



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON INDUSTRY AND RESOURCES

Reference: Resources exploration impediments

WEDNESDAY, 9 OCTOBER 2002

DARWIN

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON INDUSTRY AND RESOURCES
Wednesday, 9 October 2002

Members: Mr Prosser (*Chair*), Mr Byrne (*Deputy Chair*), Mr Adams, Mr Gibbons, Mr Haase, Mr Hatton, Mr Randall, Mr Cameron Thompson, Mr Tollner and Dr Washer

Supplementary members: Mr Fitzgibbon and Mr Ticehurst

Members in attendance: Mr Adams, Mr Prosser, Mr Cameron Thompson, Mr Ticehurst and Mr Tollner

Terms of reference for the inquiry:

To inquire into and report on:

Any impediments to increasing investment in mineral and petroleum exploration in Australia, including:

- An assessment of Australia's resource endowment and the rates at which it is being drawn down;
- The structure of the industry and role of small companies in resource exploration in Australia;
- Impediments to accessing capital, particularly by small companies;
- Access to land including Native Title and Cultural Heritage issues;
- Environmental and other approval processes, including across jurisdictions;
- Public provision of geo-scientific data;
- Relationships with indigenous communities; and
- Contribution to regional development.

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Committee met at 2.02 p.m.

ADAMS, Mr Robert Lindsay, Director, Mining Services, Department of Business, Industry and Resource Development, Northern Territory Government

WESTBURY, Mr Neil Donald, Director, Office of Indigenous Policy, Department of Chief Minister, Northern Territory Government

WHITFIELD, Mr Jeremy Paul, A/Director, Titles, Department of Business, Industry and Resource Development, Northern Territory Government

CHAIR—I declare open this public hearing of the House of Representatives Standing Committee on Industry and Resources and I welcome everyone here today. The inquiry into impediments to investment in resource exploration in Australia commenced in May 2002 when the Minister for Industry, Tourism and Resources handed to the committee terms of reference which listed, but were not limited to, a range of issues affecting both minerals exploration and petroleum exploration. At the outset let me stress that, in pursuing its work on the inquiry, the committee has an open mind on what the impediments to resource exploration might be. We will consider all the evidence received in submissions, from the public hearings and from other sources. This is the first of a series of public hearings to be held at a number of locations around the country.

I remind you that evidence that you give at this public hearing is considered to be part of the proceedings of the parliament. I therefore remind you that any attempt to mislead the committee is a very serious matter and could amount to a contempt of the parliament. The committee has received from the Northern Territory government submission No. 89, which has been authorised for publication. Are there any corrections or amendments that you wish to make to that submission?

Mr R. Adams—No.

CHAIR—Would you like to make a short opening statement before we go to questions from the committee?

Mr R. Adams—Thank you for the opportunity to address the inquiry. We appreciate the inquiry going on and the investigations that the inquiry will be making. The Northern Territory's submission to this inquiry has focused specifically on the eight issues raised in the terms of reference. While there may be other issues that impact on the rate of expenditure on exploration, we believe that these cover the key reasons behind the downturn in explorations expenditure in the Territory. The Northern Territory is highly prospective for a range of minerals and petroleum commodities. This is evidenced by the continuing desire of the resource industry to explore here. The map showing the minerals and petroleum exploration tenure coverage of the Territory that we have presented as figures 4 and 5 in our submission indicates that there is no lack of interest by explorers.

Of concern to the Territory government is the fact that, over the last 12 to 15 years, the number of mines in the Territory has reduced. While there are efforts to string out some of the previously mined gold mines, in light of the current high gold price, there have been few new

mines discovered to maintain this declining asset. The Territory has, in the last few years, also suffered from a recent spate of major corporate mergers and takeovers, leaving two to three global mineral companies holding an overwhelming percentage of exploration and mining tenure in the Territory. Rationalisation of tenure by these companies after acquisitions has had the effect of reducing the number of applications or granted tenements, with a consequent reduction in the proposed total expenditure that would have occurred if the tenure had been granted to the original separate entities.

The Territory is in the final year of a major geoscience initiative which has resulted in the virtual completion of detailed aeromagnetic and radiometric surveys over the whole of the Territory, along with geological mapping of major prospective regions and the coordination and release of a large amount of industry data for industry and public review. This initiative has placed the Territory in the forefront of the provision of high quality pre-exploration data for industry in Australia and probably in the world. This program is one of the reasons for the extent of the exploration licence applications shown on figure 4.

The Territory is prospective and mining companies wish to explore here. The Territory government has world best practice in the supply of pre-exploration data. There are no Territory government impediments to mining or miners exploring in the Territory. So the question is: why is exploration expenditure in the Territory so low or reduced from the high that existed in the early 1990s? Compared to other state and territory jurisdictions, there are excessive delays in the grant of tenure, which forms a significant impediment to major exploration expenditure in the Territory.

The Territory is subject to two Commonwealth acts which have a major impact on the grant of tenure and the use of land in the Territory. They are the Aboriginal Land Rights (Northern Territory) Act 1976 and the Native Title Act 1993. Figure 2 in our submission shows the Aboriginal land. Land granted as Aboriginal freehold covers some 43 per cent of the area of the Territory and a further 10 per cent is still subject to claim. It is the green area on the coloured maps, which we have copies of, if you wish to see them. The rest of the area of the Territory, which is white or not coloured on the maps, is largely pastoral lease subject to the Native Title Act. Each of these acts sets out procedures required of the Territory government and the mineral and petroleum explorers before they can be granted title to explore or mine.

The procedures for both acts are very different and are based on the underlying principles covered by those acts. Relevant procedures for both acts are conducted on behalf of the Territory's Aboriginal people by the land councils, as a statutory role under ALRA—the Aboriginal Land Rights Act—and under the Native Title Act, because the two major land councils have been appointed as native title representative bodies. The submission briefly details the procedures for title grant that are set out under both acts. The Native Title Act story relating to the Territory is detailed in our submission. Due to the Territory's persistent use of the Native Title Act procedures, exploration tenure is being granted, albeit with significant cost and effort to the Territory.

As committee members may be aware, the Commonwealth government, through its Minister for Immigration and Multicultural and Indigenous Affairs, the Hon. Philip Ruddock, has invited the Northern Territory government to consult with land councils with a view to developing what

they call workability reforms to the Aboriginal land rights act. I will hand over to Neil Westbury to brief the committee on the progress of this consultation.

Mr Westbury—Thank you for the opportunity to address you today. As part of a wider set of discussions with Northern Territory Aboriginal land councils on potential workability reforms to the Aboriginal land rights act, the Northern Territory government and the central and Northern Land Councils have agreed to jointly explore options for improving the workability of part IV of the Aboriginal land rights act and its relationship with the Northern Territory Mining Act. In accordance with that agreement Mr Bill Gray AM and Dr Ian Manning have been asked by all the parties to act as independent convenors to assist in identifying options that may lead to agreement on administrative and legislative reform of part IV of the act and the NT Mining Act.

It should be noted that in relation to this exercise the convenors are not conducting a formal review of part IV of the act or of the NT Mining Act. Their role is to provide a written summary of the findings and recommendations of the most recent reviews of part IV, including the Reeves review, the national competition policy reviews and the House of Representatives standing committee inquiry into the Reeves review. They are also going to provide a written summary of current proposals for reform from the Commonwealth government, the Northern Land Council, the Central Land Council, the NT government and other relevant stakeholders. They are going to develop an agreed set of facts and statistics regarding the processing of exploration licences and mining tenements on Aboriginal land based on both historical and current data made available by all the parties. Based on that and following separate discussions with the parties, they will develop a written set of draft options and possible overall direction for administrative and legislative reform.

Towards the end of this process the convenors are going to convene and chair a joint forum involving the NT government and land council representatives to consider and debate the draft options and, where possible, reach consensus on specific reforms. They will then evaluate the outcomes of the forum and prepare for all the parties a final report summarising the outcomes and outlining final proposals. It is expected that that process, including a desktop review of relevant documentation and discussions with other stakeholders, will be completed by mid-November this year.

On a separate front in relation to native title, the Northern Territory government is also conducting discussions with the Northern Territory land councils, in their role as representative bodies under the Native Title Act, on a wide set of issues relating to settlement of, and future dealings on, a number of native title matters. These discussions include consideration of the future act process relating to exploration and mining under the Native Title Act. I am happy to make available for the committee a copy of the terms of reference for the Gray-Manning exercise.

CHAIR—Thank you. We will now move to questions. I would like to get the ball rolling. You mentioned the terms of reference of the committee. Does the Northern Territory government issue its geoscientific data free, without qualifications, to companies?

Mr R. Adams—Yes, the geoscientific data, of which there is a huge amount, is made available free over the Internet so that anybody in London, New York, South America or

anywhere can get access to it in the same way as somebody in the office next door to us. In addition to the new geoscientific information that is being collected as part of the geophysical mapping studies, we have reviewed all the historical reports on exploration title and mining tenements, and those that are still not current have been scanned and made available in the same way.

CHAIR—I remember reading that the Territory is putting a reasonable amount of funding into that data but that others—probably the Commonwealth—are not. Will you comment on that and on what impediments that is causing to exploration in the Territory?

Mr R. Adams—The Territory government is in the last year of a four-year geoscience initiative in which we have contributed an additional \$4 million per year to conduct these state-of-the-art geophysical surveys. In past years Geoscience Australia, in its various former guises, was involved in contributing technically and financially to group studies and in mapping and geophysical work. This information has been extremely valuable. It was as part of a national mapping accord that the last significant amount of funding was put in, but my understanding is that funding has been constrained in recent years and is now being used more for offshore activity rather than onshore activity and assistance to the states.

The Commonwealth, through Geoscience Australia, is also contributing high-level technical advice and in the past has contributed to activities such as the age dating of rocks and some of the very specific technical stuff that may not be available in the states. Certainly, in recent years, there has been a constraint on the funding made available through Geoscience Australia or the Commonwealth forum for assisting the states in this work. This has been recognised by the various ministerial committees that relate to this, specifically the Ministerial Council on Minerals and Petroleum Resources.

Mr CAMERON THOMPSON—I want to go back to your initial proposition that the exploration of the greenfield sites in particular is dropping off. I was listening to what you said about that; I heard that there were no impediments from the Northern Territory government side, and you referred to the two Commonwealth acts. Are you saying that that is the cause of the decline, or are you saying you do not know what the cause is?

Mr R. Adams—I was trying to say that the activities of the Territory government are very open to exploration, that the Territory is highly prospective and that, on the basis of the map which shows the exploration activities over the Northern Territory, there is no lack of interest by companies in wishing to explore in the Territory. The difficulty the companies face is the rapid grant of the exploration tenure so that they can expend their money. We believe that if the grant of exploration tenure were speeded up then the companies would put money into it.

Mr CAMERON THOMPSON—Are you saying that is as a result of those two Commonwealth acts?

Mr R. Adams—The Commonwealth acts constrain our tenure granting procedures by setting processes in place that require liaisons between the mining company and the traditional owners' representatives—which in the Territory are the land councils—and we feel that sometimes these liaisons are extended beyond the time they should be; they are extensive.

Mr CAMERON THOMPSON—Is that really the nub of it? Are there any other factors we should be looking at here, or is that the cause?

Mr R. Adams—The other factors that relate to downturn are the factors that will be presented to you by the Minerals Council of Australia. For sure there is difficulty in raising funds for smaller companies. There is a downturn in prices for some commodities worldwide. However, that has been overcome in recent years. The gold price is at a many-year high in Australia. There are no major environmental impediments that we have not dealt with which would constrain the grant of title. We will grant title if the procedures of the land rights act and the Native Title Act are met. If title is granted, companies will spend money.

Mr CAMERON THOMPSON—If you were to make suggestions as to how we should address those impediments, what would they be?

Mr R. Adams—The land rights act and the Native Title Act are different acts. The land rights act applies only to the Northern Territory and, as I noted, it covers approximately 50 per cent of the area of the Territory. The rest of the area of the Territory is impacted on by the requirements of the Native Title Act. To deal with the land rights act first, we have provided you with statistics on the grant of title under that act. In brief, the procedure is that a company will make an application to the Northern Territory government for an exploration licence. We review that application and if under all normal circumstances we could grant that application, our minister gives a consent to the company to negotiate with the land council for the area in which the EL application has been made. At that point, the company submits an application to the land council and they are required to reach an agreement prior to our minister proceeding to grant the title. The evidence is that these agreements take a very significant time to be concluded. Our statistics indicate that at 30 June some 288 of those agreements were outstanding or still under consideration between the land councils and the companies.

Mr CAMERON THOMPSON—Are there suggestions from the Northern Territory government about how that process can be corrected to remove the impediment?

Mr R. Adams—That is the subject of the consultancy to which Neil Westbury referred in the introductory comments. The Territory government has made submissions to a number of Commonwealth reviews of the land rights act and my personal view is that if the time limits available for reaching agreements were constrained and if agreements were not reached by that time and the issue went to arbitration, that would have the effect of speeding up the resolution of some of these agreements. That is my personal view and that has been put to the Commonwealth. However, at the moment we have a consultancy with Mr Gray and Mr Manning which is looking at this along with other options.

