

Changing of the guard

**Lindsay Maxsted reborn
in the boardroom**

**Can the National
Museum fix itself?**

**High price for a
good education**

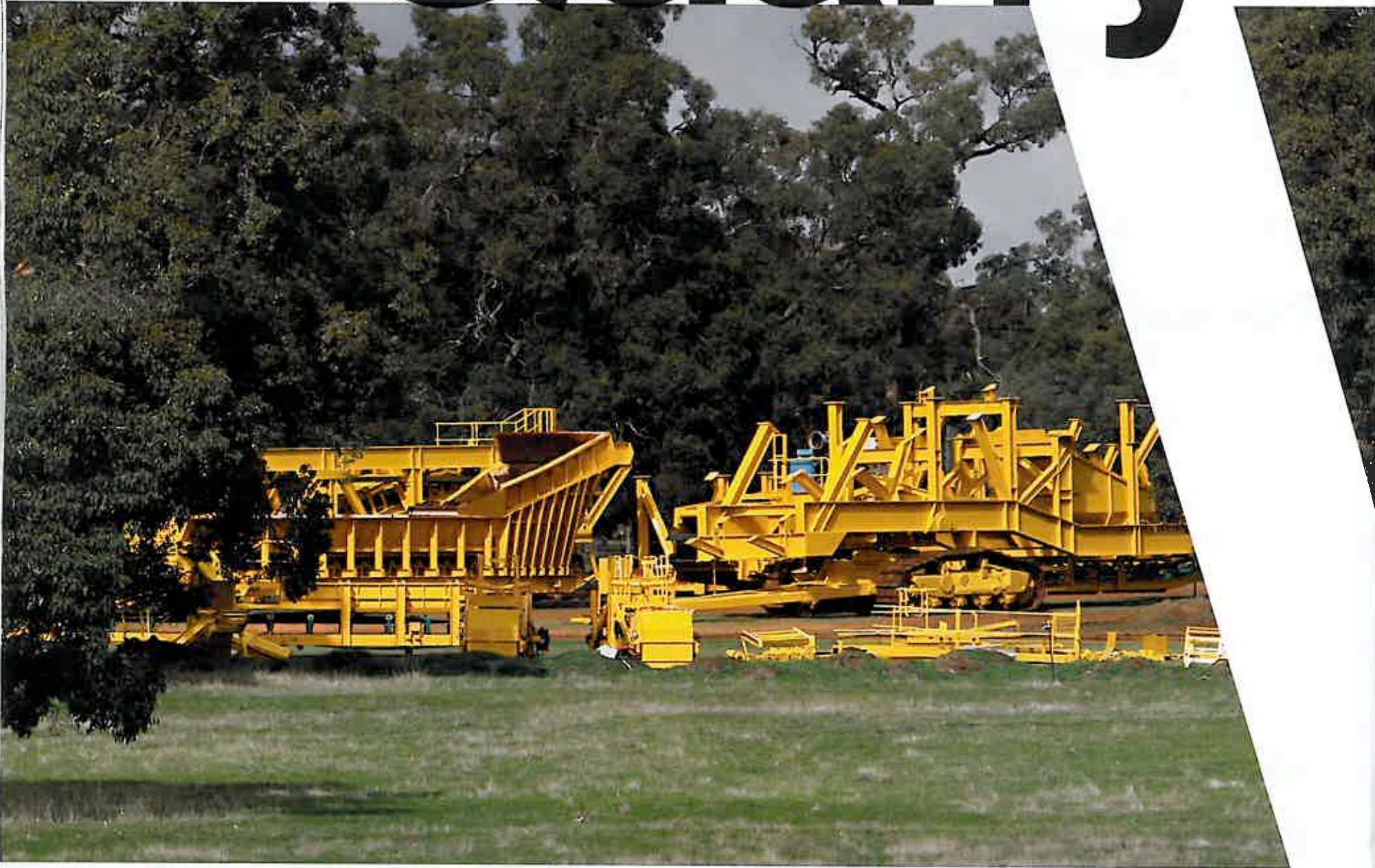
**Face-off:
farmers v miners**

America at full stretch

