

Sea of Trouble: Australian nickel mining destroying West Papua paradise

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ABOUT once a month, a ship from Townsville makes the long journey to Raja Ampat, a seascape of astonishing beauty and diversity in the far western reaches of Indonesian New Guinea.

Here, where the westerly currents of the Pacific Ocean flow into the Indian Ocean, hundreds of improbable domed limestone pinnacles rise from the sea, encircling placid, turquoise lagoons. And if the 612 islands and countless shoals and reefs of Raja Ampat take the breath away, they only hint at the treasures below.

This remote part of West Papua province is the hub of the world's marine biodiversity, home to 75 per cent of its coral, as well as 1500 fish species, including huge manta rays, epaulette sharks that walk on the sea floor with their fins, turtles and an array of weird and wonderful fish.

Yet the vessel that makes the regular trip to and from Townsville does not bring tourists or divers. There are no scientists on board to study this marine wonderland. Rather, it is in Raja Ampat to take a consignment of tens of thousands of tonnes of the red clay soil, rich in nickel and cobalt, and destined for the Yabulu refinery owned by one of Australia's richest men, Clive Palmer.

According to conservationists and marine scientists, this mining activity and the prospect of further exploitation puts one of the world's most precious ecosystems under threat.

Raja Ampat's significance to the world is immense. It is the heart of the famed Coral Triangle, and the strong currents that rush between its islands help seed much of the 1.6 billion hectares of reefs and marine life that spread from the Philippines down to the Solomon Islands.

“I’m appalled by what’s going on,” says Dr Charlie Veron, a former chief scientist from the Australian Institute of Marine Science who has surveyed the region on many occasions. “If you had a rainforest with the most diverse range of species in the world and people started mining there without doing any kind of proper environmental impact study, there would quite rightly be outrage. Well, that’s what’s happening here.”

The impact on local communities has also been devastating. What were once close-knit villages are now divided as competing mining companies offer financial inducements to residents for support. And, in a sadly familiar tale for the Papua region, where separatist sentiments linger, the benefits of exploiting its resources are largely flowing outside the region. Derisory royalties go to landowners, and minuscule salaries are being paid to locals who gain employment.

Deep fjord-like bays cut into the hinterland of mountainous islands, framed by vertiginous jungle-clad cliffs that drop steeply into the water. There are oceanic atolls, shallow bays with fine white-sand beaches, snaking rivers and mangrove swamps.

The vessels sent to collect the nickel and cobalt for Clive Palmer’s Queensland Nickel dock at Manuran Island, where the mining has continued unabated despite a decree by West Papua Governor Abraham Atururi banning all mining activity in Raja Ampat.

“The mining started in 2006. There were protests, but the military and police came and they stopped them,” says Yohanis Goram, from Yayasan Nazaret, a local NGO that opposes mining.

The operator of the mine, PT Anugerah Surya Pratama (PT ASP), has promised environmental safeguards but, according to one local from nearby Rauki village, they are ineffective. “When it rains the sea turns red, sometimes yellow,” says the village elder in a phone interview. “The runoff is supposed to go into a hole but it comes out [into the sea].”

Yosias Kein hails from Kapidiri, an island near Manuran that claims customary ownership. “The mining waste damaged the coastal areas and covered up the coral reefs. Besides, it is difficult for people to get fish now. Fishermen in Kabare village, also in Rauki village, saw the waste went down into the seas near Manuran. Now they have to go fishing a bit further to the east or to the west.”

The strip mining for nickel leaves the landscape barren, and the steep cliffs of Raja Ampat’s islands mean heavy rainfall overwhelms the drainage systems and sends the soil into the water.

The impact is twofold and nasty for coral, says Charlie Veron. “Sedimentation sinks onto the coral and smothers it. But worse is ‘clay fraction’, where very fine particles are suspended in the water, blocking the sunlight.”

Photos taken from Manuran and supplied to The Saturday Age show murky water and dead coral after heavy rains.

PT ASP is a Jakarta-based mining company, and also owns PT Anugerah Surya Indotama (PT ASI), another mining outfit that operates on Kawe Island in Raja Ampat, despite a court order to desist due to a conflict over mining rights with a West Papua-based company. The ownership of the companies remains a mystery, although West Papua is rife with speculation that senior politicians and military figures have a stake.

The speculation is easy to understand, as the Jakarta company seems to have extraordinary pull at the highest levels of government in both Jakarta and Raja Ampat. When rival mining company PT Kawei Sejahtera Mining (PT KSM), owned by local man Daniel Daat, began loading its first shipload of nickel in 2008 at Kawe, three gunships and an aeroplane were sent to stop the consignment after PT ASI, which also claims a mining licence for Kawe, complained. Daat was thrown into prison.