Mr Westbury—As committee members will be well aware, there are volumes of reports and examinations in relation to issues about alleged impediments to exploration and mining activity in the Northern Territory. Most recently, the House of Representatives standing committee reviewed the findings of the Reeves review and examined these issues and made a series of recommendations with, I think, bipartisan support of all members of the committee. These issues have been debated for a long period of time. However, there has not been sufficient agreement to reach consensus about getting appropriate administrative and legislative reforms in this area. Therefore, the government in the Northern Territory has taken the view that it is

important to look at a way to negotiate those reforms and reach some level of agreement and consensus with the land councils about those matters. That is why we are involved in the process which is clearly at the direct invitation of the federal minister who is keenly awaiting the outcome of those discussions and that examination. That is where we are at this point.

Mr CAMERON THOMPSON—Given that the Northern Territory government has been dealing with this for a long time, does the Northern Territory government have a view? I got the personal view of Mr Adams there about the need to constrain the time for these discussions; does the Northern Territory have a view, going into this, about what needs to be done?

Mr Westbury—The government has put views to Manning and Gray in relation to these matters, and has put a series of proposals to them about ways all of these issues might be addressed. However, we are going to await the outcome of the process. Given that we are in the middle of a process whereby we are seeking to establish some consensus about the way forward, we will await the outcome of their examination before we make those views available. Those views will become available by virtue of the outcome of the process and whatever representations we then choose to put to the Commonwealth.

CHAIR—It would seem a shame to miss the cycle to get your views on record, though, wouldn't it?

Mr Westbury—It is unfortunate that it has cut across this process but, in the government's view, given the length of time that these issues have been in dispute and under examination, obviously the imperative is to try to get some reform in this area and that is why we have embarked on the course that we have embarked on. That is where our focus and attention should be at this point. Obviously when the process is complete we will be making our views available clearly to the committee in relation to the outcomes of that.

Mr CAMERON THOMPSON—To assist us, then, could you give us some idea of what sort of options might be on the table there? What sort of things might be considered?

Mr Westbury—There is a range of options in relation to these processes, from administrative changes through to specific reforms of the act. I think at this point in time that the government would prefer those options to remain with Gray and Manning and the exercise until that is complete.

Mr TICEHURST—Has there been a positive response to the Northern Territory government's education program, in particular, the community services division and the IMETF?

Mr R. Adams—Yes, there certainly has. The group which facilitates the education program is highly professional. They visit the communities, specifically Aboriginal communities, around the Territory and present to both schools and community councils an education program which attempts to show the people that the products of mining actually turn into useful everyday items. For example, bauxite produces aluminium cans and bullbars for Toyotas and things like that, and zinc turns into zinc cream and other useful items. It is very well received in the schools and fits into their science curriculum. As part of that program they also invite the parents, in an evening activity, to view what their children are doing. The whole theme of it is that the people

in the communities and the people on the land have the say or have a right to have a say on whether they want mining activity on their land or not. They can say yes or they can say no and it is their right. But, when they do have that say, they should know on what basis they are making a decision.

Another activity of that group is the promotion of a partnership with the Aboriginal people, to suggest to the Aboriginal people and to the companies that there is value in them getting together and forming some sort of a relationship to work together on the exploration and, hopefully, on mining in due course. It suggests that each party will benefit on a relationship basis, an economic basis and hopefully a social basis. That is the program of the community services group and there are brochures in the submissions that we have given to you.

The other key activity of the community services group is to facilitate the Indigenous Mining and Enterprise Task Force. The task force has as its objective education and participation in mining and mining enterprise activities. This may be supply of services, goods and equipment to mining companies by Aboriginal people and Aboriginal organisations. The Indigenous Mining and Enterprise Task Force meets three to four times a year in communities, mainly related to mining communities, around the Territory and all of the mining companies, the enterprise groups that supply them and the land councils are represented on it. It is really the pre-eminent organisation in Australia promoting this activity. Some of the stories that arise out of the activities of this committee about what companies are doing to try and encourage Aboriginal employment on their remote mines are quite amazing. They take the view that not only are they there to employ but also that, before they can employ people, the people have to be adequately educated. So some of the mines have major education programs associated with this activity.

Mr TICEHURST—Would you say that the slowdown in resources exploration has impacted on the Aboriginal people and their communities?

Mr R. Adams—The reduction in the number of mines that are available to work on certainly would have. The other thing that the slowdown or the reduction in the number of mines has an impact on is the payment of royalties and also any compensation payments as part of Aboriginal land rights act agreements. Just let me touch on the royalty issue. When a company that has a mine on Aboriginal land pays a royalty, we advise the Commonwealth and the Commonwealth puts into the Aboriginal Benefits Account an equivalent amount to that royalty. That is then paid to the Aboriginal people of the area and to the land councils to support their operations, and a portion is kept available for Aboriginals generally. So if mining does not occur, over time it does have a big impact on the resources available for Aboriginal communities.

Mr TOLLNER—Mr Westbury, I understand that your department is very keen on the reform of the Aboriginal land rights act. I understand that, once your review has been undertaken, the results of that will have to go to Minister Philip Ruddock and then go through the process in the federal parliament. You are obviously aware of that and also that some parts of what you are proposing may not get through that process?

Mr Westbury—We are endeavouring to negotiate a range of potential amendments to the act that will successfully negotiate their way through both houses.

Mr TOLLNER—Certainly, but you are obviously aware that there may be stumbling blocks and there may be further amendments made in both houses?

Mr Westbury—We are aware of the fact that there has been a long history of a lack of success in getting amendments through both houses. That is why we are adopting the approach that the government has chosen to adopt, which is to seek to negotiate some agreed approach to gaining amendments. That is why the federal minister has taken the view that we may be better placed to achieve that.

Mr TOLLNER—Certainly. As you say, this review stems from an options paper that was sent to you. I think point 19 in that options paper was the possible patriation of the Aboriginal Land Rights (Northern Territory) Act to the Northern Territory government. Wouldn't it be easier to make your reforms in the Northern Territory as opposed to sending them to the federal parliament?

Mr Westbury—I think the Chief Minister has already made public comments in relation to the government's position on that matter.

Mr TOLLNER—What is the government's position? I have not really been able to decipher what the Chief Minister said in that regard.

Mr Westbury—I think the government's priority at this time is to attempt to negotiate and get some amendments, some workability changes to the act, given the fact that we had a long period of time when there were minimal amendments to the act. There is a range of issues that people have identified where there are necessary reforms to be made on the side of the land councils by the NT government and by other stakeholders such that we think the initial priority is in fact to try to get some reform through. I think the government's view is that focusing on the other questions you have raised would only have the effect of putting back the opportunity of getting those reforms.

Mr TOLLNER—Is it the government's view that this act is better administered out of Canberra?

Mr Westbury—The government's view is that we are trying to seek to get amendments to the act, to negotiate some agreed amendments with the land councils.

Mr TOLLNER—My question was: is it the government's view that this act is better administered out of Canberra?

Mr Westbury—I think the government's view at this point in time is that the priority is in fact to get agreed negotiated amendments to the act.

Mr TOLLNER—Certainly that was your answer, but my question was this: is it the government's view that the act is better administered out of Canberra?

Mr Westbury—No, the government's view at this time is, as I said, to try to get some amendments that are workable through both houses of parliament. Any debate in relation to the matter you have raised will only distract attention from achieving that goal.

Mr CAMERON THOMPSON—You said that there were 288 projects currently in negotiation over exploration opportunities. What is the estimated worth of those projects? Are some of these on a deadline? Are they going to drop off? Is the number going to continue to build up or is it on the slide because people cannot get access?

Mr R. Adams—It is hard to answer that question specifically. As to the value of those outstanding EL applications, the long-term value depends on whether somebody finds a mine on them and develops that mine and produces the goods.

Mr CAMERON THOMPSON—I am talking just about exploration.

Mr R. Adams—In exploration effort, we currently have granted 199 exploration licences on Aboriginal land. Over the period of time that the land rights act has been in existence, some 304 ELs have been granted, of which 109 or so have ceased. The exploration expenditure per EL varies greatly from, say, \$10,000 to \$200,000 depending on the stage of exploration. If you were to, say, make an assumption that it was \$50,000 per EL per year on the ones that are granted—and this is just a sheer guess—it would probably add up to a considerable amount of money.

Mr CAMERON THOMPSON—The value of \$50,000 would be a sort of average, would it?

Mr R. Adams—That would be the sort of value that you would expect on an early stage EL. If they found anomalies and went on to do drilling and further test work, then you could have up to half a million dollars.

Mr CAMERON THOMPSON—What about just in exploration work jobs? What are they worth? How many jobs would there be associated with each of those?

Mr R. Adams—Again it is a guess but between five and 30 per EL, depending on the state of maturity of the exploration activity.

Mr CAMERON THOMPSON—What about quantifying it as well? You talk about how things are surviving on these brownfield sites but they obviously cannot go on forever. How long will it be before they start to decline? How much life is left in those brownfield sites?

Mr R. Adams—Brownfield sites are sites in the vicinity of active mines where the companies are attempting to find additional resources to expand their mines or continue the life of their mines. According to the data that we have given you, brownfields exploration expenditure over the last five years has averaged about \$40 million per year, whereas greenfields exploration has reduced from \$43 million in 1997 to about \$6 million last year. Clearly, where people cannot access greenfields or fresh areas, they will continue to explore in the vicinity of existing resources. The cheapest ore you will ever find mined is in the vicinity of existing infrastructure.

Mr CAMERON THOMPSON—My question was: how long will that reliance on brownfields last and how rapidly is it going to decline? Do you have brownfield sites that are going to run out of available extra resources within the very near future, or is it something that can drag on for 10 or 15 years?

Mr R. Adams—No, it could drag on for some time at larger mines, but smaller mines will run out of brownfields resource exploration opportunities reasonably quickly—unless they are in the brownfield activity and they find another major deposit, which one hopes they would. It is a bit hard to say.

Mr CAMERON THOMPSON—I was hoping for quantification—whether you had examples or some indication and whether you had done any planning as to what the likelihood of that decline was going to be.

Mr R. Adams—No, we cannot plan that; it is in the hands of the exploration companies and the miners. But if mines close and the infrastructure is removed, the incentive for additional brownfields exploration dissipates.

Mr CAMERON THOMPSON—How long is it likely to be before you come to the Commonwealth with whatever your position is going to be and request changes to those two acts?

Mr Westbury—In relation to the Aboriginal land rights act we hope to complete discussions by the end of this year with a view to putting forward proposals. There are not just discussions in relation to part IV; there are a range of other matters in respect of the Aboriginal land rights act on which we are having discussions with the land councils.

CHAIR—When do you expect to send the recommendations to the Commonwealth?

Mr Westbury—We aim to do so by the end of the year.

Mr TICEHURST—Which of the environmental assessment issues on page 11 of your submission impact substantially on exploration rather than mining?

Mr R. Adams—The bulk of the environmental assessment issues relate mainly to mining activities and only to a very minor extent to exploration activities. There is a standard set of environmental conditions which we place on an exploration licence to ensure that the company behaves in a sensible manner, does not pollute the ground and so on. Compared with mining activity they are minor.

Mr TICEHURST—What about the offshore situation? Quite a lot of the Northern Territory coast is exposed. Do you have involvement in that as well?

Mr R. Adams—There are no mining tenements in the near offshore area in the Northern Territory at this stage. Once you get out past the three-mile limit it becomes Commonwealth domain. Any titles which are granted out there would be granted by the Commonwealth, but at this stage there are none at all for mining. There are petroleum titles, which are granted under the Commonwealth (Submerged Land) Petroleum Act, at this stage they are managed by the Northern Territory government.

CHAIR—Time is starting to run away from us. Does any member have any further questions?

Mr CAMERON THOMPSON—I have a question. Given that the issue you seem to be pointing to concerns the land rights act and the Native Title Act, I want to talk about the impact on jobs and potential employment in Indigenous communities. Looking at those figures you gave me before—and I have not added up the jobs thing; you said there could be between five and 30 jobs on each of those exploration licences—just on dollars, if you say that an average of \$50,000 is being spent per EL and that there are 288 projects currently in negotiation, that is \$14.4 million in exploration that is sitting out there in abeyance, plus those jobs. Out of that range of between five and 30 jobs per EL, what proportion of them could potentially involve jobs in Indigenous communities?

Mr R. Adams—One of the difficulties that the Indigenous Mining and Enterprise Task Force has recognised is that, whilst there may be jobs, to take up many of the jobs you have to be appropriately qualified—not simply able to do them but able to do them safely and competently. I referred to the education activities of the companies and the Territory government which attempt to get this. The problem is finding people in the communities who can take up the jobs. Some of the companies working in those areas have very high aims of directing 20 or 30 per cent of their employment to Aboriginal people, if the people can be found to fill the jobs.

Mr CAMERON THOMPSON—I understand all of those sorts of difficulties. I am asking: if you say between five and 30 jobs might be on every one of those ELs, how many of those jobs, on average, might realistically be able to come back to an Indigenous community?