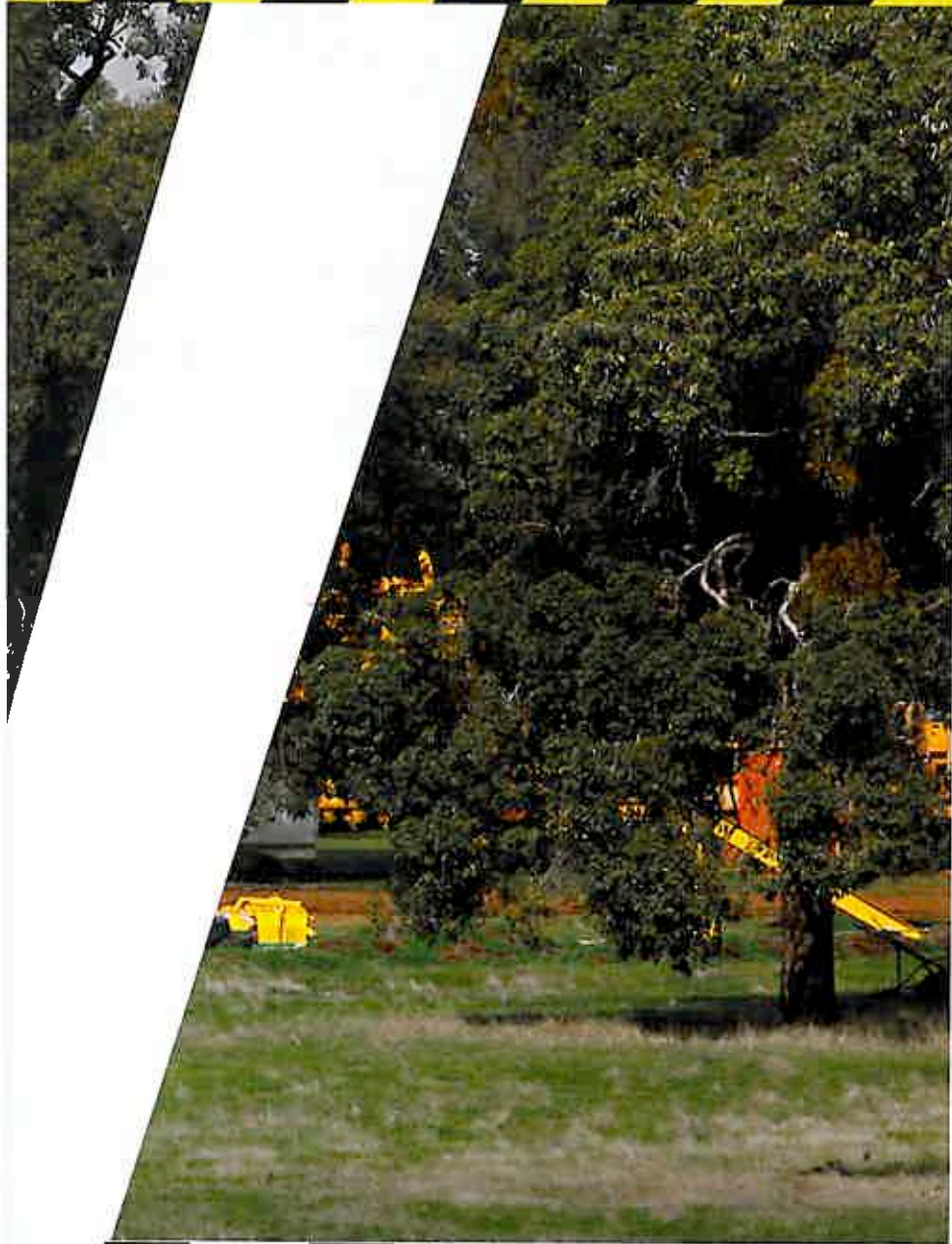
**Tom Ford's
make-up coup**



Quarry



Expecting to mine again in Bindoon after its trial, Bauxite Resources purchased rather than leased crushing equipment. It now lies idle in a paddock.



