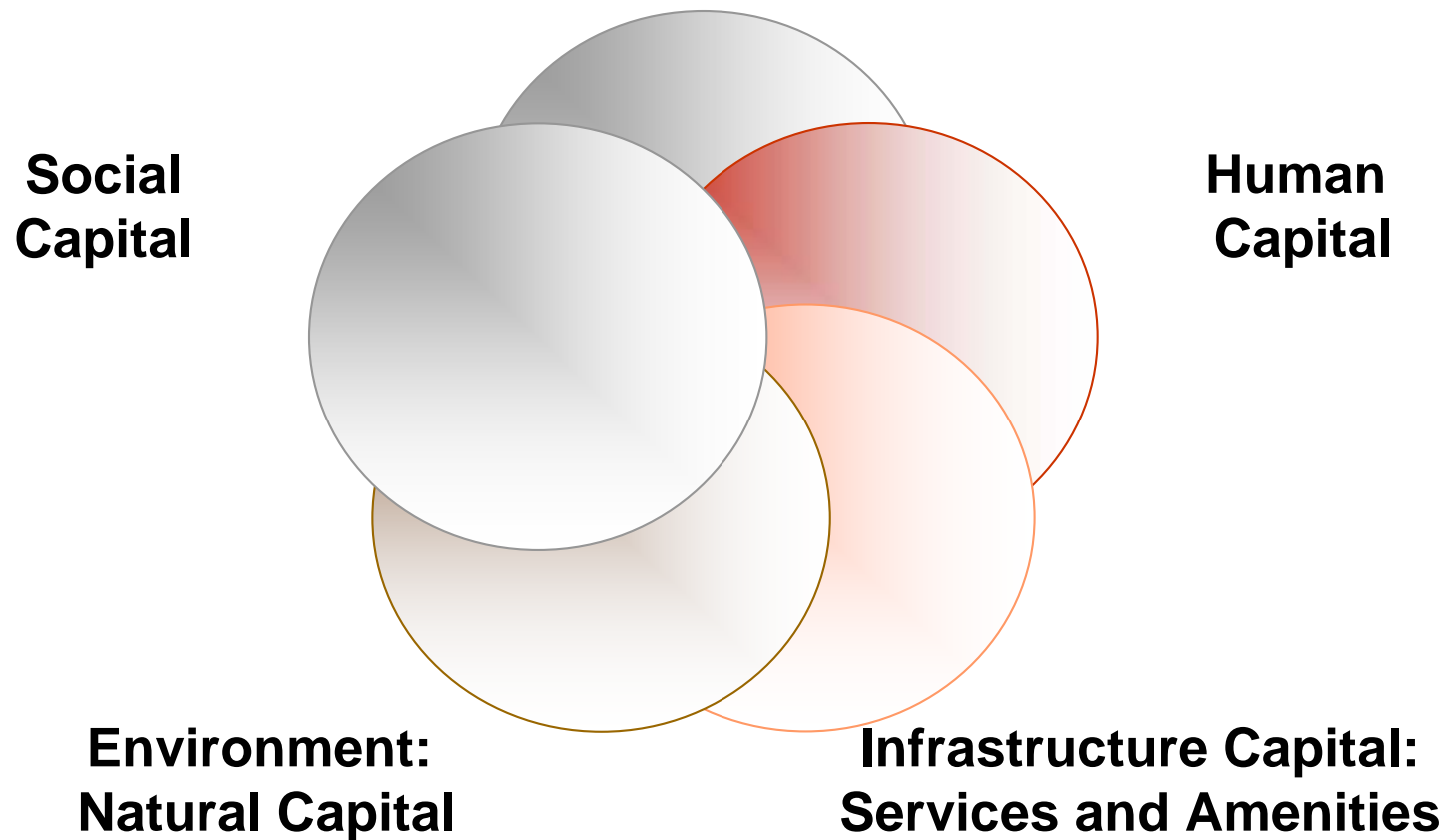
How evenly have **benefits** and **contributions to capital** been distributed across the region and within communities?

Will some communities be better placed than others to deal with the impacts of closure?



The Five Capitals Model

Regional Economic Capital





The 5 forms of capital and some questions about sustainability

1. *Economic/financial capital*

Have new sources of income and wealth been created that will be remain beyond the life of the mine (e.g. new businesses, savings, assets)?

2. *Human capital*

Have people acquired skills and experience that will enable them to better participate in the labour market in the future?

Has there been an improvement in health and/or education outcomes in the communities?



The 5 forms of capital – cont'd

3. *Social capital*

Have communities been strengthened – or weakened – by the presence of the mine? In particular, what has been the impact on networks and relationships of trust and reciprocity?

4. *Built capital*

What physical infrastructure has the mine brought to the region and will it be available for community use after closure?