Mr R. Adams—That is a question I cannot answer specifically without a simple guess. It depends on what the jobs are and on the qualifications of the people available to take the jobs. If they are field hand jobs—that is, field assistance for exploration—I would imagine that 40 or 50 per cent of those jobs could be filled by suitably qualified Indigenous people.

Mr CAMERON THOMPSON—So, even if there was one on every one of those ELs, that would be 288?

Mr R. Adams—Yes, that would be roughly right. I do not have figures for the number of Indigenous people employed in the industry at the moment. The land council may have some of those figures. I have not brought them with me, but our task force does keep those figures. If you look at the annual report which we have attached to our submission, there will be figures relating to Aboriginal employment in mining for that year.

CHAIR—If the committee has no further questions, I would like to thank you for your appearance before the committee today and for your information.

Resolved (on motion by **Mr Tollner**):

That the submissions numbered 90, 91 and 92 be received and authorised for publication.

[2.51 p.m.]

MATTHEWS, Dr Ron B, Manager Exploration, Cameco Australia/Northern Territory Minerals Council (Inc.)

PURICK, Ms Kezia, PURICK, Ms Kezia, Chief Executive Officer, Northern Territory Minerals Council (Inc.)

WILKIE, Mr Jeff, Manager Aboriginal Relations, Rio Tinto Exploration/Northern Territory Minerals Council (Inc.)

CHAIR—I welcome representatives from the Northern Territory Minerals Council Inc. I invite you to make an opening statement before we move to questions.

Ms Purick—On behalf of the minerals council, I thank the committee for the opportunity to present a brief overview of our position and to answer any questions relating to the terms of reference of this current inquiry. In appearing here today, I would like to provide a snapshot of the minerals council to give the committee an understanding of the group and its work program. The minerals council is an independent, non-political incorporated body established in 1955 to promote and represent the views of its members, which include mineral exploration, mining, quarrying, extractive, offshore petroleum, pipeline and supply companies. Representation is at territory, federal and local government level. The group is recognised for effective issues management and its cooperative action for the Northern Territory minerals and petroleum industry. Its mission is to promote the development of a safe, profitable and environmentally responsible minerals industry that is internationally competitive and attuned to community expectations.

Typical activities of the minerals council in the Northern Territory include engaging with key government decision makers and those who advise them; influencing policy development; improving industry's performance through the development of codes, guidelines and the sharing of best practice; providing members with up-to-date information on issues that are likely to affect the industry; maintaining close working relations with other industry groups, with an interest in the resource industry and other key national associations in Australia; running topical and relevant seminars, conferences and workshops; and providing a comprehensive range of information about and for the industry. The secretariat of the Northern Territory Minerals Council is based in Darwin, and I report to a board of 12 elected members.

Key issues in the Northern Territory relating to this inquiry are as follows. The minerals industry is the most significant contributor to the Northern Territory economy, contributing approximately 34 per cent to gross state product. The minerals industry in the Northern Territory is an important contributor to social development, benefiting all Territorians both directly and indirectly. The minerals industry plays a major part in regional development and the economic development of Aboriginal communities. The membership of the minerals council is diverse, commodity orientated, technologically advanced, capital intensive, characteristically high risk, high reward, heavily export orientated and increasingly strongly becoming globally aware and internationally integrated.

The strength of the Northern Territory minerals industry could be viewed as being in jeopardy. The three big, world-class operations, which account for over 80 per cent of the value of production in the Northern Territory—Alcan Gove, McArthur River and Gemco—are all products of the 1970s exploration boom. Minerals exploration expenditure has progressively fallen from a peak of \$93 million in 1996 to \$48 million in 2001. More alarmingly, the greenfields exploration expenditure of that figure was approximately \$4 million in 2001. Despite occupying 17 per cent of the land area of Australia, the Northern Territory still only attracts seven per cent of national mineral exploration expenditure.

Despite impressive discovery rates of nationally significant and world-class mineral deposits elsewhere in Australia, the Northern Territory has not had a greenfield discovery in the last 30 years. This situation is not justified by its high geological prospectivity. Public provision of geoscience data plays an important role in mineral exploration in the Northern Territory. Experience in the other states is that for every government dollar spent on precompetitive geoscientific data, private sector exploration expenditure increases fivefold. Provision of geoscience data is a key way in which the Northern Territory, indeed Australia, maintains its international competitiveness in mineral exploration. All major mineral nations provide public geoscience data as a means to maintain or stimulate exploration expenditure. Therefore, the Northern Territory Minerals Council strongly supports the role of the Northern Territory Geological Survey and Geoscience Australia in their work and supports a continuance of the Northern Territory exploration initiatives for a further five years and an increase in funding for Geoscience Australia with conditions attached to the latter.

Some of the factors affecting the decline in mineral exploration expenditure since 1996 in the Territory include economic circumstances, such as changes in commodity prices and access to capital, particularly for junior explorers; and regulatory factors, such as the native title regime, the Aboriginal land rights regime and environmental legislation. The fall in Northern Territory and Australian mineral exploration has coincided with the fall at a global level, and the changes within industry have resulted in all projects competing on a global scale.

Access to land for exploration and development is critical to the present and future operations of the Northern Territory minerals industry. Any policies developed or decisions made in regard to land access must provide fair, consistent, effective and equitable access to, and use of, land and resources. While access to land and resources is critical, the time frame within which any decisions are made—and, ultimately, access is granted—are also of significance.

The Aboriginal Land Rights (Northern Territory) Act is an unduly complex legislative framework that all stakeholders agree is not delivering the intended or required outcomes. Of particular concern in the operation of the act is the cumbersome nature of the larger land councils, the time frames for consultation and achievement of positive outcomes and the cost of conducting business under the act. There is an urgent need to amend the act to place it in contemporary society. The Minerals Council recommends that the committee highlight the difficulties of the act and urge the coalition government to work with all stakeholders to achieve much-needed reform and amendments to it. The Minerals Council trusts that this committee will acknowledge the particular issues for the minerals industry in the Northern Territory and recommend action in the key areas of provision of geoscience data, reform of the Aboriginal land rights act and the promotion of workable legislative regimes.

CHAIR—Thank you. On the points you raised, has exploration around the two proposed mines near Batchelor been impeded to the point of delaying the development of the mines?

Ms Purick—The two proposed projects at Batchelor are both very much dependent on cost competitive energy. That is one of the bigger issues for both of them. As I understand it, they both involve smelting operations to a large extent and they will both require cost competitive energy. This has been factored in to all the discussions in regards to Timor Sea gas to shore. One of projects, as I understand, is on private land, and the other project is on a combination of land tenure.

Mr TOLLNER—Ms Purick, I would just like to read to you a statement and I would like you to comment on it, if you could. It reads:

Turning to the process of exploration licences on land held as Aboriginal freehold under the Aboriginal Land Rights Act, the land councils have developed a process for implementing the requirement of the act that informed consent should be obtained from traditional owners. As both traditional owners and applicants have become familiar with the process, the time taken for consent has fallen, though Territory circumstances still require a typical duration of two years. Exploration companies have built this into their planning process and the costs are accordingly minimal. In return, mining companies gain certainty of title and legitimacy in the eyes of Indigenous people.

Is it true that ‘costs are accordingly minimal’?

Ms Purick—I will ask one of my colleagues to answer that.

Mr Wilkie—I would not suggest that costs are accordingly minimal. You will be aware that the exploration industry carries most identifiable costs in accessing Aboriginal freehold land—land trust land. Those costs can be substantial, depending on the requirements of the land council and the level of consultation in seeking the advice of traditional owners and the amount of land to which access is being sought. There are number of factors which build the costs up. The exploration industry, or Rio Tinto, finds those costs relatively high, and at times the merit of the land sought does not justify the cost.

Dr Matthews—I certainly would agree with Jeff there. Perhaps to highlight that, when we recently completed a survey sent round by the Australian Bureau of Statistics on the cost of land access—this was for 2001—

CHAIR—Was that the department of mines and energy questionnaire?

Dr Matthews—No, this was the Australian Bureau of Statistics form. It covered all aspects of land access—every cost. We completed this form, and our total cost for land access for 2001 was over half a million dollars, which is a considerable amount of money. That covers every aspect of land access, including our legal costs, but it is a pretty frightening amount when you sit back and think.

Mr TOLLNER—Would this be an impediment to smaller exploration companies?

Dr Matthews—I would say it was a considerable impediment, yes.

Mr TOLLNER—Going on to another area, can you give me some idea of the life span of current Northern Territory mines?

Ms Purick—The three larger mines that I mentioned—Alcan Gove, Gemco and McArthur River—all have life spans of between 25 and probably 35, 38 years. But, as mentioned, they are a product of the seventies exploration boom. We have not had a world-class mineral discovery in the Territory since the Jabiluka deposit, and of course that is still not developed. We have had a series of gold mines and other base metal mines open up and close in the Northern Territory. They have contributed very well to the economy, but they are not world class. In 20 to 30 years time, unless major mines are discovered now, there could be some real issues for the Northern Territory in regards to its economic future.

Mr TOLLNER—Can you expand a bit on what the companies' view is towards the situation regarding the Native Title Act and the Aboriginal Land Rights (Northern Territory) Act?

Ms Purick—Member companies of the Minerals Council, or just companies that operate in the Northern Territory, have all different relationships with land councils. Some companies predominantly operate in the Top End; some predominantly operate in the southern region; some operate across the Territory, so are dealing with the aboriginal land rights act and land councils on a regular basis. I would presume that, as with anything in our industry, there are mixed views as to how companies' business is conducted and the outcomes, positive and otherwise—but, over the last 10 to 15 years, there have been a number of companies that have left the Northern Territory because the cost of doing business in the Territory is just too high. The industry has changed a lot in the last 10 years: the competitiveness has increased and we are no longer competing with areas in Australia; we are now competing on a global level. We now only have two exploration offices in the Northern Territory, whereas five to 10 years ago there were probably a dozen.

Mr ADAMS—What about the price of commodities in world terms? Has that had an effect on the mining exploration here?

Ms Purick—Commodity prices certainly do affect companies' desire and ambitions in regards to exploration, not just in the Northern Territory but, I would suspect, across Australia—or anywhere, for that matter.

Mr ADAMS—For the minerals that would be expected to be found in the Northern Territory—in the past, uranium—the market is not very buoyant, is it?

Ms Purick—As I understand, no.

Dr Matthews—But there are hopeful signs. Like all commodities, uranium at the moment is very depressed economically, but it has picked up. Last year it picked up slowly and the prediction is that it is going to pick up. Nonetheless, you are right. It is a factor. But it is only one of the factors, and uranium is only one player. Gold, diamonds, base metals—they all play a significant role.

Ms Purick—As I think is the case with the rest of the country, gold is the most sought-after mineral in the Northern Territory, accounting for approximately 68 per cent of our mineral

exploration. The Northern Territory is blessed with a huge number of mineral occurrences, most notably of the base metals, diamonds, gold, uranium and copper. We do not have an abundance of nickel and coal and iron ore. Much as we would like them to be there, they are not there in commercially viable quantities.

Mr TOLLNER—Could you tell me why you think the Northern Territory attracts only around seven per cent of the national mineral expenditure when it is known to be highly prospective?

Ms Purick—There are probably a number of factors. As we have mentioned, commodity prices would be one. The Northern Territory is competing with the other states in the provision of public data—the geoscience data that is available—and in what governments in other states can offer as incentives for exploration and mining companies to come to their states. State taxation regimes, for example, can act as an incentive. As mentioned before, the Northern Territory has a reputation with regard to its land access issues that have been around for the last 20 or so years.

CHAIR—Do you think that is deserved?

Ms Purick—The number of companies operating in the Northern Territory has declined over the last 20 years. The blame cannot be laid solely at the feet of the Aboriginal Land Rights (Northern Territory) Act, but that has certainly been a major contributor. There are other issues, as we have mentioned, which are, obviously, commodity prices, the regulatory situation and the competition that companies now go through with regard to justifying why they want to spend the money in a particular location. Perhaps the companies could explain better than I as to how they compete for funds, not only at an Australian level but also at a global level.

Mr Wilkie—It would be fair to say that there are several issues that affect our company in our level of exploration in the Northern Territory. It is difficult to say that there is one overarching factor that has contributed to our decline in exploration expenditure in the Northern Territory. We are still active in the Northern Territory but not to the level we have been in the recent past. As Kezia points out, each of these factors compound this situation to one where the company makes a decision that its high risk dollars may be spent with less risk elsewhere. However, we still maintain an exploration effort in the Top End and the Centre. Rio Tinto is, of course, a classic example of globalisation of a mining group. We now compete with Rio Tinto in other parts of the world for our exploration money from London; we operate in, I think, 53 countries around the world. We now do not compete just state by state internally but, in each commodity, we compete with other countries to maintain a budget in Australia.

Other compounding issues are, of course, time and cost factors in relation to land access. We put considerable effort into that and believe we do reasonably well. However, it is still a relatively slow process on land trust land. Under current exploration processes, if you like, the exploration industry now—at least in a major company's position—is a reasonably fast-moving industry, and we need to access relatively large tracts of land for short periods. That is the preferred method of Rio Tinto to, we believe, increase our chances of exploration success, if you are looking at the odds of success—large areas of land, first pass type exploration techniques and keep moving. Statistically, around the world, that has been shown to work best for us. Unfortunately, that does not work so well in the Northern Territory, where you have such

a large proportion of freehold land that takes more time to access if and when traditional owners are comfortable with allowing access. So that has had a fairly significant effect on Rio Tinto Exploration in the Territory.