Mine

Sue Cray's isolated farmhouse in Western Australia's north Darling Range is hooked up to mains electricity, so it would be inaccurate to say she lives off the grid. Yet the expression seems apt, given she only bothered with the expense of wiring up her home so she could sell electricity harvested from solar panels, rather than consume it herself. Her home is not connected to water and has few council services, such as rubbish collection. "It's a trade-off," she says, standing in her organic chenin blanc vineyard as guinea fowls cluck beneath the vines. "We've got the amenity, the quiet, the clean air, the native environment and the bush."

But in late 2009 Cray felt she had lost everything. Over five months, an ambitious and newly floated mining company, Bauxite Resources, dug up 130,000 tonnes of earth from a nearby hill and loaded it on railway cars at a siding just 600 metres from Cray's home. She estimates the trucks were driving past at four-minute intervals; the noise was constant and red dust coated everything. Australia's mining boom had moved in next door.

The rolling hills that surround the WA town of Bindoon, an hour's drive north of Perth, are perched on the precipice that divides Australia's two-speed economy. Drought and falling fruit prices have turned agriculture into an increasingly marginal industry, while the boom in hard-commodity prices has made once marginal mining propositions lucrative businesses. The same pressures are building in Queensland's Surat Basin and NSW's Liverpool Plains, where farmers and miners are fighting over land use and questions are being asked about the long-term effects of coal-seam gas extraction and what becomes of the economy after the mining boom. But, here in Bindoon, there are more immediate matters at hand; whether there really is anything of value to mine – or has the entire town been taken for a ride?

Bauxite Resources was born in 2006 with just \$3 of share capital and became a fully operational miner three years later. The company has always been in a hurry. But as Cray and other locals discovered, it had cut a few corners along the way. Its mine site was not on land over which it had an approved mining tenement. It did not have a mining licence. The WA Environmental Protection Authority had never been advised of its activities. No one was supervising its operations. The only official sign-off the company had obtained was from the Shire of Chittering, the local council with oversight of planning.

The shire's logo features a bull, a sheep and citrus. Its planning rules forbid mining anywhere in the shire. But the rules do allow for quarries to dig up gravel for road making and building materials. Somehow, Bauxite Resources had its mine approved as a "bauxite gravel quarry" – even though everything

In a side play to the national battle over land use, a highly contested bauxite project in a West Australian fruit farming region pits farmer against miner and may hinge on the definition of terms



Main picture: Sue Cray and her daughter, Larissa, on their organic grape property near Bindoon. Below: Bauxite Resources operations manager Shane Larmont with the company's crushing equipment.



dug up would be shipped to alumina refineries in China. The shire's councillors, on being told the mine would be simply a trial to determine whether full-scale mining was viable, unanimously gave the nod.

The rule book has now caught up with Bauxite Resources and the company is caught in a legal maze as it struggles to get the approvals it needs to start operations. It wants to mine a further 2 million tonnes of earth but cannot turn a sod until it gets clearance from the state's EPA and Department of Mines. Investors who poured \$57 million into the business are looking at a shareholder class action. The shire's planning officer and its chief executive – who advised the councillors to support the mine – have both resigned. But despite the mess, there is still support in Bindoon for Bauxite Resources and its ambitions. Western Australians are very aware of the wealth that mining can bring.