5. *Natural capital*

What environmental legacy will the mine leave when it closes?



Direct economic contribution of Century to Gulf Communities: components

- > Royalties and Agreement benefits
- > Income from wages
- > Support for enterprise development; creation of new businesses
- > Community and local business spend by Century
- > Rates to Burke Shire

Payments to trusts, etc

| | 2005/6 \$ | 2006/7 \$ |
|---|------------------|------------------|
| Gulf Aboriginal Development Corporation | 688,528 | 697,172 |
| Aboriginal Development Benefits Trust | 1,001,497 | 1,032,211 |
| Century Environment Committee (incl. environmental liaison officer) | 154,214 | 144,447 |
| Total | 1,844,239 | 1,873,830 |

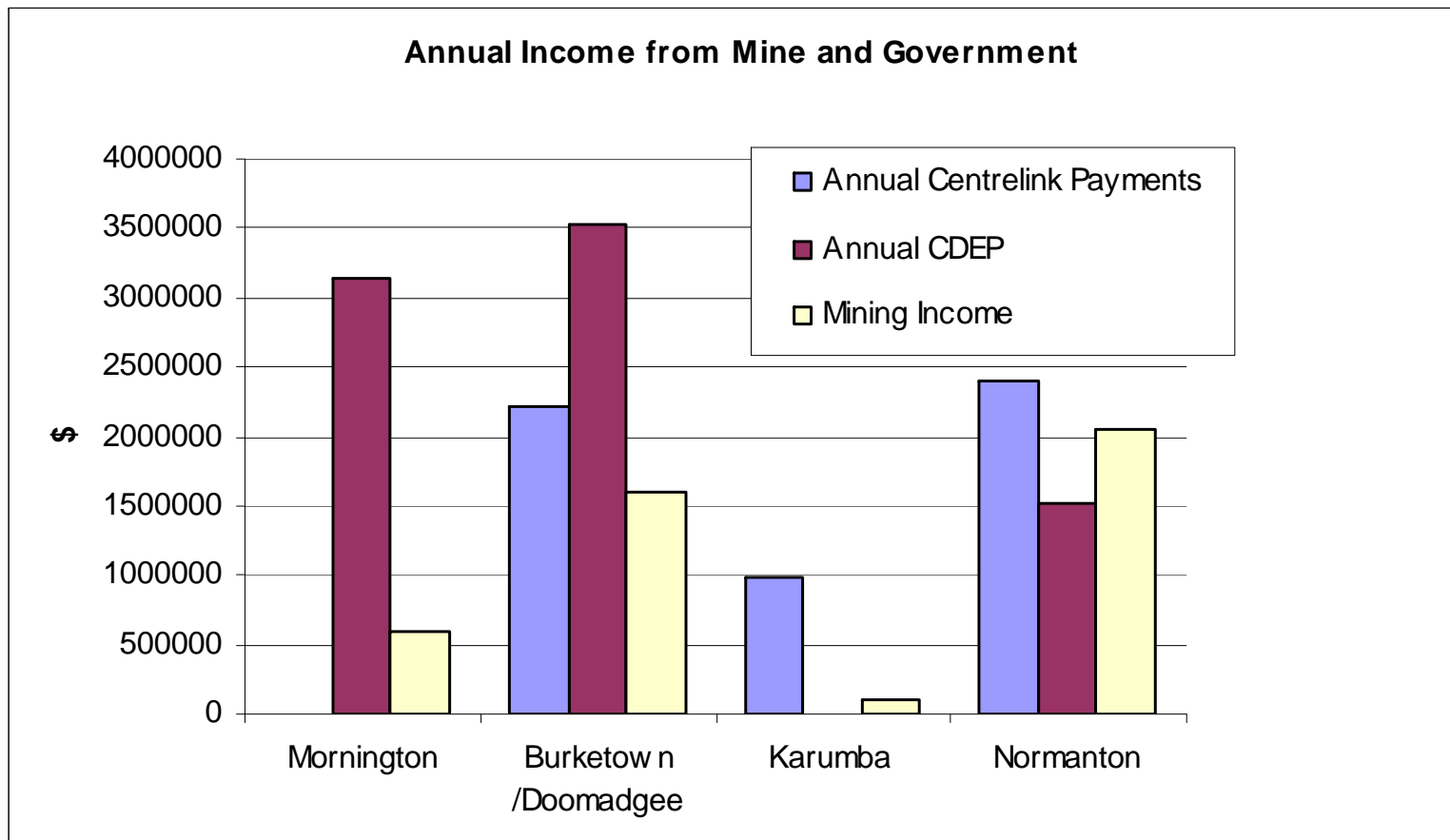
Note: data not available on distribution across or within communities