There are other factors, of course. There is not a great tax incentive in the exploration industry for greenfields exploration, as Kezia pointed out. We are working in a very high risk market as far as return on expenditure is concerned. In the last 30 years the return to shareholders has been roughly 2½ per cent per annum, which is not a great return for the mining industry and it is of concern to the mining industry. No doubt there are other factors that impact upon that, but it is not an industry that easily attracts money and investment. That situation does not affect the majors as much, because they do not have the issue with raising capital that mid and junior companies do. It is fair to say from Rio's point of view that our exploration effort has certainly slowed down in the Northern Territory; however, we are still active and intend to be active in the Northern Territory but not to the level that we have been in the past.

Mr TOLLNER—Ms Purick, with regard to the reform of the Aboriginal land rights act—and I understand you are very supportive of reforms there—I asked this question of the Northern Territory government in relation to the patriation of the land rights act to the Northern Territory government. Does the Minerals Council have a view on that one way or the other? Do you think reforms would be easier to pursue through the Northern Territory government as opposed to dealing the Canberra? Do you have anything to say on that at all?

Ms Purick—From the Minerals Council's point of view, at this point in time we do not have a formal position on whether we support, or otherwise, the patriation of the land rights act to the Northern Territory. The other point to make is that land access generally is a state issue. It is not a national issue. If you use that line of thinking, then land access issues should be managed within the state. But, as I said at the beginning, we do not have a formal policy at this point in time, but I am quite prepared to take it on notice and provide information back to the committee at a later stage before the conclusion of your report.

Mr TOLLNER—I would be happy if you could do that.

Mr TICEHURST—You mentioned energy earlier. How could regional infrastructure be better coordinated? Do you see a role there for governments, either the federal government or the Northern Territory government?

Ms Purick—With regard to the latest round of discussions and debate in the Northern Territory, the Northern Territory government is taking a very active role in its efforts to have Timor Sea gas come to shore for downstream projects—some associated with the mining industry and some not. I believe there is a role for the Northern Territory government and the Commonwealth government in the provision of support. In the past, the Northern Territory government has assisted with infrastructure for the mining industry by providing road access where that has been a problem and by forming partnerships with companies with regard to the development of projects.

Mr TICEHURST—How has the slowdown in the exploration impacted on Aboriginal people and their communities?

Ms Purick—The companies I know do get involved with employment of Aboriginal people with regard to exploration programs. No doubt if mines close or exploration activity declines, then there is less work on the ground. Depending on where the exploration work is conducted, companies are always keen to not only employ but train a local work force, such that when they have left a particular area they might get jobs with a subsequent exploration company. But the companies might want to comment on that, because they do get more involved with it.

Dr Matthews—I guess it is fairly complex in that obviously exploration has an impact. Working with the NLC and through the act, if we get access to ground then we obviously try to employ traditional owners directly to work, but that can be quite limited. These programs are generally not on the mining scale, but then of course there are compensation benefits that roll back to the traditional owners as well. The other aspect is that we are exploring in the hope of finding a mine and if that does come about then obviously the benefits will be significant. So it is a many pronged thing. Direct benefits initially are not perhaps significant, but they are there. There is employment and there is compensation as well. I do not know if Jeff has any other comments.

Mr Wilkie—Speaking on behalf of my company, we have a fairly strong commitment to Aboriginal employment and have negotiated agreements with the land councils on land trust land and, under native title regimes, some pastoral lease land. In those agreements we have best endeavours commitments to maximise our Aboriginal employment, which we are doing where we are currently working. However, as I mentioned earlier, our work effort has been a lot less in the last couple of years for the number of reasons that we pointed out before. Be that as it may, we are still carrying out short drilling campaigns and on every project we endeavour to employ Aboriginal people. So our level of employment per project has not altered at all in the current circumstance, but the number of projects running has reduced fairly drastically, so the numbers are affected proportionally.

Mr TICEHURST—I have a final question. Given the rise in demand for uranium, what is the impact on the three-uranium mine policy? Do you see that as an impediment?

Dr Matthews—We are here exploring and, if we find something, we would hope that we would be able to develop it. That is part of the deed we sign. We are effectively given the go-ahead. That is why we are here exploring. If we find something and if it makes sense economically, we assume we will be given the go-ahead. I am not sure the three-mine policy factors into it significantly. If it is still there, it is something we will have to address. With the fact that we are looking and spending considerable dollars, we have to be reasonably confident that if we find something we can develop it. That is the situation at the moment. We feel there are those indications.

Ms Purick—The Northern Territory Minerals Council has always had a position of supporting companies in their quest to explore and to develop a mineral project, regardless of what the commodity is. We do not support the ALP's position of a three or two-mine policy at all.

Mr CAMERON THOMPSON—I want to flesh out some more of the information that we got before from the Northern Territory government about the number of these projects and the ramification of them sitting there waiting for exploration to proceed. They said that there are

288 projects. The rate that we were given is that there are between five and 30 jobs on each—that would be 1,440 jobs at five per project or 8,650 at 30 per project, so the number is somewhere in there. They indicated, in terms of expenditure, I think \$50,000 per project—that is \$14.4 million. To flesh that out some more and to put some bones on that, regarding the 288 projects, are there any particular areas of the Territory where these projects tend to be most located? Firstly, are there any areas that I am looking at that are being particularly disadvantaged by this?

Ms Purick—By projects, I presume you mean exploration licences granted?

Mr CAMERON THOMPSON—No, the exploration licences that are still waiting—the land rights process that the Northern Territory government spoke about.

Ms Purick—I presume the intergovernment submission provided to the committee a map of exploration licences granted and applications. My understanding is that the EL applications are pretty much spread across the Northern Territory—through the northern region, the Pine Creek geosyncline region, West Arnhem Land, obviously extensively through the Tanami region, and there are some in Central Australia with regard to diamond exploration. I think there is probably a patch in the middle of the Northern Territory, out from the Stuart Highway, that is not as highly sought after as all the other areas. Is that a fair comment?

Mr CAMERON THOMPSON—That is fair enough. Looking at the number of jobs, Mr Wilkie said a minute ago that in his experience there are efforts being made by companies to offer employment to Indigenous people. We are talking about the exploration process now. What is your experience of how many jobs on an exploration project there could be for Indigenous communities?

Ms Purick—Perhaps the companies could answer that better than I could. There are a lot of exploration licence applications across the Northern Territory both on Aboriginal freehold land and on pastoral land. It does not necessarily equate that there are a lot of exploration companies operating in the Northern Territory because some companies will hold a stable of exploration tenements. In regard to the employment figures, I think that will vary as would the expenditure on exploration licence areas, granted and otherwise. Perhaps the companies could comment further.

Mr Wilkie—It is a fact that, with the time delay taken to gain access, more applications than you could work are held at any one time—given that you need a stream of grant tenements to maintain an exploration effort.

Mr CAMERON THOMPSON—The Northern Territory government said a total of between 1,440 jobs and 8,650 jobs were attached to these exploration projects that are in abeyance. If we take what was said at face value, how many of those, potentially, could go to Indigenous people in Indigenous communities?

Mr Wilkie—The numbers sound high to me—and let me be clear I am only speaking for Rio Tinto. We should perhaps clarify that definition. An exploration licence granted does not necessarily constitute project for us. We tend to group tenements together, bearing in mind that Rio Tinto is looking for world-class oil bodies and they are far more easily found when you

cover more ground and that ground is concentrated in a particular geological terrain, so you are tending to seek more area and you may group several tenements together. That becomes a project in our context. On that basis, that project may sustain a number of Aboriginal employees in our case. The numbers are generally low in first-pass exploration—bearing in mind that we tend to work quickly at a fairly high level of technical input. However, we are employing Aboriginal people at first indirectly on work program clearances per work project and then we have direct employment when the work programs commence. It is fair to say that, in our case, work programs are fairly short-lived in the current exploration regime, sometimes only a matter of weeks. We tend on a short drilling project to employ two or three Aboriginal people at any one time. However, we may have four to eight on the books for that project and rotate people through.

Mr CAMERON THOMPSON—If there were 288 exploration licences out there, what sort of employment would there be for people in general and also for Aboriginal people?

Mr Wilkie—I am not sure that I have understood your question. We could not operate that many tenements at one time. We simply do not have the budget for it. If they were spread across several companies that had the same view as Rio Tinto and they put on three to five Aboriginal people per project and grouped two or three or five tenements into a project—you can work the figures out from that. Off the top of my head I could not tell you. It is important to understand that a tenement does not necessarily make up a project. In some cases it does. If it is an isolated tenement well out from another area that you are interested in, it becomes a separate project in that sense and you would have a small employment program. You cannot extrapolate the numbers directly in employment terms.

Dr Matthews—You talk about \$50,000, but \$50,000 is a relatively small budget on a project. I agree with Jeff: that sort of small project is unlikely to generate a lot of Aboriginal employment. It is the ones where you get into more extensive sampling programs and drilling that are hundreds of thousands up.

Mr CAMERON THOMPSON—I am having a bit of trouble quantifying what you are saying.

Dr Matthews—It is very hard to quantify, I quite agree. I think part of the issue is initially there is a good database provided by the NT government but quite often we still would go in and do our own airborne work, so obviously that does not generate a lot of employment outside of the contractors. Then, if we like what we see, we would try to get in on the ground and then start generating, hopefully, some employment, depending on whether it grows. I think the numbers you have got are pretty high. Obviously, like Rio, where we possibly can we try to employ local people but it depends very much on the program. For \$50,000, you are barely going to get on the ground for two days. Two-thirds of that probably goes towards land access anyway, so by the time you have got there—

Mr CAMERON THOMPSON—Are you saying the jobs that we are talking about that were mentioned before are high but the \$50,000 is probably low?

Dr Matthews—No, I am not saying that. It depends overall. If you are talking about 288 projects of \$50,000 each, probably Aboriginal employment in that situation would be minimal.

But within those 288 projects, potentially you are going to develop ones which are going to have a budget of \$1 million a year or \$500,000 and then you can have two, three or four people employed. It depends. But a \$50,000 project is likely to be for a first-pass airborne survey with some minimal work on the ground, and that is not going to generate a lot of direct employment, unfortunately.

Ms Purick—The direct employment for the minerals industry in the Northern Territory, excluding petroleum, is only about 4,300 people.

Mr CAMERON THOMPSON—What is that for? Is that the current employment in the whole of the sector?

Ms Purick—In the Northern Territory, yes—excluding petroleum.

Mr CAMERON THOMPSON—That is with the 40-odd projects referred by the government.

Ms Purick—Yes, all major mining projects and exploration companies that have bases and have people employed in the Northern Territory.

Mr ADAMS—To get an EL, does that have to be a negotiated licence with traditional owners? Are jobs part of the negotiations?

Mr Wilkie—It depends on what underlying tenure it is. Certainly on land trusts, you are subject to the Aboriginal Land Rights Act and you need consent to negotiate from the minister and instruction from the traditional owners to do so. In that instance, one of the factors to be considered by traditional owners would be employment, yes.

Mr ADAMS—Employment of Indigenous people in exploration has come about since the negotiations have had to take place. I would not have thought there were too many there before the Native Title Act, 1997 or 1979.

Ms Purick—No, there has been quite substantial employment of Aboriginal people in exploration and mining companies in the past 20 to 30 years.

Mr Wilkie—If I can add to that, I was referring to just land trust land. On pastoral lease land, under the Native Title Act, in our case we also have employment provisions in our agreements. Where we do not have agreements, we still have the same level of Aboriginal employment.

Mr ADAMS—Would you have had that before the Native Title Act?

Mr Wilkie—Within Rio Tinto we have, yes.

Mr ADAMS—And in the industry generally?

Ms Purick—Yes, I would say generally across the industry companies all have their different policies. I think for many years companies have all had policies in regard to employment and

training, not only of mining company personnel but of Aboriginal people where they are located close to projects or potential projects.

Mr Matthews—I think it makes sense. For any mining company or any operation on Aboriginal land, you are going to work very closely with them. Employment is a very important part of that; it is part of doing business. It is extremely important. For Cameco, for one, whether it is in the agreement or not, that is a priority. I am sure that applies to any mining company these days. It is extremely important.

Mr ADAMS—So you are saying that it is policy for mining companies?

Mr Matthews—I would not say ‘policy’. If they are serious about what they are doing, it is extremely important. You have to look at the record of individual companies but, whether it is written in there or not, it is a very important part of doing exploration or mining.

Mr ADAMS—What about the difficulty of companies holding land that they are booking out for some time and not turning it over? Mr Wilkie, you said that your company turns over quite a lot. Does that mean it drops off its licence once it has been through and had a look?

Mr Wilkie—We have a need to turn land over—as I would suggest most companies do. It does not mean we are able to turn land over in the current situation. Once the tenement is granted, the Mining Act time line kicks in anyway and the tenement life clock starts to tick.

