



QUEENSLAND GEOLOGICAL SERVICES PTY LTD

51 DOVE TREE CRESCENT

SINNAMON PARK. Qld. 4073

Telephone 07 32799308 Fax 07 32797186

ACN 010 835 355

Mobile 0418 186 308

19th July, 2002.

The Secretary,
House of Representatives
Standing Committee on Industry and Resources
Parliament House
Canberra. ACT 2600

Dear Sir/Madam

Re Inquiry into Resource Exploration Impediments

As I understand the position of resource management (including estimation) is a State matter which brings me to the first impediment. There are 3 levels of Government providing legislative and tax impediments to resource exploration. Co-ordinated exploration between states is difficult due to the differing mining laws between states. Separate understanding of each States law is required before development can proceed. The impact from local government is minor and relates mainly to access on local roads, but the fact that another level of government exists does provide an impediment. Each level of government takes more taxes from the resource industry and returns less to the industry.

Does the Parliament want exploration? The Native Title legislation has tied up large tracts of land from exploration. The message that resource development is good for the community is not getting out, despite the efforts of the mining community and associated professional development groups such as AusIMM and AIG. Strong government support is required here. Over that past year, coal exports from Queensland have risen despite decimation of the State and Federal geological survey departments, the adverse press coverage and increased impediments from the environmental lobby.

Is there a Resource Development plan? Can there be an effective plan when the states are in control of resource development?

How does the Parliament decide if exploration over an area is sufficient?

I believe Australia is not well explored. Because the majority exploration information is collected by private investors and submitted to state governments, I cannot see how the Australian Parliament can have a sound understanding of the nation's resources. Published information by the States is simplistic where available. How difficult is it to find just the location of all the petroleum exploration wells drilled in Australia, let alone the details of these wells? The Geoscience Australia web page goes some way to address these matters but the petroleum well details are incomplete. Who does the Federal Government use to collate and assess such information? How many scientists

are employed by Geoscience Australia? What is the average age and experience of geoscientists in Geoscience Australia? Do these scientists have some background from industry or only the Public Service? Are they suitably trained and equipped to provide answers?

The State and Federal governments are reducing staff and services in the various departments concerned with mining. This suggests to industry that other matters have become more important than resource development. In many governments, resource development is too low a priority to have its own Minister. It is included with Tourism, Industry and other things. This sends a strong message to the community that resources are not important.

There are many facets of exploration that need to be done on a regional basis. It is good to see the Queensland Government undertaking regional aerial geophysical surveys. No doubt the regolith work undertaken some years ago by AGSO proved valuable to the resource sector. More such regional surveys need to be carried out to provide data for analysis.

Universities are closing their geoscience departments due to the higher cost of science based courses compared to arts, law and commercial courses. Not only geology graduates faced with cyclic employment opportunities, the cost of completing a suitable course is higher than other professions. This is an important area where the Australian Parliament can assist. It is difficult to assess the nation's resources without suitably qualified and experienced people. Once a person completes the studies, important lifestyle changes are required to remain in the industry and as a consequence many people leave the industry after a few years. A few years is insufficient time to collect enough experience to be able to adequately assess resources. The AusIMM requires members to have 5 years experience prior to making public statements on resource assessments.

Without studying mine ownership in detail, I believe the majority of the high production mines are owned by a small number of companies. Small exploration companies are significant in the discovery of many deposits. The recent discoveries in Queensland coal (Coppabella, Moorvale) have been by small companies with the larger companies sometimes coming in at the development level. In some instances smaller companies are successfully re-working data from areas relinquished by large companies. As such the role of small exploration companies is vital in the industry. Accessing funds through share placement is difficult due to the high risk nature of exploration. There are many factors outside the Parliament's control which make exploration high risk. However, the risk is made higher by the potential for change legislation. Consider the uranium industry. When the Parliament decided to introduce the 3 mine policy there was an immediate impact on the exploration industry. Likewise the removal of this policy has had an impact. Decisions made by this Parliament on the Kyoto Protocol will effect the hydrocarbon exploration industries. A positive support to the industry from government is essential to ensure public confidence in the resource sector. The knowledge of this support will lead to investors becoming confident in resource development and capital will flow. Lip service is not enough. Parliament must walk the talk.

Access to land for exploration has been reduced with the Native Title and Cultural Heritage issues. These issues are important and by introducing the legislation, the parliament has indicated that these issues are a higher priority than resource exploration. The problem with locking land parcels up before exploration is that no-one knows the resources that are being locked away. I find it hard to imagine that the Geoscience Australia has sufficient geoscientific staff and funding to assess areas being locked away under these parliamentary Acts. Similarly with environmental

legislation, the various governments are saying this has a higher priority than resource development. We need to look after the environment, and I'm not suggesting we return to the mind set of the sixties regarding environmental responsibilities, but back then resource development was given a higher priority by all levels of government. It is this shift in priority that is demonstrated in so many areas which has the greatest effect on resource exploration.

In summary,

1. Resource development is impeded by each level of government.
2. The lack of national promotion of resource development is effecting the exploration industry.
3. University costs for geoscience graduates is undermining resource development
4. Land locked up by legislation and fear of more land being locked away is impeding resource exploration.

Yours faithfully,

B J Saunders, B App Sc (App Geo) MAusIMM, MMICA, CP(Geo), MAIG
DIRECTOR