Estimated total value of take-home wages paid to GCA employees 2007

| Category | Estimated no. of employees as at October 2007 | \$\$ value of wages paid |
|----------------------------|---|--------------------------|
| Resident in Gulf community | 87 | 4.35m |
| Living outside of Gulf | 123 | 6.15m |
| Total | 210 | 10.5m |

Assumes av. take home pay of \$50k per employee

Estimated Income flows into Gulf communities: Mine and Government income



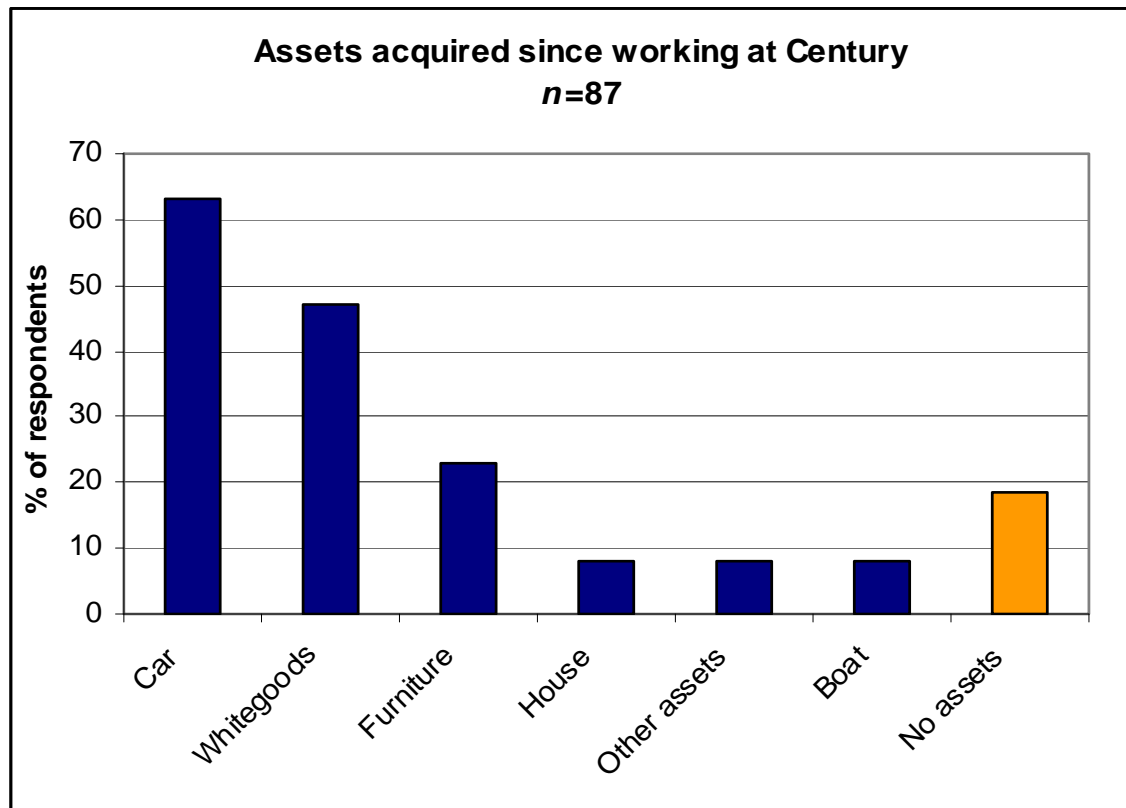
Note: Estimated mining income shown only for employees residing in communities

Centrelink data not available for Mornington Is..

Distribution of mining incomes within and between communities

| Community | Per capita contribution of mining wages to community income | Estimated % of population deriving a significant direct income benefit (employees and dependants) |
|---------------------|--|--|
| Mornington | \$530 | 8% |
| Doomadgee/Burketown | \$1430 | 19% |
| Normanton | \$3075 | 39% |

Expenditure data (current Century employees, 2007)



“A lot of black fellas can’t handle that money...not brought up like that, money still doesn’t mean anything”

“The more money you make the more you put yourself in debt”



Development of new businesses

Key Drivers- ADBT; Century contracts

Mine-based

- > Hookeys contracting- earth works
- > Waayni Crushing
- > Spick and Span - site cleaning
- > Two contractors: water and excavator

Independent of mine

- > Nowlands Engineering (Burketown)
- > Normanton- Bynoe- General Store
- > Lawn Hill and Riversleigh Pastoral Company
- > Doomadgee Bakery
- > Doomadgee Roadhouse (just opening)



Economic contributions: summary

- > Century is a significant source of income for the Gulf communities, primarily through wages paid to GCA employees. However:
 - there are large differences in income flows between the communities
 - benefits are unevenly distributed within the communities
 - in each community, Government remains the major income provider.