Mr ADAMS—How long is that?

Mr Wilkie—For an EL I think it is six years, but it is very rare for Rio Tinto to hold a granted tenement for that long. With current exploration techniques, we probably average 2½ to three years in the tenement life and relinquish or divest to another company. That is just how we are working at the moment. That probably will not change to longer-held tenements unless there is something of interest there that we particularly wish to pursue.

Mr ADAMS—What is the Minerals Council’s position on that?

Ms Purick—It is an individual company’s position. The Minerals Council has a policy that we do not get involved or concerned with their commercial operations, whether it be relinquishing tenements, hanging on to them or farming them out, for example.

Mr ADAMS—But does it hold back further exploration by other companies that want to put their money up? If it is being held up by one particular company, is that an impediment to exploration?

Ms Purick—I think that for companies these days, in terms of the land that they do get, they want to analyse and gather the data and then make commercial decisions on whether they wish to keep the land or to relinquish it. The halcyon days of having land and funds being abundant on the ground have long gone. As mentioned before, in some of Jeff’s opening comments, they are competing within their company group with projects in other countries.

Mr ADAMS—Transport has always been an issue for mineral exploration in the Territory. Gold has a high value, as have diamonds et cetera. What effect does that have on the development of other sites? Did you say nickel exists?

Ms Purick—I think nickel is in the Territory, but I do not think it is in the size that makes it commercially viable to mine. Western Australia got all the nickel. Most, if not all, the projects in the Territory are serviced by air—fly-in fly-out—by road or by ports and shipping.

Mr ADAMS—That is why I asked the question, because the major developments are around the coast and shipping plays a role. But further inland, what role, in your opinion—if you have one—has transport played in prohibiting development?

Ms Purick—For the more remote projects, for example in the Tanami region, the lack of what we would argue is adequate road infrastructure can be an impediment or can add cost to those projects. For subsequent projects that may be planned, given that that is a highly prospective region, the Tanami road, which is the main service road into the mines, is not a sealed road and that has added substantial cost to the industry in its operation and to other stakeholders that use that road, most notably those in the pastoral industry and tourism operators.

Mr Wilkie—The lack of suitable transport infrastructure certainly has an effect on exploration. You mentioned a lot of current developments near the coast and it is quite right that you probably could not replicate those bulk commodity manganese bauxite developments closer to Central Australia, simply because location and transport costs would make them unviable. That really depends on the economics of the ore body itself, but it is often a crippling factor. For example, we have just abandoned a subeconomic phosphate project in the Barkly Tableland and lack of transport was a significant factor in the economics of that ore body.

Mr ADAMS—All of the easy ore has been found since we started mining in Australia and it is now getting harder. How much has that affected the exploration effort in the Northern Territory?

Ms Purick—You are probably quite right: the easy ore has been found and mined. It has probably had some impact on the industry in the Northern Territory. I understand that, with advances in technology and the provision of geoscience data, commercial ore bodies are possibly deeper down. The further down you go the more costly it is going to be to mine. At this stage, given that vast sections of the Northern Territory are still underexplored, we probably have a lot more potential mines that one would say are close to the surface than some of the other states where the ore bodies close to the surface have been depleted. A big chunk of the Northern Territory is still underexplored and there is great potential there.

Mr ADAMS—What is the council's stance—you may have said this in your introductory remarks—on the Native Title Act and the Northern Territory's act? Are you pushing for amendments or changes to those acts, or do you accept them as being the reality now?

Ms Purick—The companies in the Northern Territory are continuing to work with the Northern Territory government and the land councils about the implementation of the Native Title Act and its operations. At this stage the Minerals Council are not holding discussions with

the government regarding any proposed amendments or changes to the Native Title Act. We are in discussions with the Northern Territory government regarding the Aboriginal Land Rights (Northern Territory) Act. We are also having consultations with regard to the current review by Mr Gray and Dr Manning, which was mentioned briefly in one of the earlier presentations, and trying to seek workable amendments to the act itself or to administrative procedures. We are very much involved in those discussions.

Mr ADAMS—Is that about the administration of process, or is it about traditional owners being able to put a five-year stop on things or the two years that it can sometimes take to get approval?

Ms Purick—In the latest round of discussions there has been no reference at all to the five-year moratorium. Some of our comments to the consultants—and I would be happy to provide the committee with previous submissions put forward by the Minerals Council—have sometimes been about administrative arrangements and sometimes about amendments to the legislation.

Mr ADAMS—Is the mining industry becoming a modern thinker?

Ms Purick—I would like to think that we have always been a modern thinker.

Mr ADAMS—I am very impressed that butterflies now appear as a symbol for the mining council nationally. That indicates some change.

CHAIR—Dick, you are a cynic.

Ms Purick—That is the Minerals Council of Australia.

Mr CAMERON THOMPSON—When we were talking to the Northern Territory government I asked them about these brownfield sites which are becoming more and more the norm in the Northern Territory. Do you have any idea about the rate at which those are likely to expire? Although greenfield sites are down to six and the graph provided to us by the Northern Territory shows that brownfields have been going up and down, I presume it depends on whether or not they have found some alternative resource. Is it sustainable, by and large, to have a relatively high number of brownfield sites from now on, or is it going to start to tail off very shortly?

Ms Purick—Are you referring to current brownfields projects?

Mr CAMERON THOMPSON—Yes.

Ms Purick—As I mentioned, three of the four major mines are products of the seventies exploration boom.

Mr CAMERON THOMPSON—They are talking here about there being 41 brownfields projects—in other words, projects where they have exhausted an existing body and found some

additional body to be able to keep the existing infrastructure going. Obviously, there are limitations on that and I am asking how long can that—

Ms Purick—I could not give an answer on that at this point in time. Suffice to say that it is well recognised in industry that new mines come from greenfields exploration and the amount that is being spent in the Northern Territory on greenfields exploration is very low and has decreased substantially over the last 10 years. Unless the companies want to add further—

Mr Wilkie—On behalf of Rio, I can say that we concentrate heavily on brownfields where we can. That is purely because statistically greenfields exploration has a poorer return in what is a very economically high risk industry anyway. Bearing in mind that each of the companies operating in the Northern Territory are responsible to their board and ultimately to their shareholders, we have an obligation to get a reasonable return. The chances of getting a reasonable return are greater in a brownfields situation. To answer your question, if there are no greenfields exploration projects we will eventually run out of brownfields capacity. It is a matter of pure economics: we are a business and we are seeking to add value for our shareholders. If we can add resource to an existing mine—which is statistically the best option for finding not necessarily a fresh ore body but adding resource to an existing ore body—it is as good as finding a new ore body, in our view, in that we do not have to replicate infrastructure and process capacity.

Mr ADAMS—In your submission, do you actually claim that the land rights act has adversely affected stakeholders in the resource exploration business, including Aboriginal people and communities? Is that your submission?

Ms Purick—That is in the statement.

Mr ADAMS—And that the act is having a detrimental impact on future economic development in the Northern Territory?

Ms Purick—That is correct. We stand by that statement.

CHAIR—There being no further questions, I thank you for your attendance here today.

Proceedings suspended from 3.43 p.m. to 4.04 p.m.

EVERY, Mr David Holt, Manager, Legal Services, Central Land Council

BARNES, Mr Rodger Donald, Manager, Mining, Central Land Council

FRY, Mr Norman, Chief Executive, Northern Land Council

HAIRE, Ms Katy, Senior Policy Officer, Northern Land Council

LEVY, Mr Ron, Principal Legal Adviser, Northern Land Council

ROSS, Mr David, Director, Central Land Council

CHAIR—I welcome representatives from the Central Land Council and the Northern Territory Land Council. I invite you to make a short opening statement before we proceed to questions.

Mr Ross—We have provided you with a joint written statement, which covers most of the relevant issues as we see them. But those submissions by themselves cannot adequately express the results of the outcomes that have been achieved in terms of the respect for Aboriginal culture and the participation of Aboriginal people in the processes under the Aboriginal Land Rights (Northern Territory) Act and under the many agreements which the Central Land Council has made. This is the best underpinning of improved relationships with Indigenous people.

We are hoping to build on those relationships in the future to have much greater Indigenous participation in the economic activity of the exploration and mining industry. To a considerable degree, participation of local Indigenous people is held back as a result of a rundown of the rural and remote areas education system over the last 20 years or so. The area of education must be attended to as a matter of urgency. Newmont Australia, in its submission to this inquiry, has expressed concerns about the effect of relatively low numbers of tertiary enrolments in disciplines relevant to the resources industry. We have concerns about poor educational outcomes holding back the participation of Aboriginal people in the same industry. Improved relations with Aboriginal people will deteriorate again if promised outcomes are not delivered or prove illusory.

Although outcomes are measured in process terms, in numbers of licences or licence applications under the various categories, the net effect is relevant—that is, the amount of land to which explorers have access. Since the land rights act was amended in 1987 a total of just under 90,000 square kilometres has been taken up in exploration licences on Aboriginal land in the Central Land Council area under agreements with the Central Land Council. This represents roughly 23 per cent of the area currently held as Aboriginal land in the Central Land Council region. I do not have the comparative figures for other land councils. To put some perspective on this, though, the area of Tasmania is 64,179 square kilometres and the area of Victoria is 227,249 square kilometres. So the area which is being held under exploration licences on Aboriginal land in the Central Land Council region equals an area about 40 per cent the size of Victoria. It is equal to 23 per cent of the Aboriginal land in the Central Land Council area.

There have been 13 resource developments subject to terms and conditions agreements under the land rights act. This is not none and not just one, as some assert. As far as we can ascertain, this is far greater than the number approved on pastoral leasehold land in the Northern Territory in the same period. Remember also that the area held as Aboriginal land was very much smaller in the early years than it is today. Over the years, some tens of thousands of square kilometres have been held under exploration licences on Aboriginal land. There have been therefore some very good opportunities for mineral explorers and in the Tanami area in particular their achievements have been considerable, measured in the number of ore bodies located and the amount of gold recovered and still in reserves. The minister's remarks and those of others disparage these achievements.

The current edition of the *Australian Journal of Mining* contains an article on the Tanami region in Central Australia. This was written by two very senior managers at the Newmont Exploration Co. The Tanami region falls under the jurisdiction of the Aboriginal Land Rights (Northern Territory) Act and requires the agreement of the traditional landowners before exploration can commence. This has been seen by some within the industry as an impediment to exploration. However, this act has now been in effect for over 25 years and has developed to the point where there is clear recognition that both parties need to be involved in negotiations and of the detail and timing of the process itself.

Clearly, this process adds to the time frames before exploration can commence. But the system works and is not considered a significant impediment, particularly compared to the impasse of native title impacting upon other Australian gold provinces. That is from page 64 of the *Australian Journal of Mining*, September-October 2002. This statement from the mining industry bears out the detailed arguments put forward by the Northern Land Council and Central Land Council in our joint submission and in the analysis from the National Institute of Industry and Economic Research that we provided.

On native title: after the Senate disallowed the Northern Territory government's section 43A alternative legislation on 30 August 2000, the Northern Territory government decided to use the future act procedures of the Native Title Act. In adopting this strategy, the Northern Territory government decided that the grant of exploration licences attracted the expedited procedures of the act. The Central Land Council, in deciding whether to invoke the jurisdiction of both the Federal Court and the National Native Title Tribunal on each occasion that the Northern Territory government published a notice of its intention to grant an exploration licence, developed a strategy of engagement with the exploration and mining industry. This approach was partially based upon the Central Land Council's existing relationship with that industry resulting from many years of administering the Aboriginal Land Rights (Northern Territory) Act 1976 and delivering on its contractual obligations under part IV agreements. This strategy in no way abandoned Aboriginal interests in land. If particular exploration licence applications are located on land where Aboriginal people object to the grant, then legal procedures have been commenced.

An example of this approach is the outcome in respect of the West MacDonell National Park, west of Alice Springs. Generally, the Central Land Council has attempted to understand the requirements of the exploration industry and considered the probable activities resulting from the grant of exploration licences and determined how best to protect the cultural geography of the country. The result has been that a large number of exploration agreements have been

executed. Some have been registered as Indigenous land use agreements and some have remained as common law contractual agreements. In addition, and more importantly, all of those companies that hold the majority of the land in the Central Land Council region now communicate with the Central Land Council in regard to their exploration programs and the best method of protecting themselves against the risk of damaging sites of significance to Aboriginal people and the concomitant problems of prosecution and negative publicity. It is relatively early days so far, but we are optimistic that this process will also result in the development of good relations between the resource industry and native title holders and, ultimately, mining results will deliver some sound economic benefits to Aboriginal people.

Mr Fry—The Northern Land Council and the Central Land Council's submission to the inquiry particularly addressed the following matters which the committee has been requested to inquire into: (1) access to land, including native title and cultural heritage issues, and (2) relationships with Indigenous communities. This opening statement deals with the main issues and legislation in the NT which relate to those terms of reference.