Driving north out of Perth, suburbs turn into vineyards then vineyards into scrubby forest of cool grey eucalypts. The undergrowth is studded with grass trees, the matt colours of the bush broken only by the occasional pink and white feathers of a galah and the bright yellow of wattle trees. Winter rains have turned the grass a deep green and the earth a sodden red. An hour out of the city, the forest gives way to orange and mandarin orchards and, over a crest, you reach Bindoon.

The township is a clutch of shops along a main street; most of its 800 residents live on farms in the surrounding hills. The local real estate agent, Liz Connell, has lived here for 28 years and, from her account of how the place looked when she arrived, little has changed. She is one of many Bindoon residents who'd like to see more jobs and count themselves a silent majority in favour of mining.

"When I first came here someone could have 30 acres and have currants and some oranges and they would [make a good] living," she says. "But then the bottom fell out of the currant market. A lot of people planted wine grapes and that was fine until people started to plant thousands of acres down south. There was so much grape juice, the price collapsed."

Connell has seen her own children struggle to get jobs and now watches locals drive south to Perth airport where they board planes and fly far north to work stints at the mines in the Pilbara: flying in, flying out. Why should they travel thousands of kilometres? she asks, when the same mining jobs could exist in their own backyard?

Her back stiffens as the topic veers towards Residents 4 Responsible Mining, the local protest group which has stopped Bauxite Resources in its tracks. "People who work on mines don't have options for jobs around here but they would if there was a bauxite mine. It seems that everyone is against it because of a small group of people who are anti-mining. They have the time and money to be vocal about it ... whilst the average person is trying to make a living. The people who are against it have not brought up children here who need a job."

The forces behind Residents 4 Responsible Mining, or R4RM, are Derek Gascoine and Clair Medhurst, former lawyers who lived in Perth and have retired to farms in Bindoon. Both were born in Britain and their soft English accents adds to their out-of-townness. For a mining company in a spot of legal trouble, Medhurst is a formidable foe. She spent her career giving legal advice to miners – at one point as company secretary of BHP Billiton Iron Ore.

Medhurst has tallied dozens of breaches of mining, environmental and town planning laws by Bauxite Resources, from the small – such as the company's recent failure to get shire approval for a 100,000 litre diesel fuel tank – to the plain astonishing fact that it mined 130,000 tonnes of earth in a shire whose rules forbid mining and shipped it to China.

Medhurst argues residents have been deluded into thinking they can have their town and mine it too. A presentation by the company at a town hall meeting talked of "minimum impact mining" and much is made of the fact that bauxite tends to form in pods on high ground so, rather than a single mine, the company plans "relatively small operations" dotted in the hills around the town.

In response, Medhurst points out that the mine sites will lose all their trees, completely changing the topography. As the hills

are denuded, the problem of salinity will get worse and the streams people use for irrigation will be affected. The dust from the mine sites will be impossible to contain, veiling everything in red earth, including orchards and the roofs of buildings from where most of the town gets their drinking water. And then there's the trucks.

For the trial site, these averaged one every seven minutes along a road which happens to be Bindoon's wine trail, a potential tourist attraction that snakes past vineyards and farms with peach and macadamia trees. "For 130 years this has been agricultural land, and they want to mine the shit out of it," Medhurst says. "That's why the town planning scheme is the way it is. It's about protecting agriculture."

Medhurst is particularly scathing about the economics of the venture. Some of the world's largest bauxite mines are in WA's south-west but, until Bauxite Resources, none has ever bothered with the land around Bindoon. Bauxite contains alumina, used to make aluminum, but the grade of alumina in Bindoon's bauxite is low. Even higher-grade bauxite mined south of Bindoon needs to be refined before export, but Bauxite Resources plans to simply scrape up dirt and ship it to China.

The idea is to generate cash flow to eventually build its own refinery – Chinese investors have agreed to stump up 91 per cent of the construction costs. Construction would take a decade and Medhurst argues that, in the meantime, the company is destined to make losses. Without its refinery, the only thing it can profitably mine is the stockmarket.