- > The mine has been responsible - either directly or via the ADBT - for the creation of new businesses, but only some of these have a life independent of the mine (at this stage).

- > ADBT is endeavouring to build a long term income stream

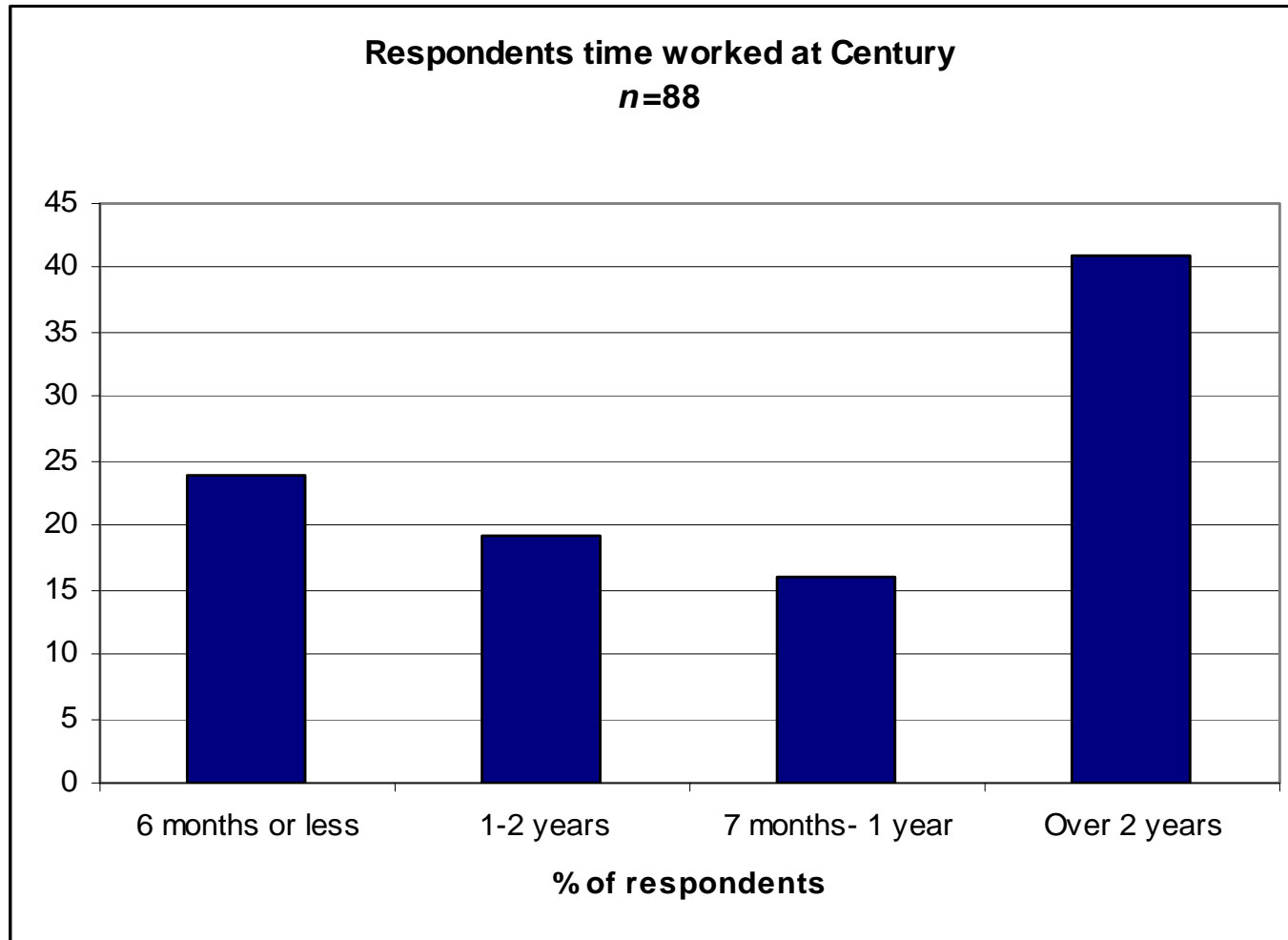
- > The extent to which employment income is being converted into assets is problematic.