The attention of the committee is drawn to the conclusions of many similar reviews and reports over the last decade which have largely upheld the utility and workability of the land rights act process—in particular, the Industry Commission's reports on mining and mineral processing, Australian direct investment abroad and, most importantly, the competition review of the mining provisions of the land rights act, which was completed in 1999. The Industry Commission's inquiry into investment abroad found that the taxation regime and industrial relations are far more significant factors in companies' decisions about investment. As the Manning analysis attached to the NLC-CLC submission points out, the economics of resources are complex and are based on world trends and long-term factors. It is simplistic to point to issues such as engagement with Indigenous peoples as impediments.

As the committee would be aware, in the Northern Territory there are different processes for access to land held under the Aboriginal Land Rights (Northern Territory) Act 1976 and land on which there are native title interests or claims. The experience of the Northern Land Council and the Central Land Council over the past 25 years has been that the land rights act provides a process (1) of certainty and (2) of security, which is achieved through agreements negotiated under the framework provided by the act. It is the land councils' view that the land rights act process is superior to the Native Title Act process not only because of the greater recognition of Indigenous rights that it embodies but also because the process is more certain and secure for all parties.

Under the land rights act the land councils administer a process whereby applications for consent to the grant of exploration licences over Aboriginal land are received and processed to a land council decision under the act. Should an explorer apply for a mineral lease, the land councils are required to agree on terms and conditions prior to the minister's consent to the grant. The land councils are not responsible for the success or otherwise of an exploration program or the size or location of any resource defined by that exploration. In this context, we note that the figures relating to mining and exploration on Aboriginal land provided by the Northern Territory government in its submission to this inquiry are inaccurate and cannot be relied upon for an objective analysis of this particular issue.

As the committee has already heard from the Northern Territory government today, a cooperative process between the land councils and the government is now under way to develop an objective and agreed set of statistics which accurately represent the processing of exploration licence applications and mineral leases on Aboriginal land. We recommend that this inquiry awaits the outcome of that process and uses those figures if it wishes to deal with this particular issue. It is expected that as a result of the cooperative process between the land councils and the Northern Territory government a range of recommendations to enhance and streamline the workability of the land rights act will be provided to the Commonwealth Minister for Immigration and Multicultural and Indigenous Affairs by the end of this year. The land councils have developed a package of proposals based on freedom of negotiation and removing needless administrative steps, which is being reviewed currently by external consultants.

In relation to native title and the resource industry, the major issue in the Northern Territory at the moment relates to an inherited political mess which was created by the former administration here in the Northern Territory. Under the previous government no exploration licences were issued on pastoral leases for more than three years. This resulted in a backlog of more than 1,000 applications. It is important to note that this political decision has resulted in a major impediment to resource exploration. The government chose not to utilise the available processes under the Native Title Act to pursue a political goal and was prepared to allow a huge backlog of exploration applications to form. The land councils' understanding is that this was part of a strategy by the previous government to progress its plans for its own native title regime which would have extinguished the right to negotiate. When the Northern Territory's legislation—the section 43A scheme—was disallowed by the Senate the opportunity to do that was lost and, ultimately, the government began releasing the applications in large batches.

To deal with this flood of applications the Northern Land Council has negotiated a memorandum of understanding, which includes a model agreement, with a number of major mining companies as to the manner in which exploration and consequent mining may occur. These companies hold in excess of 60 per cent of tenements in the NLC's region and it is expected that over 80 per cent of all tenements will become covered during 2003. The Northern Land Council is currently conducting regional meetings, commencing with areas where exploration is anticipated, to obtain the consent of relevant traditional owners as a group to enter the model agreement with current or future participating companies regarding any exploration licence granted over the next five years. The NLC anticipates that the traditional owners, regarding most or all of its area, will approve the model agreement.

The model agreement, since it involves consent by traditional owners to exploration and consequent mining, means that there will be no objection to the grant of an exploration licence to a participating company over the next five years. The land councils and the Northern Territory government are currently engaged in talks relating to the possibility of an Indigenous land use agreement over exploration and mining with regard to future acts. It is hoped that this will not only deal with the remainder of the backlog but also provide a more efficient and certain process for the future.

I move onto sacred sites and heritage issues. In the Northern Territory there are three regimes aimed at the recognition and protection of Indigenous heritage. The land rights act gives land councils a role in protecting sacred sites on and off Aboriginal land. The Northern Territory Aboriginal Sacred Sites Act 1989 provides for a system of registration and protection which is

flawed by allowing a ministerial override, and the Commonwealth's Aboriginal and Torres Strait Islander Heritage Protection Act also applies. The reality of the long association between land councils and the exploration mining industry is that sacred site issues are resolved under processes incorporated into the agreements negotiated under the land rights act which allows exploration to proceed in accordance with those measures. As noted in the 1999 competition review report, at times areas are excised from exploration licences or licences are split into two to allow exploration to proceed in non-culturally sensitive areas while protecting sites.

The land councils acknowledge the efforts of the mining industry to engender good relationships with Aboriginal people. In many ways there has been a change of culture across the industry leading to a broad acceptance of the rights and interests of Aboriginal people in their land and in their cultural preservation. Some mining companies in particular have worked earnestly to turn around the negative attitudes that historically were a feature of the industry. On Aboriginal land the best relationships are evident where the companies demonstrate respect for the traditional owners and their statutory rights and give substance to the spirit of agreements and where their conduct is in accordance with agreed terms and conditions.

CHAIR—Following on from that statement, I would like to direct a question to Mr Fry. I know that in its submission the Northern Territory government claims that the Northern Land Council is requiring applicants for native title over every application for exploration licence and rejecting the expedited negotiation process in almost every instance. Is this correct and why is it happening?

Mr Fry—I will ask my principal legal officer to give you a very cogent answer.

Mr Levy—Traditional owners are being facilitated in representation by the Northern Land Council and that has included a view from the Northern Land Council and in advice given traditional owners that there should be a standard or template approach, firstly, by agreement with companies and, secondly, we would hope, possibly also by agreement with the Northern Territory government. Since the government started issuing the backlog of 1,000 exploration licences in September 2000, the Northern Land Council's aim has been to obtain a standardised approach so that things will operate as efficiently and smoothly as possible in delivering both the interests of the companies and the interests of the traditional owners.

There is a process in the act—it is not at all clear, in our view, precisely what it means in legal terms—and, in addition to using that process, concurrent negotiations were going ahead and, as the CEO said, 60 per cent of tenements in the Northern Land Council's region are now covered. Because that 60 per cent are covered, the expedited procedure process of the Native Title Act is no longer used. Insofar as there may have been some in the system which had not been completed—they had been terminated—we expect that to increase from 60 per cent to 80 per cent in 2003 and, therefore, by that time 80 per cent of exploration licences in the NLC region will not go through the expedited procedure process at all. The reason is that the objective of the Native Title Act that there be an agreed outcome between the different stakeholders will have been achieved.

Mr TICEHURST—An important aspect of the land council's duties is to ensure that the benefits of mineral exploration and mining on Aboriginal land are sufficient to compensate

traditional owners and other Aboriginal people for the running down of resources on those lands. How do you assess if that compensation is sufficient?

Mr Levy—Are you addressing that to me?

Mr TICEHURST—To whoever wants to answer it.

Mr Fry—That is an interesting question. Obviously, whenever we do agreements, there are two major parties: the traditional owners and the development proponents. If it has got to do with mining, these things are usually worked out in terms of the commodity prices that are available, the mine and how royalties are worked out along those formulas. Those things are already set, so it is not a thing that you can just wrench up at the drop of a hat. It has to do with the bottom numbers of whatever the development proposal is. Obviously, for different projects, there are different levels of agreements as a result.

Mr TICEHURST—But when it comes to employment issues you can only employ people out of profits. At the exploration stage, how do you take into account the future liability of the particular project?

Mr Fry—I am not quite sure I understand your question.

Mr TICEHURST—We are talking about compensation. You are saying that the initial agreement will have compensation related to the commodity prices and the situation at the particular time the agreement is signed, so how do you look after long-term effects?

Mr Fry—I am not quite sure I understand your question.

Ms Haire—If you are talking about, under the land rights act, the exploration stage and then nobody is found moving into the mining stage, our agreements embody principles which are agreed in the exploration agreement which relate to the mining stage. We include in that provisions relating to Aboriginal employment, economic development, joint ventures and so on.

Mr ADAMS—So you cannot work out numbers at that early stage?

Ms Haire—No. Part of the process is that there is a renegotiation along those agreed principles once you know what the expectation of the mining project is. Of course, very few—one in a thousand—actually result in a successful project.

Mr TICEHURST—Do you have any experience of the use of the Indigenous land use agreements?

Mr Levy—We do. I am happy to answer that—unless the Central Land Council wishes to because they have dealt with this particular procedure more in relation to native title than we have in relation to exploration.

Mr Avery—Yes, we have done three ILUAs with mining companies to cover specified areas, so we do have some experience with that.

Mr ADAMS—How do they work?

Mr Avery—The three I referred to are registered under the Native Title Act and provide comprehensive provisions at the exploration stage for cultural protection and involvement of traditional owners in protecting their own sacred sites and important areas, efforts to provide employment for Aboriginal owners where that can be available—and I take account of Mr Wilkie's comments there; I think both the supporting witnesses to the minerals council suggested that employment opportunities are quite minimal in the first stages of exploration—they provide for liaison and information exchange and, ultimately, if there is a mine, a smooth transition to the grant of a mineral lease under the Native Title Act. So it is all provided for. They have a long term—I think a 20- or 21-year term, something like that—so a great deal of security is built into the relationship between the native title holders and the respective companies over a long period of time so that, if a resource is located, the development path is well defined.

Mr ADAMS—Did you say 20 years?

Mr Avery—Yes. I honestly forget the term. I think it is 20 or 21 years. Mr Byrne, a witness later today from Giants Reef Mining, informs me that his is 25 years.

Mr Levy—We have ones of similar length, although they are not Indigenous land use agreements; they are just agreements under a different legal mechanism.

Mr Avery—Ours are registered with the Native Title Tribunal.

Mr TICEHURST—What role do the land councils play in education and training for Aboriginal people?

Mr Fry—From our perspective, we are just getting onto that. We are not actually responsible for education and health and all those other things—that is the Territory government's responsibility. We do not get funded for it. The Commonwealth Grants Commission's funding inquiry last year looked into this and at what state and territory governments have been up to with regard to these moneys earmarked for the states and territories. Basically, state and territory governments—basically this government in the Northern Territory—and people like me would contend that for the last 25 years they have starved aspects of service delivery to the Aboriginal land estate based on their political and ideological opposition to land rights. I believe we are starting to see the lack of benefits of statehood in terms of self-government—the Northern Territory (Self-Government) Act—since it has come to the Northern Territory. Analysis just recently by people indicates that Aboriginal people have not done very well as a result of the self-government act and our education trends are going backwards.

The Northern Land Council has just applied to the Commonwealth for capacity-building funds—DEWSB I think is the Commonwealth agency. We are now looking at maximising all employment and training opportunities. You will know that ADrail are building the train line up here, and both the Northern Land Council and the Central Land Council have been trying to maximise opportunities for people up and down where the track is being built by getting local people employed. To date, the Northern land Council has been fairly successful, although I note

that the Central Land Council in their region have not been quite as successful, but I believe they will be in time. That is what we are trying to do.

In all of our joint venture arrangements with mining, we try to build in a capacity with the mining companies for training and employment and business opportunities for people. But, as Manning's report indicates, there is not a lot of money spent by mining companies at the regional level. Contrary to some of the assertions that have been put to people here today that the mining industry actually contributes a lot of money to the Northern Territory, Manning's analysis is that it does not. In terms of regional economies, they play a minimal role. Land councils have recognised that, if we really do want to get demographic development, employment and training opportunities, and joint venture and business opportunities, those objectives need a much bigger focus in our agreements. We see that the employment and participation of Aboriginal people is what Mr Ruddock, our minister, supports and it is something that we all agree that we need to give greater attention to. It has not historically been the land councils' role to do that, but we see the need to do it.

Mr Avery—May I correct the answer I gave before. I may have accidentally misinformed the committee. I said that we have three ILUAs; we have more. I cannot give the exact number, but we have got quite a few more.

Mr ADAMS—Could you send us a note on that? Maybe the Northern Land Council could also give us a note about how many agreements that you have.

Mr Levy—We can send you a note.

Ms Haire—The number of agreements relating to native title exploration?

Mr ADAMS—As in land use agreements, but you use another mechanism.

Mr Levy—That is right. There was actually a parliamentary inquiry last year about Indigenous land use. One should not be confused about it. It is purely a legal mechanism for an agreement. What is relevant is an agreement. You can do it in any number of ways.

Mr ADAMS—The committee would be interested in the number of agreements and the certainty. Twenty-five years is a pretty good time for someone to invest money if they want to extract something.

Mr TOLLNER—I would like to endorse what you had to say, Mr Fry, about the Alice to Darwin railway line. It is a great project, and from what I am led to believe it is really producing opportunities for Aboriginal people. I congratulate both land councils on the efforts they have put in there. What current mines in the Northern Territory have gone through the processes and the veto provisions that are operating now?

Ms Haire—Do you mean mines?

Mr TOLLNER—Which currently active mines in the Northern Territory have gone through the process since the veto provisions have been added?