The mines at Manuran and Kawe are guarded by military and police who locals say are on the company payroll. And, while 15 other mining companies have been pushed out of Raja Ampat since the Governor’s decree, PT ASP and PT ASI have remained.

At the very least, the two companies appear to have a cavalier approach to doing business in Raja Ampat. Police documents obtained by The Saturday Age reveal the companies allegedly bribed the bupati, or regency head, of Raja Ampat, Marcus Wanma, to gain mining licences. Wanma was paid \$36,000 to issue the mining licences in 2004, and a further \$23,270 for “entertainment” purposes, the documents say, citing police interviews with 16 witnesses, including Wanma’s staff and Yos Hendri, director of PT ASI and PT ASP.

The documents record that about 670 million Indonesian rupiah (about \$122,000 on currency valuations at the time) was paid in 2004 to Wanma for nine mining licences, and only 197million rupiah was deposited in the regency’s bank accounts. “The rest of the 500 million [rupiah] was used for the personal interest of [official] Oktovanius Mayor and Marcus Wanma,” the documents say.

Wanma, in the end, escaped prosecution and remains the regency head. He has been incapacitated with a serious illness and is believed to be in Singapore recuperating. He was unavailable for interview, and Raja Ampat officials declined to comment.

Whether the licences were corruptly obtained or not, the fees paid for them are desultory.

The open-cut mining undertaken on Manuran is cheap and low tech. After clearing the vegetation, workers simply dig up the soil, haul it into trucks and take it to the docks, where it is sent to processing facilities where pure nickel, used in stainless steel, is extracted. The mine’s wharf is nothing more than a tethered barge with no cranes. Costs for the company consist of little more than maintaining about 40 trucks and heavy-moving equipment and the simple wharf.

According to villagers and employees, most of the mine’s labourers earn between \$170 and \$200 a month. Customary landowners also receive a royalty, but an investigation by The Saturday Age reveals that it is tiny.

Soleman Kein, an elder from Kapidiri, says a new deal was negotiated last year increasing landowners’ share of the mine’s income from 1000 rupiah (11¢) a tonne to 1500 rupiah.

An industry expert with knowledge of Raja Ampat’s high-grade nickel laterite ore says PT ASP would be getting between \$US40 (\$A37) and \$US100 a tonne, depending on the fluctuating world prices. The average price would be about \$US60 a tonne, he says.

A single 50,000-tonne shipload of nickel laterite ore earns the miner, based on average price of \$US60 a tonne, \$US3 million. The mine at Manuran Island typically does two shiploads a month. If a tonne of nickel laterite sells for about \$US60, the locals are getting less than a 0.3 per cent share.

“These companies want a lot of money for not much effort,” says one veteran miner with two decades of experience in Papua. “They pay as little attention as they can to environmental standards and take the money and get out ... The amount the locals get is pitiful.”

Yos Hendri, a director of both PT ASI and PTASP, pulled out of an interview at the last minute and declined to respond to detailed emailed questions. But according to one source, the local government gets another 3000 rupiah a tonne, while a further 2000 rupiah a tonne is devoted to infrastructure.

All up, the source says about \$200,000 has been spent on local villagers in royalties and infrastructure since 2007. In the meantime, the company has earned well over \$150 million from sales, although between 4 and 5 per cent of that revenue should flow back to the central government’s coffers.

To be sure, some of the villagers are happy with the arrangement. Soleman Kein is delighted with his new house, paid for from the infrastructure fund. “My house used to be made of sago leaves; now the company has renovated it, our walls now are made of bricks, we have a roof made of zinc and the interior part of the house is beautifully painted,” he says.

But villagers from Rauki say only 10 of 76 homes promised in 2009 have been built. And disputes rage between clans over who gets the money.

“Conflicts emerge because certain groups of families claim ownership of Manuran Island while others reject their claims,” says Yosias Kein. “Sometimes, there have been physical conflicts, sometimes an exchange of arguments. The problem is the company does make some payments but the amount is not equal.”

The squabbles have torn apart what were once tight-knit communities. The simmering discontent is “like a volcano”, says one Rauki native, that “will erupt one day”.

“Corporations are the ones that get the profits,” says Abner Korwa, a social worker from the Belantara charity, who has closely tracked the mining. “Once the deposit is exhausted, the big corporation leaves and we will be left alone with the massively damaged environment.”

Queensland Nickel has a sustainable development policy that strives for “minimising our impact on the environment” and commits to “pursue honest relationships” with communities.

