INQUIRY INTO RESOURCES EXPLORATION IMPEDIMENTS

18 July 2002

The Secretary
House of Representatives
Standing Committee on Industry and Resources
Parliament House
CANBERRA ACT 2600

Dear Sirs

My company is a small privately-owned and funded entity attempting to establish a marble mining and processing industry at Chillagoe in North Queensland.

My company has been involved at Chillagoe since 1993. I am convinced that the range and quality of marble are equal to the world's best, and that the resource is very substantial.

In contrast to previous marble businesses which were based on export of blocks of marble, I am convinced that the best economics lie with processing into tiles and slabs at Chillagoe.

In contrast to other mining activities which have brought bursts of prosperity to Chillagoe, this industry has the capacity of provide stable employment in the town for hundreds of years.

Obviously capital for a new industry is not easy to access. We will attempt to obtain capital for the secondary processing through a joint venture/public listing, but firstly we need title to the mining leases applied for. Until then, we cannot carry out exploratory drilling on these leases.

The impediment to being granted mining leases is native title. We have approached this obstacle through the path of an Indigenous Land Use Agreement (ILUA) which we commenced working on in June 1999. By October 1999, we had negotiated the essential features of an agreement with the Wakamin People. A draft agreement was in place in November 1999.

However, because of the newness of the legislation and the nervousness of the public servants and professional advisers, draft after draft was drawn up, and the final agreement (Version 8) was eventually advertised by the NNTT and registered on 16 July 2001, NNTT File No. QIA2000/006.

Just when our longest standing Mining Lease Application (MLA 20323, applied for on the 23 December 1999) was on the Minister's desk in December 2001, the NNTT discovered a flaw in our ILUA. There was a small overlap in the bottom north-east corner with an area subject to Native Title granted to the Bar-Barrum People.

My company and the Wakamin People were willing to simply delete this area from our original agreement, with all other terms and conditions intact.

However, this simple and common-sense procedure is apparently not clearly available in the legislation, and the Queensland Government's legal adviser was adamant that the old ILUA should be scrapped and a new ILUA registered.

This has now been done, and the new ILUA will be advertised on 24 July 2002, with three months for objections. So, by early November, one year later, the second ILUA should be registered and our MLA 20323 will again be considered by the Minister for granting.

I submit that the Native Title legislation be urgently amended, so that where there is an existing registered agreement, and all parties wish to amend this with the only change a reduction in area, this change should be automatically accepted and the amended area noted on the register.

In addition, the period of three months for advertising seems too long. Surely two months should be adequate.

Funding development is another issue. In our case, we believe that, once our mining leases are in place, exploratory drilling carried out and feasibility studies completed, we can obtain either a Joint Venture or public listing.

The Wakamin People have expressed interest in taking up equity in the project, but as I expected, ATSIC was not interested in investing in a new unproven industry with no collateral value.

However, I offer the thought that perhaps some form of Government Grant could be made available (after strict evaluation) for innovative, but risky projects, which would provide significant economic benefits in isolated regions if successful. My idea is that such grant could be tied into equity in the project for the local indigenous people.

Yours faithfully
Australian Finegrain Marble Pty Ltd

per **John Woodward**
Director