Mr Avery—Since 1987?

Mr TOLLNER—Yes.

Mr Avery—We can give you everything if you want—before and since. Since 1987—my colleague Mr Barnes has provided these figures—there has been MLS 153. MLS is the process under the land rights act. It is a mineral lease, and the ‘S’ means ‘south’. So it is a mineral lease, following an exploration licence granted under the land rights act.

Mr TOLLNER—Pardon my ignorance but, rather than numbers, could you use names?

Mr Avery—All right. I will give you the number and the name and whoever is here from mines can go off and check it: 153, Tanami; 154, Dead Bullock Soak Callie; 167 is a Tanami associated lease but I think it is called Jim’s Find; 168, Redback—that one is a beer; 180, Molech, which I think is out of a comic; MLC—central—705, Edna Beryl; MLS 22924, Groundrush; and MLC, Chariot—I have not got a number here.

CHAIR—Order! You may not turn around and ask other people in the room for advice.

Mr Avery—I beg your pardon, Mr Chair. It is 23216.

CHAIR—You can seek the advice later and then give it to the committee.

Mr ADAMS—They do not go on the *Hansard*.

Mr Avery—I apologise, Mr Chair.

Mr Barnes—I emphasise that each of those mineral leases that David has mentioned has come from an exploration licence that has been granted under the land rights act. So it has been through that process that you have mentioned.

Mr Avery—Prior to 1987—I said that I would give this in my notes and not respond to your question—there are not a lot.

Mr TOLLNER—I am glad you are doing it.

Mr Avery—Under MLS 8, the Granites, a licence was agreed to by the land council for the strict purpose of enabling that a more extended area around the original GMLs be consented to by the traditional landowners so that the whole project would have extra ore bodies and area for its plant, tailings, airstrip and all the other stuff. Prior to that, in 1980, the Mereenie Palm Valley were the very early ones. They are in a different category: they are oil and gas.

Mr ADAMS—How big an area is that?

Mr Avery—They are mineral leases, so most of them, except for Chariot, are close to the maximum. I think 4,000 hectares is the maximum area for a mineral lease. Most of them are close to that maximum, from memory.

Mr TOLLNER—Mr Fry, can you account for the Top End?

Mr Fry—Yes. On Aboriginal land, since 1987, none.

Mr TOLLNER—None?

Ms Haire—But I think it is important to note that—

Mr TOLLNER—I was about to ask whether you can explain the disparity.

Ms Haire—We have had a large number of exploration applications approved. It could be implied from your question that, because of the veto, people have prevented exploration from happening. That is not the case. Our exploration figures show very clearly that exploration on Aboriginal land since 1987 in the NLC's region has increased. But, as we were discussing before, the chances of finding an ore body which is worth a project developing is about one in a thousand. There has been exploration but no new projects in that time frame. I have our exploration figures here if you would like to see them.

Mr TOLLNER—I am curious. I imagine that the Central Land Council would have endorsed exploration in Central Australia. They seem to be getting through to the mining stage, and there is a large number of them, or certainly several of them, that have—

Mr Levy—That is a statistically illogical question, with respect. Katy Haire just answered the question. She said, 'If you're going to analyse it, you need to analyse, for example, that one in a thousand exploration licences turn into a mine.' You also need to analyse how many exploration licences on pastoral land, which is 48 per cent of the Northern Territory, have turned into mines. I can think of one since 1987; I certainly cannot think of many. If this committee wants to analyse this properly, you need to ask quite complex questions before drawing inferences from saying, 'You've got seven and you haven't got any.' That is what appears to be coming from your questioning.

Mr Ross—Could I just add, with respect to everyone, that the majority from the Central Land Council region are in the Tanami, in the Granites, which goes back to the questioning to others earlier about Brownfields. That does have an impact on the numbers. There are a couple in the Tennant Creek region. That is a part of how these things have come about. In all honesty, there are probably some more there, but we cannot give you the numbers and the facts and the figures on them because commercially we might get ourselves in trouble and it might have an impact on certain people's share market shares and God knows whatever else. There is a certain point where we need to leave things alone. They are commercial agreements.

Mr TOLLNER—Thank you for that explanation. Ms Haire, could you table the figures that you have?

Ms Haire—Sure. I can give you these figures. These are from our current annual report.

Mr TOLLNER—Or just table the document, if that is okay.

Ms Haire—Okay.

Mr TOLLNER—I will move on. Part 2 of your submission, as you said, is a paper by Dr Ian Manning. I think all of you people were here when the Northern Territory Minerals Council were giving their testimony. I read out an extract of that. I do not know whether you recognised that was part of your submission. The Northern Territory Minerals Council said that in some cases it can cost mining companies in the order of \$500,000 to go through the process. Do you see that sort of cost as minimal to mining companies?

Mr Avery—With respect, I do not think that was the evidence of the minerals council. It was about \$500,000 for, I think, access to a project.

Mr TOLLNER—They were saying that is what it cost to get through the Aboriginal land rights process.

Mr Levy—The question is to analyse what they meant. This is a complex issue.

Mr Fry—Let me try and answer. I understood Mr Adams—who was the bloke who responded to that question, wasn't he?

Mr TOLLNER—Yes, you are correct.

Mr Fry—In answer to the question, he said 'on average'. It may be \$50,000; he did not say \$500,000. He talked about that being an average cost. Even then, when some other questions were asked, you in fact were able to demonstrate that even that is not a very clear picture. You have to ask more complex questions as to what that really means, because you cannot average something out across the board.

Ms Haire—I think Mr Wilkie from Rio Tinto helped to put some context on to that about the costs associated with travel and so on. The NIEIR report also points out that any such estimates about exploration cost are necessarily anecdotal because there are no ABS statistics in relation to the cost of exploration on Aboriginal land. So we have actually put forward in our submission that those estimates that have been supplied previously should not be relied upon.

Mr TOLLNER—I am fairly certain that the mining company said at least it was a costly process—

Mr Barnes—Can I clarify something there? My notes say that you asked that question of Ron Matthews from Cameco. He said that their budget for land access was \$500,000. That was across the board. It was for all land access, not specifically Aboriginal land, and included the legal fees and all costs associated with that land access.

Mr Levy—I heard that; that is precisely correct. I sat there and I thought, 'The next question is: how much of that \$500,000 is spent in relation to dealing with land councils vis-a-vis the land rights act?' That question ought to have been asked; it was not asked.

Mr TOLLNER—Well, I will ask you that question.

Mr Levy—You cannot ask me that, because I am not the company. I do not know the answer.

Mr TOLLNER—I know you are not the company, but can you give an indication of whether companies would be required to spend a minimal amount or a significant amount?

Mr Fry—Let me try to answer. I think Rodger gave you part of the answer from the Central Land Council. It is also in the NLC's jurisdiction. It depends on the EL—it may be a huge EL—and it depends what the company is looking for, because there is drilling and there is drilling. Whenever a mining company is looking for something, generally it does not say up front what it is looking for, for some of the reasons that Mr Ross said, because these things affect the financials. Those sorts of things are kept necessarily close to people's chests and we do not question those types of things; we know that. But, at the same time, it depends on the location, what type of country it is, the size of the EL and what the accessibility issues are—there are parts of the Northern Territory where it will cost you heaps of dough to go in there, whether you are looking for a mine or going to start an agriculture project or an ecotourism project. It will cost you a lot of money because access up here is a major factor.

Mr TOLLNER—Fine. Getting on to this report by Mr Manning: you obviously stand by everything that is in that report. You believe that he has hit the nail on the head, so to speak?

Ms Haire—We have provided that report to you for the benefit of the committee because he is a noted resource economist.

Mr TOLLNER—Yes, but do you agree with what he has come out with?

Ms Haire—We certainly agree with the recommendations, but we put it forward as an independent view for the benefit of this inquiry, which we thought was more beneficial than simply relaying the material that we provide in our annual report every year and so on.

Mr TOLLNER—Right at the start of your submission, it says:

... the CLC & NLC engaged Dr Manning to provide comments on matters relevant to the Committee's inquiry ...

Can you explain the nature of that engagement?

Ms Haire—It was a normal procedure, where he was given the terms of the inquiry and provided the report to us.

Mr TOLLNER—Was he paid money?

Ms Haire—Yes.

Mr TOLLNER—As a consultant?

Ms Haire—Yes, as a consultant—it was just a normal consultancy, jointly paid for.

Mr TOLLNER—The other thing I was going to ask is: is this Dr Manning the same Dr Manning who is part of the Northern Territory government review into the Aboriginal land rights act?

Ms Haire—Yes.

Mr TOLLNER—It seems to me that Dr Manning has fairly strong views on those sorts of issues. The NT government suggested that Dr Manning was an independent convenor of that review. Do you see that he would have some sort of a conflict of interest?

Mr Fry—I will try and answer that. I know Dr Manning fairly well. There is no way in the world, and I think Mr Ross would agree with me, that either of us or any of our staff could ask for or get a result from Dr Manning which we thought was politically in our favour, if that is what you are getting at. He is a man of intellectual and national integrity in these sorts of matters. There are times when Dr Manning will say things that we do not necessarily agree with.

Mr TOLLNER—But he has very strong views.

Mr Fry—He has very insightful informed views.

Ms Haire—It is worth pointing out that if the suggestion is that there is some conflict of interest on the part of Dr Manning—

Mr TOLLNER—I have not made that suggestion.

Ms Haire—It would appear to be perhaps the direction that you may be heading in. He was employed by the Commonwealth government to carry out the competition review of part IV of the land rights act and was appointed by Senator Herron, when he was the minister. He has been appointed by the current ALP government. He was appointed by Nelson Mandela to assist them in constructing the first constitution of South Africa. In our view, his reputation is beyond question. Regarding the sophistication of his resource economics, there is perhaps only one or two other resource economists in Australia who are in the same league as he is.

Mr Barnes—Logically, the competition policy review that Dr Manning conducted was an in depth objective review of the mining provisions of the land rights act. With that experience and understanding, he is the obvious person to lead the recommendations that he has made through the process that the Northern Territory government has identified. The other aspect to that is he is working in collaboration with Bill Gray on the current process that we are engaged in with the NT government.

Mr TOLLNER—My understanding was that the current review with the NT government was instigated quite a while ago, certainly before this inquiry was made known. He would have been aware at the time that he was an independent convenor of the review when he drafted your submission.

Ms Haire—No, in fact that is quite incorrect.

Mr TOLLNER—Is it? He drafted the submission prior to being named as an independent convener.

Ms Haire—Yes. I believe we are one of the few providers of submissions to this inquiry who got it in on time. We completed it in August. It would have been mid-September when the contracts for Mr Gray and Dr Manning were let and that went to an open tender process as you would be able to find out if you asked the Northern Territory government.

Mr ADAMS—If this committee has some issues with Dr Manning's work, we ought to be saying so up front.

Mr TOLLNER—I have questions; I am not saying I have an issue.

Mr ADAMS—Dr Manning is not here. If there are issues about this you want to question academically, please do, but I think you should question them.

Mr TOLLNER—In regard to the options paper that was sent to the Northern Territory government by Minister Ruddock, you are aware of my previous questions. I am aware that the Northern Land Council has some objections to the patriation of the Aboriginal Land Rights (Northern Territory) Act to the Northern Territory government. Can you explain what you fear from the Northern Territory government controlling that act? What are the fears that you, Mr Fry, or the Northern Land Council have? I am aware that you have made statements that you do not think it is appropriate.

Mr Fry—That is right. As you are probably aware, we had a plebiscite not too long ago and Aboriginal people, not just the Northern Land Council—we are not entities; we are an instrument of the Aboriginal people and landowners—voted against statehood. I do not have the figures with me, but I think it was as high as 80 per cent of Aboriginal people right across the Northern Territory voted in that plebiscite against statehood. It was defeated because, when the central plank was flagged around like a red rag to a bull in front of a third of the population of the Northern Territory who would be affected by it, namely Aboriginal people, they absolutely rallied against it. The Northern Land Council, myself, our chairman, the Central Land Council or any of our people would not have had to do much about that. We had our constitutional conventions at the same time, where these things were open to the public and Aboriginal people made their position very clear: that in the grab for statehood, which was roundly condemned by Territory voters, we believed we had the most to lose. Aboriginal people voted accordingly against it, and there was a significant proportion of the non-Aboriginal population who also voted against it for other but similar reasons.

Mr TOLLNER—When you say you had the most to lose, what is it that Aboriginal people feared losing?

Mr Fry—I think the process of the Northern Territory section 43A schemes, as a scam, were in fact a precursor to what we believed this House to be. It is a one-tiered House; it does not have enough checks and balances and, basically, our experience in self-government, as I have said, has been one of antagonism to the Aboriginal land estate. Part of the rhetoric against the Commonwealth has always been that the land councils and the Aboriginal land rights act, including Kakadu and Uluru, are Commonwealth provinces, and so political rhetoric on social

engineering and that sort of stuff has floated around here for 25 years. The Commonwealth Grants Commission's own inquiry into the funding of the states and territories clearly illustrates that moneys are earmarked for Indigenous Territorians to get the level of schools up. It was not so long ago that the last Country Liberal Party Chief Minister, Denis Burke, in reference to education—especially to the provision of secondary education—made an infamous statement to the effect that if Aboriginal people wanted to go to high school they could get out of their communities and go to the urban centres.