Employment and Training

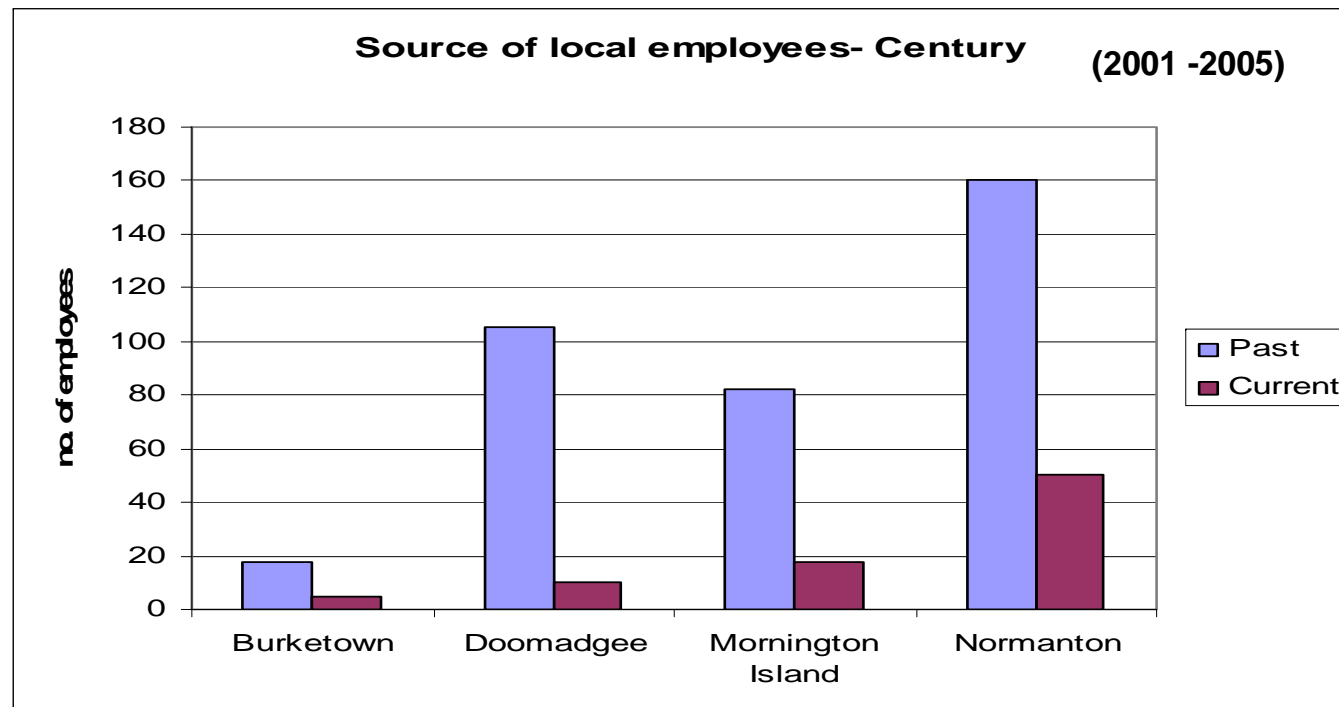
- > Century currently employs 210 Indigenous people from Gulf communities, representing 21% of the total workforce
- > Total includes 56 Indigenous women, representing 27% of the total Indigenous workforce
- > Results of a workforce survey indicated that 37% percent of respondents had worked at Century previously.
- > The shortest period of employment is less than one year and the longest 10 years.


Length of time worked at Century



Employment stock & flows: Century

The number of local Aboriginal people who have worked at Century at some time is much greater than the number currently working there

