
Nominated for the Public Eye Swiss Award 2007

by the Environment Centre Northern Territory, the Mineral Policy Institute and the Mc Arthur River Traditional Owners, Australia

Xstrata

Headquarters:	Zug, Switzerland
Branch of trade:	Commodities (mainly copper, coal, ferrochrome, vanadium, zinc)
Turnover / Profit:	US\$ 6.1 billion / US\$ 1.1 billion (2004)
CEO:	Mick Davis
Owned by:	Publicly-traded corporation ¹
Employees:	24,000 (2005; including contractors)

Summary

The Australian McArthur River zinc-lead mine, owned and operated by the Swiss company Xstrata, is to be converted from an underground to an open-cut mine in order to maximise profits. The project will involve the diversion of the untamed tropical McArthur River along a 5.5 km stretch and result in a huge open pit in the riverbed. Announced in August 2005, these plans have just recently been approved by the Australian Federal and Northern Territory Governments. Environment and Aboriginal groups continue to campaign against the open-cut operation to protect the river and the Gulf of Carpentaria from pollution and thereby conserve the livelihood and culture of the four Aboriginal groups living along the river downstream of the mine.

Irresponsible corporate behaviour

Xstrata is one of the world's largest producers of zinc which is mainly used for galvanizing steel. One of the company's zinc and lead operations is the McArthur River zinc-lead mine (MRM)² located in the Northern Territory of Australia. The mine produces a zinc-lead bulk concentrate which is sold to third parties for further processing. MRM opened as an underground mine in 1995 and is now to be closed as it is no longer viable. According to Xstrata, the development of an open-cut operation is the only way to access MRM's ore reserves which are one of the world's largest zinc and lead deposits.

In August 2005, Xstrata announced its plans to convert the McArthur River mine from an underground to an open-cut operation. The conversion would involve the diversion of the McArthur River along a 5.5 km stretch and creating a huge open pit in the riverbed which would remain even after the closure of the mine in 25 years time. The project was initially rejected by the Northern

¹ The Swiss financial services business Credit Suisse and Glencore International AG, a Switzerland-based mining company, hold 24% and 16% of Xstrata's shares, respectively.

² MRM is operated by McArthur River Mining which was formerly owned by the Australian Mount Isa Mines but was bought by Xstrata in 2003.

Territory government's environment minister but has received approval by both the Northern Territory Government and the Federal Minister for the Environment and Heritage in October 2006. Several Australian environmental and aboriginal organizations³ campaigned, and continue to campaign, to prevent the project. Their main requests are not to divert the river and not to mine in the riverbed as the re-channelling of the river will change its entire hydrology. They hold that the project does not meet acceptable environmental standards. Furthermore, they criticize that the Aboriginal people living downstream of the mine have been inadequately consulted.

Consequences

The environmentalists predict long-term impacts such as increased erosion not only from mining practices, but also from the re-routing of the river and the construction of artificial waterways. The walls around the open-cut pit are not likely to withstand the floods after the heavy monsoon rains every summer. Acid mine drainage, heavy metal pollution, and elevated silt and sediment levels will affect ground water resources, the river's biodiversity, its recreational and cultural values, as well as the coastal and marine environment in the Gulf of Carpentaria into which the McArthur River drains. The McArthur River ecosystem is a very complex mix of fresh, saline and hypersaline environments. Vulnerable and threatened species such as the freshwater sawfish (*Pristis microdon*), the dugong (*Dugong dugong*) and several turtle species would be further imperilled by damaging their riverine, estuarine and marine habitats.

Local Aboriginal people not only want to preserve the ecosystem but with it their livelihoods. They rely upon the McArthur River and its estuary for habitat and food as well as for cultural and spiritual purposes and ceremonies. Furthermore, the health of the environment is a vital basis for their sustainable economic survival in the future, with plans for fishing and tourism enterprises.

Current status and demands

In October 2006, the MRM open-cut project received provincial and federal approval. According to MRM General Manager Brian Hearne, these consents were the final steps in the environmental assessment process. However, environmental and aboriginal organizations lobbying against the conversion of the mine still hope to build up enough pressure to avert the project. They ask not to divert the river and not to mine in the riverbed as these enterprises would irreversibly damage the environment. There are two ways seeking to overturn the governmental decision: to leverage additional pressure via a national or even international campaign; and a legal challenge to the approval decisions. In December 2006, the latter has been launched on behalf of the Traditional Owners by the NorthernLand council and is strongly supported by environmental organisations.

Further information:

- www.ecnt.org/html/cur_mining_mcarthur.html
- www.mcarthurriver.com.au
- www.sacredland.org/world_sites_pages/McArthur.html

³ The nominating organizations joined forces with the Mabunji Aboriginal Resource Association, the Wilderness Society, the Australian Conservation Foundation, and the Australian Marine Conservation Society.