"They are dangling jobs that won't exist in front of the town. It's grossly irresponsible," Medhurst says. R4RM's other leader, Gascoine, bought a hobby farm in Bindoon as an antidote to work-induced stress. He found himself spending less of his time at home in Perth's exclusive Mosman Park and more of it on the farm, eventually moving to Bindoon full time. He has also served on the board of a mining company and, like Medhurst, is contemptuous of Barry Carbon, the chairman of Bauxite Resources. "Barry Carbon lives in a perfumed box; he lives in a bureaucracy," Gascoine says. "He wouldn't know if his feet were on fire."

Bauxite Resources' headquarters occupies the top floor of an otherwise vacant building in a Perth suburban office park. Employees are dressed mostly in suits, but Barry Carbon is wearing the shirt issued to the company's mine workers – chambray blue with the company logo stitched above the front pocket. The 67-year-old was parachuted into the chairmanship once R4RM got going and the company hit trouble with the WA Environmental Protection Agency. He is eminently qualified to help Bauxite Resources – for nine and a half years he ran the EPA.

Carbon's long career began in environmental protection at Alcoa. After running WA's EPA, he ran the federal equivalent and then Queensland's. He has been in charge of protecting the Great Barrier Reef, had oversight of uranium mining and worked in New Zealand's environment ministry. If there are tricks in the Environmental Protection Act, Carbon is likely to not only know them – it's probable he wrote them.

"I'm being dead straight with you," he says, waving a summary of the shareholder class action being investigated by litigation funders IMF, "and this is crap. They are on a downhill road to embarrassment." The shareholder class action against Bauxite Resources rests on the premise the company presented itself to the sharemarket as a straight-up bauxite miner but never told investors its operations were based on nothing more than a permit to quarry gravel. In late 2009, the company presented a roadshow seeking capital to expand its operations, routing how quickly it had got things moving. Investors poured in \$57 million just days before the EPA stopped its operations and the share price collapsed.

A bauxite mine is not the same thing as a gravel quarry, IMF's Hugh McLernon says, and investors should have been told what was really going on. But, in Carbon's view, bauxite is gravel and gravel is bauxite. "The difference is where the truck goes," he says. "If the truck drops it on ground for building roads, it's called gravel. If it's going to a refinery, it's called bauxite." Somewhat ruefully he adds that, based on the company's test drills, the spots with the highest-grade bauxite are currently being used for road building materials.

He likewise sees little practical distinction between a quarry – permitted under the town planning rules – and a mine, which is not. "A quarry is usually just an open pit," he says. "Although most mines are open pits these days. In order to operate a mine, you need a quarry licence. I think they [the terms, quarry and mine] meant something in the 1930s or '40s, but they don't mean much any more."

The contempt that Gascoine and Medhurst have for Carbon is mutual, particularly when the suggestion is raised that the shire council seemed extraordinarily helpful to the company. "In my opinion, the shire has been absolutely proper in the way they managed the first proposal and they have been remorselessly vilified [for it], to the extent that I am contemptuous of the people that have done it to them," Carbon replies. He concedes that the fight with R4RM has become personal. "I don't believe that mega-rich bullies should be able to do this to ordinary public servants such that public servants get driven out of jobs."

Carbon's switch from environmental protection to mining may seem an odd career move, but the chairman sees no conflict. Rather he sees an unbroken line of sustainable development practice. Bauxite Resources, he says, wants to take rocky soil out of farmland and return the land to the farmers in better condition. The rock will be turned into aluminum, the world's most recycled material, and the mine will pour money into a community that it economically depressed. "This is a really good project. I believe in development. You walk away from these things and the whole system loses and I've invested a whole bloody career in that system."