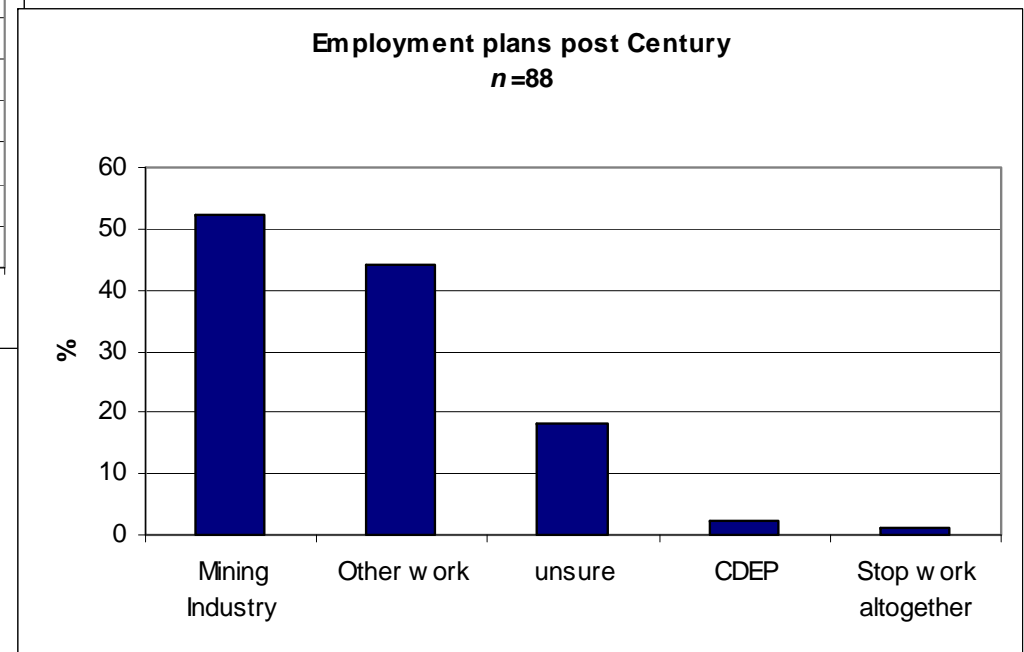
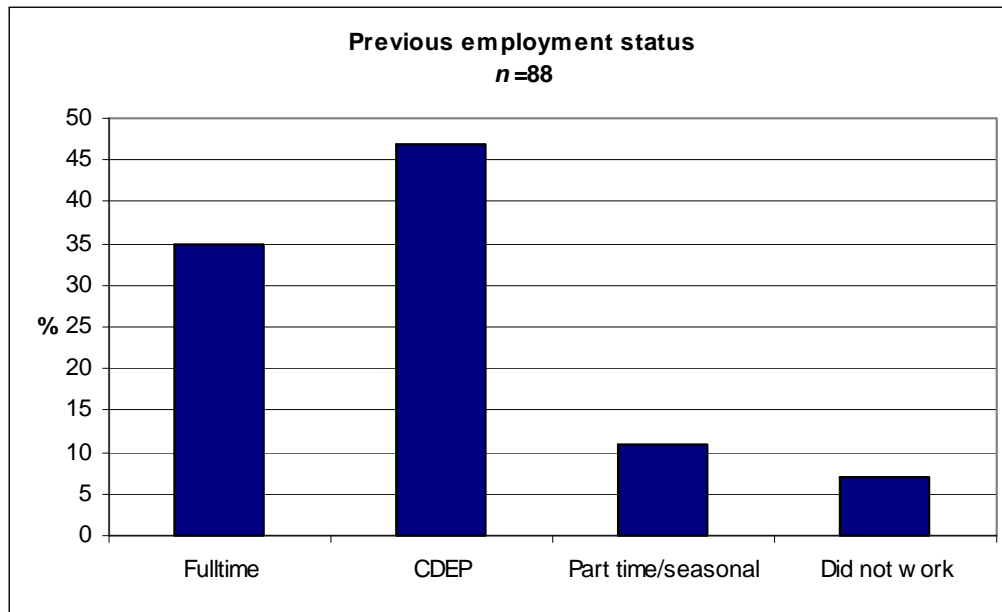




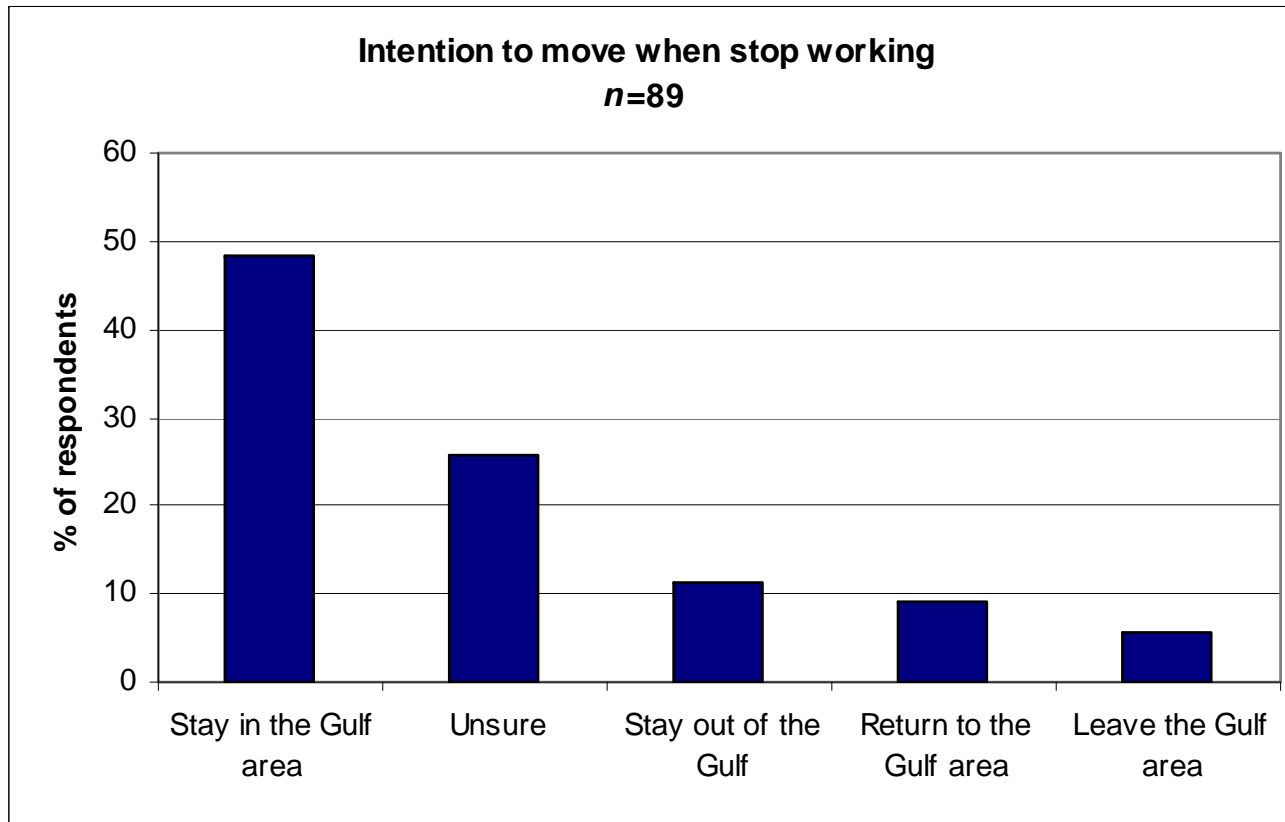
Findings from 2007 workforce survey of Indigenous employees