The company declined to be interviewed or respond to emailed questions. “We don’t comment on the business of our suppliers,” says Mark Kelly, Queensland Nickel’s external relations specialist. Clive Palmer’s publicist, Steve Connolly, also declined to comment.

Korwa says companies such as QN should not shirk responsibility for the behaviour of their suppliers, given that they make considerable profits from the arrangement. “They don’t have to invest too much in Raja Ampat. They don’t have to be troubled by mining concessions, the way business is done here,” he says. “But they can still get the nickel”.

Oxfam Australia, which runs a mining ombudsman, says there is a clear obligation for companies such as QN that process raw minerals to be held accountable for their suppliers.

“Australian companies need to make sure that they are only buying minerals from other companies that respect workers’ rights, community rights and the environment. If there’s a good reason to believe that a supplier is causing harm, the company should undertake a thorough assessment,” says Oxfam Australia executive director Andrew Hewett. “If any issues are found, the company should, in the first instance, work with the supplier to try to rectify the problem. If this doesn’t work, the company should reconsider its business relationship with the supplier.”

QN should be well aware of the issues in Raja Ampat. It bought the Yabulu refinery from BHP Billiton in 2009 when the mining giant pulled out of Raja Ampat, selling its mining rights for the region’s Gag Island amid concern about the ecological and social impacts of mining.

The simmering discontent is not restricted to the villages around Manuran, but is ripping apart other villages whose people have been the custodians of Raja Ampat’s wonders for centuries. For them Raja Ampat — literally Four Kings — was created by eggs that descended from heaven to rest in the water.

The dispute at Kawe Island is particularly poisonous. It arises because QN’s supplier holds a licence issued by Wanma that, it argues, supersedes one issued by the governor of West Papua to PT KSM, the company run by the unfortunate Daat, who, besides being a businessman and a politician, hails from Raja Ampat’s Maya people.

Korinus Ayelo is the village chief of Selpele, which has customary ownership of Kawe, and supports Daat’s PT KSM. But rival company PT ASI engineered the highly contested elevation of another chief, Benyamin Arempele, who endorsed its rights to mine.

Repeated legal cases have found in favour of Daat but PT ASI continues to develop its mine and conduct exploration. “They are still working today, guarded by the police,” says Ayelo, adding that villagers who were previously close now don’t talk to each other. “There’s a distance between our hearts,” he explains.

“The people are uneasy. PT ASI uses the military. There are TNI [armed forces] everywhere. People must face the presence of TNI every day.”

Daat says high-level political and military support from Jakarta is behind PTASI’s continued operations. “It is impossible to get such support for nothing. I believe the profits from Manuran Island are shared by several parties, parties that support this company,” he says. “I won this case at the District Court, at the Provincial Court and at the Supreme Court. How great is the Indonesian law system? They are still in Kawe doing exploitation despite the courts’ rulings.”

Regardless of which company has the legitimate mining rights at Kawe, there are many villagers and conservationists who want mining stopped outright at Kawe, and in the whole of Raja Ampat.

Kawe is a place of huge environmental significance, close to the stunning Wayag archipelago of karst limestone pinnacles and host to 20 world-class diving sites as well as green and hawksbill turtle breeding sites and shark pupping grounds.

Photos obtained by The Saturday Age show that earlier mining activity at Kawe led to the heavy red soils being flushed into the sea, covering the reefs, a problem that will only get worse once full operations resume.

“We are very concerned about the potential for sedimentation and metal deposits to be transported by Kawe’s strong currents and moved up to Wayag and down to Aljui Bay,” says Mark Erdmann, senior adviser to Conservation International’s marine program in Indonesia.

Raja Ampat is theoretically protected by seven marine parks and a shark conservation zone, but while enforcement against illegal fishing is actively conducted, land-based threats such as mining on nearby islands continue unabated.

Indonesia’s government has recognised the extraordinary habitats in Raja Ampat. It put the region on the “tentative list” to become, like Australia’s Great Barrier Reef, a UNESCO world heritage area in 2005. But the application has stalled due to inaction by the government, many suspect because it wants to exploit the area’s natural resources through mining and logging.

In a deeply worrying development for conservationists, nickel and oil exploration restarted this year after the local government issued new exploration permits

“There is tremendous wealth in the natural environment from fishing, pearling and tourism,” says Erdmann, citing a State University of Papua survey that found the long-term benefits from these eco-friendly economic activities outweighed the short-term gains from mining.

“Mining and this precious, pristine eco-system can’t co-exist in the long term.”

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