If Bauxite Resources gets its way, large parts of the hills that make up Bindoon will look like a paddock on Andrew Hare's farm, high on the north Darling Range, and the location of the trial mine site. An area equal to one and a half times the

playing area of Melbourne Cricket Ground is shorn of trees, the earth down to four metres dug up. Now covered in grass under the company's rehabilitation program, a depression in the earth indicates where the mine, or quarry, once existed. Mining equipment sits idle. Rather than lease the equipment, the company purchased it outright for \$25 million – Bauxite Resources wasn't expecting any hiatus in its plans.

The operations manager, Shane Larmont, estimates that when the trial mine was running full pelt, there were jobs for a dozen workers. Like Carbon, he sees little distinction between a mine and a quarry. "It's scraping the soil. When you are used to working with big machinery and the volumes we were moving, it's embarrassing to call it mining," says Larmont, who formerly worked on much bigger operations in the Pilbara, at Kalgoorlie and in the Northern Territory.

In April 2009, before the trial was under way, Larmont brought the councillors to the site, bent over and picked up a handful of rocks. "That's it?" was the response Larmont recalls getting from one of the councillors. "That's it," he replied. "Well, in that case, we've got no garden at home," the councillor said. "That stuff is all over our property."

Whether Bauxite Resources gets out of its legal mess and pushes ahead with mining will depend on various arms of the WA government. Until late last year, councillors remained supportive of Bauxite Resources ambitions, giving the company a retrospective approval for a diesel fuel tank it had built on land it acquired that had once been a farm. The owners, neighbours of Sue Cray, had been driven away by the noise from the mine's operations.

But then, in October, matters changed. The company had used the farm to park mining equipment and another request for retrospective permission to use the land as a transport depot was unanimously knocked back. There is a growing understanding in the Shire council that Bauxite Resources is not playing a straight bat. Mike Johnson, one of the councillors who approved the mine trial, feels he was conned when the company sought permission for a gravel quarry. He blames advice he received at the time, which had urged the quarry be approved. "We employed a person in a professional capacity [and] had to act on their recommendation."

He has no bauxite on his property and little to gain personally from mining. Yet despite all this, Johnson still supports Bauxite Resources. He's unfazed by R4RM's criticism that Bauxite Resources can never turn a profit from exporting unrefined gravel to China. "If they want to splash their money and it is not viable, who are we to stop them?"

The town hasn't changed in 50 years. He wants to see it progress. "You and I know agriculture is a dying thing. We prefer to buy our oranges from California; our grapes from China. Prices for currants are not viable. The workers are not there; there's no farm workers. Workers who used to be involved in farming are now involved in mining. They are chasing the big bucks."

He walks back to his car parked on the main road, the highway which cuts through the town connecting Perth with the Pilbara. Every half-hour or so a truck or road train storms through taking materials to the mine sites up north. As another lorry drives past, Johnson stares wistfully in its wake. ■

Bindoon anti-mining activists Clair Medhurst and Derek Gascoine at the railway siding where Bauxite Resources loaded 130,000 tonnes of gravel.



A community divided

Mining laws are designed to provide revenues to state governments and have the added benefit of maintaining neighbourly peace. Owners of land have no claim to what lies beneath; minerals are owned by the state government and royalties flow to the government. So if a landowner discovers he

has minerals in his backyard, he has no motivation to turn his house into an open-cut pit. But because of a historical quirk, this logic is reversed in Bindoon. WA's mining act only applies to land alienated from the Crown after 1899. Much of Bindoon was settled before then, meaning that farmers own any minerals beneath their soil. It

is to them that miners must pay royalties. This is why the company did not need to get a mining licence for its trial – the site was on land alienated before 1899. The company has told farmers they stand to make about \$1 million each. But not everyone will benefit. Bauxite is mostly found on higher ground. Valleys and slopes have little, if

any. A map of the township showing who is in favour of mining and who's against looks like Berlin after WWII was divided among the victors. A farmer dead set against bauxite mining will be sandwiched between two who are for it. In the words of one resident: "It's gotten a little bit nasty."