- > Working in the mine was the first 'mainstream' job for a significant number of Indigenous employees.
- > Interviewees were generally positive about the employment experience (main issues were supervisors & rosters).
- > Most aspired to stay in mainstream employment post-Century, many in the mining industry.
- > Training – or the perceived lack of it – was an issue
- > Most Indigenous employees still in 'entry level' positions.

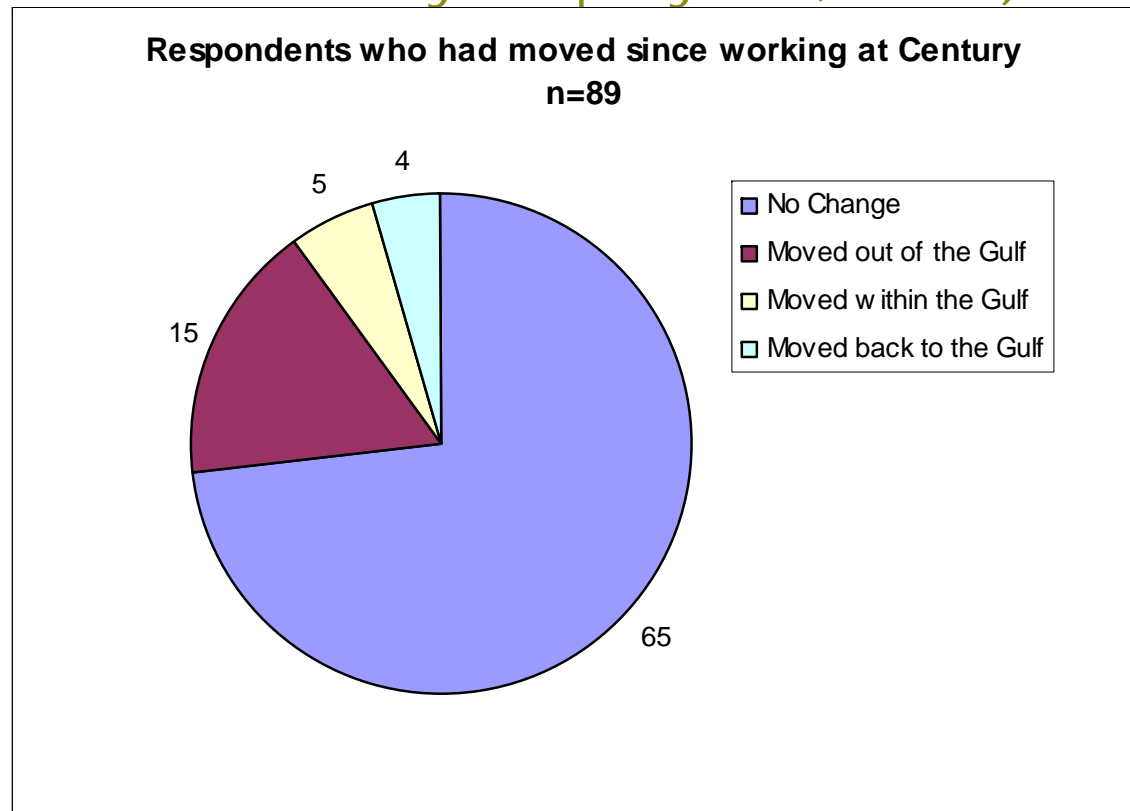
Prior experience and future aspirations current Century employees (2007)



Willingness to leave the Gulf for other employment

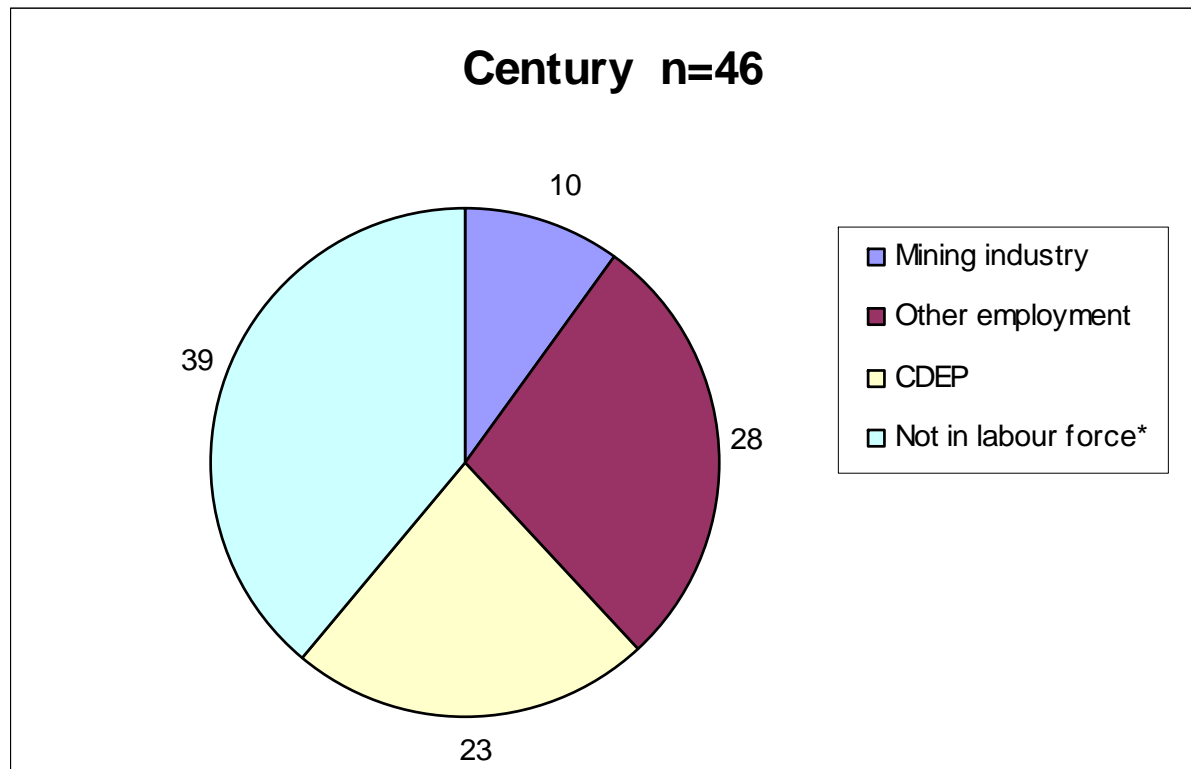


Mobility (current Century employees, 2007)



“My family has moved to Townsville for legitimate reasons such as higher education for my daughter, new lifestyle and new job opportunities”

Former employee survey 2005- where are they now?





Employment & training: summary

- > Century has expanded – rather than just recycled – the pool of job experienced and job-ready people.
- > The employment experience has been generally positive overall – few aspire to return to CDEP.
- > For those who have left Century, a significant proportion have transitioned to other employment, indicating increased mobility & employability.
- > Employment has also facilitated geographical mobility.
- > On the basis of the above, it is reasonable to conclude that Century has made a net positive contribution to the human capital of the region, although this could be further enhanced.



Implications of closure

- > Loss of a very significant income stream into communities.
- > Several Indigenous businesses will cease unless they can diversify in the interim.
- > A large number of jobs will be lost to the region – alternative industries (tourism, pastoral etc.) very unlikely to absorb these losses.
- > The majority of current employees are likely stay in the Gulf, but some will re-locate to other areas and job opportunities.



Enhancing Century's contribution to long term development of the lower Gulf

- > Strengthen and diversify training and skills development to increase mobility and deployability.
- > Seek to build Indigenous business capability
- > Investigate ways of ensuring that a greater proportion of mining income translates into savings and assets.
- > Government to play a more active role in leveraging the opportunities provided by the mine to support new enterprises and economic activities (e.g. road construction; tourism)
- > Link in to other resource developments in the north west - the Lower Gulf as a future source of a mobile mining and construction workforce.