When we are something like 80 per cent of the population outside the metropolitan areas of the Northern Territory, you can clearly see we are the ones with the most to lose. In the past 25 years, the graph of our level of education has gone backwards. Those of us who were educated in the old South Australian run education department here in the Northern Territory or who were educated from the Commonwealth—and that is most of us who are over 35—were educated prior to self-government. In other words, I believe that is why a lot of us who are over 35 years of age can read and write.

Mr TOLLNER—Do you see that things have changed at all with the new government?

Mr Fry—As I understand it, they have only been in for a year. To expect that they could turn 25 years around—whichever new government came into power—is a bit unfair. I think they have to be given time. I certainly think that the indications for the public administration of health and education, and some of the dysfunctional aspects of Aboriginal society in the Northern Territory as a result of what I have just said about the 25 years of antagonism, have culminated with one of the ministers in this present government, Mr Ah Kit, saying that he believes there are very few Aboriginal communities that are functional. In other words, the majority of our communities are dysfunctional and human misery has come as a result of that 25 years of antagonism. The toll we are paying is that men like myself and Mr Ross, who are over 40 years of age, can sit here before you and say that most of the people we have grown up with are no longer with us.

Mr TOLLNER—You talk about the problems in the Northern Territory, however I have travelled around Australia and I see problems very similar to what is occurring in the Northern Territory occurring in every other state in Australia—and they have not had that 25 years of antagonism. How do you explain their respective problems as opposed to ours?

Mr Fry—I do not know the complete nature of the other states' problems with respect to Aboriginal issues. However, I know, for instance, that Queensland's education system with Aboriginal and Torres Strait Islanders is actually the best in the country and their health provision and those sorts of issues are better. What has got to be taken into account in the Northern Territory is that we are a third of the population. Aboriginal people in South Australia, Western Australia, New South Wales, Queensland and Victoria are a significant minority. You cannot even walk out of this building here today and not see Aboriginal people on the street. We are everywhere. In fact, Aboriginal people in Alice Springs, Katherine, Tennant Creek and Gove are the majority population.

Ms Haire—To add to Mr Fry's point, while your observations around Australia may well be accurate in an anecdotal sense, the Commonwealth Grants Commission inquiry into Indigenous funding, which was released last year and which Mr Fry referred to, showed in an objective

sense that the Aboriginal people in the Northern Territory are the poorest and most disadvantaged Aboriginal people in Australia. That is an objective Commonwealth government agency finding.

Mr CAMERON THOMPSON—Going back to mining, I take what you said before that the mining industry does not really play a big part around the place. Do you have a goal? Have you—both the Central Land Council and the Northern Land Council—thought about how many jobs you would like to see generated in Indigenous communities from mining? Do you have an overall, global goal? Do you have an allocation as to how much you think you can get out of mining?

Mr Ross—Let me have a go at that. The Granites-Tanami employs in the order of 500 people all up. Out of that, through the Central Land Council, I think about 80 Aboriginal people are employed. It is only in the last four to five years that we have been able to get people employed in that operation. No-one went out of their way to employ Aboriginal people until the land council went back, had a look and said, ‘Well, it’s in our agreement here that you should be employing Aboriginal people. When are you going to do something about it?’ It has finally started moving. We have got Aboriginal people employed.

We have something like 1,000 people on our books looking for jobs. As I say, about 80 are employed in the region. The railway that did promise a hell of a lot has not generated as many as promised, certainly in the southern region. I understand it is better in the northern region. On the other hand, you have got 20 years or more of oil and gas, previously Magellan and now Santos. Guess how many Aboriginal people are employed? Not one. Why? We keep pushing and we keep shoving, but have they employed anyone? Zero. You have to say to yourself, ‘How many people do you get employed?’ When we go back, as was raised earlier in my statement, Mr Fry has just made comments that people have not been all that well educated over the last 20 years or more. Education has been neglected.

We had representatives of the mining department from the Northern Territory government earlier talking about a group of people—a little task force—that has been going around educating Aboriginal communities and schools on mining over quite a number of years. In the Northern Territory or anywhere else that I know of there has never been any unit belonging to any department that has gone around teaching people about health, hygiene, housing, education or whatever the issue—zero. On mining, yes, there are a number. But I just go back to the issue of getting people educated, then we can start looking at more numbers being employed. As I said, we have 1,000 people on our books. The people who work in the land council and who carry out this work of trying to get people employed are employed under a scheme that is not funded out of our normal budgetary process. We have had to go cap in hand to the Department of Employment, Workplace Relations and Small Business—DEWRSB or whatever it is called. These are the people who give us the money, and they only give us that money year by year, based on what we can achieve. So, if we can get so many numbers employed, they will keep funding us to employ staff to keep getting people jobs. It is a bit of a vicious circle.

When we have things like the railway come along and we are bit a low on the numbers, it makes our job a bit harder; it puts more pressure on our staff to try to get people employed. So it is a bit of a circle when you ask how many people would we like to get employed: we would like to get a hell of a lot more people employed. But we have companies that are not necessarily

wanting to do much about employing Aboriginal people. In the oil and gas field area, we are probably looking at 50 or 60 permanent employees over 20 years, but there is not one Aboriginal person. I have raised this with Minister Ruddock on a couple of occasions. He took it upon himself to write to the company. We have not heard from anyone since, and no jobs have been provided. That is the result.

CHAIR—Given that our time is running out fast, are there any further brief questions?

Mr CAMERON THOMPSON—I am still after an answer to this question.

Mr Fry—There is another part to the answer to that question. Let us take onshore oil and gas that we have all been talking about, which is the biggest thing for this entire north half of Australia. When the Phillips gas plant that you hear about and that we have turned into a political football up here goes ahead, there will be stuff in terms of a skills audit for this area. About 2½ to three years ago when Mr Godlove was with Phillips here in Darwin, he strolled into my office and started talking about what was going to happen in the future and blah, blah, blah. When we looked at the Northern Territory University and the sorts of offerings there—I have worked at the university for many years and I know that the question of employment with Phillips is an issue not just for Aboriginal people in this area such as the Larakia and others but also for the non-Aboriginal population—we identified that a skills audit was required. Whether it is a mining project, an oil or gas project or whatever, project by project you do a skills audit about that region to find out what is available.

Just the other week I was before another Senate committee in this very room. It was inquiring into the approvals for environmentalists for Jabiluka. I was asked a question in relation to these sorts of issues of education and participation. We talked about the left hand not listening and about the right hand acting in another way. We have a crisis report out there which says that there is social dislocation and lack of education et cetera. I was then asked Dorothy Dix questions about why people are not participating. Do you know what I mean? A person has to go through 12 to 15 years of good high school, primary school, infant prelearning in order to get to a certain level to be employed. When you have a Commonwealth Grants Commission report that tells you what has been happening with the money, you should not ask questions about our lack of education and why we cannot participate.

On these sorts of questions it is project by project. You do a skills audit and sometimes you can get more people participating and at other times you may not get anybody because it is downright dangerous to put them in that position. If you take the gas plant that is going to come to Darwin, from what I can see there will not be many people up at the starting line to participate in a lot of these things because the skills audit requires certain types of skills that are currently unavailable in training. So how can you expect to ask the question in four or five years time, 'How many kids are working in the gas plant?' You have got to put the infrastructure in now and do the training now, otherwise our kids, black and white, will miss out.

Mr CAMERON THOMPSON—I will finish this off, because I think it is pretty important. Is it fair to say that, because of perceptions and the other things that you are saying, employment is not much of a lure at the moment—that you do not believe you are really getting a benefit through employment in the mining industry?

Mr Fry—No, because there are other gaps that we could fill with the CDEP. With those types of things in some of these projects we could help out with jobs that are less skills based. You can get some of the training that is required and that can get you up to the other certificates to get you in. You have to start with the reality of where people are. We have a number of ways to try and involve people, and where companies are very supportive and very cooperative in this you get a far better regime of training in place. I think what has happened in Alcan over in Gove just recently with YNOTS is a step in the right direction in getting local Aboriginal people employed in the mine.

Mr CAMERON THOMPSON—So, Norman, are you saying that it is not offering Aboriginal people much opportunity at the moment, the way it should?

Mr Fry—I am not sure I understand what you are getting at.

Mr CAMERON THOMPSON—I am trying to see what potential benefits could accrue to Aboriginal communities as a result of employment in the mining industry. I gather from what I hear that you are not seeing much advantage through employment coming back to these communities and that this would normally be something that people would generally be attracted towards.

Mr Fry—It is one of the furphies of mining and its engagement with Aboriginal communities. The myth is that mining is going to resolve all our problems—blah blah blah. Dr Manning has clearly illustrated that they play a minimal role in regional economies, and they play a minimal role in the Northern Territory. Mining is an international economy; it is not a Territory based thing, in other words.

Ms Haire—I think Kezia Purick's point earlier that there are 4,000 jobs in total in the mining industry in the Northern Territory illustrates that point very clearly.

Mr Avery—When we consult Aboriginal people in the bush, the prospect of economic involvement is regularly expressed as something they would like to participate in. As Norman has pointed out, their ability to participate is sadly limited by educational and sometimes health issues, but people do wish to participate. While I am on the subject, I would like to look realistically at those exploration employment figures that were bandied around before. We think that the total exploration employment figure in our area at the moment, over roughly 170 licences, is about 200 or 300. It is not five per licence or 30 per licence; that is an absolute furphy by whoever supplied that information. It is about 300.

There are other flow-ons to other assay labs outside the area, data processors and all that sort of thing, but within our area, on the ground, generously, there would be a total of 300. On the figures supplied, if it were five, it would be between 840, say, and if it were at the upper margin of 30, it would be—I think you quoted the figure—several thousand. That is the pink pig business—the pig flew! It is never going to happen. As to the budget you came up with, with respect, that 50K per licence—I think the evidence you have heard shows this—is per project, first year, lean budget. For \$50,000 per project, you are not going to employ five people; you will employ five people for a week with on costs and stuff. Matching the figures given to you by the Northern Territory, you can see there is a high level of departure from reality. That is the point I am making.

Mr ADAMS—The Central Land Council said that 23 per cent of its land is under ELs.

Mr Avery—It is or has been.

Mr ADAMS—What do you think will be the outcome of the present discussions with the Northern Territory government?

Mr Avery—Higher levels of cooperation with administrative efficiencies flowing from it. The administration of the mining legislation needs a look; it is not just the land rights act.

Mr Ross—That is what we would like to see. Let us see what happens at the end of this process.

Mr ADAMS—I take on board what you said, Mr Ross and Mr Fry. There was a long-term government here—23 years—and there were a lot of issues and a lot of politics in that time. Is there an opportunity now perhaps to undo some of those difficult times that people have been going through?

Mr Fry—Yes, there is. A good example is the railway project. One of the things that our mob are pretty good at—they are not too good at sitting down in classrooms when they are adults and going back and learning grade 5 syllabuses and what have you—is on-job, on-site training. That is something that mature age workers flock to. We have discovered that, if people have a hands-on training regime where they are paid wages and where part of the contractual arrangement is that they undertake formal studies on-site and competency based training, it can work. That also happened in the past in the mining industry, so it is not as though this railway is the first time that we have done this. Some mining companies have done this for many years, and those mining companies are the successful mining companies.

Mr ADAMS—The vocational education and training program is now coming out of high schools in some states. I do not know if it is up here.

Mr TOLLNER—It certainly is—it is very successful.

Mr ADAMS—Do those sorts of projects work in established mining areas, where I take it there are high schools?

Mr Fry—Yes. To elaborate a little, just last week we were in discussions with the Northern Territory government which I have spoken to Mr Ross today about. We want to engage Batchelor institute of higher education and the NTU—our two major institutions in the NT—in an arrangement with the mining industry through the land councils to set up a mining skills audit. I know this has been a problem for the Northern Territory University, because I have tried to push it in the past and it has got nowhere, but that is because it actually costs a lot of money. The Tonka toys that you have to play with in such a school actually cost a lot of money. We have certain options and opportunities that we want to put to the various mining companies up here. We believe that if they want the involvement of Aboriginal people to be maximised in their industry a mining skills audit and training facility in the Northern Territory needs to be established—and not just for the Northern Territory, but for the north of Australia, because there is not one in Northern Australia, as I understand it. We are currently talking with people up here

to do that. Again, it goes down the track: yes, we are not responsible for education but we know that we have to do it.

Mr ADAMS—In relation to the drawing down of mining resources on Aboriginal land, what is the level of benefit that traditional owners require? What do they seek as a benefit from mining?

Mr Fry—That is an interesting question. Are you talking about royalties?

Mr ADAMS—I am talking about anything. I am interested in what traditional owners want from an agreement.

Mr Fry—Normally in the consultation process, which you have heard about in some previous evidence, the second stage is the costly part. That is when you draw up all these things with the company and the traditional owners about what their participation rates will be, what their involvement will be and what business and employment opportunities people will have. There are also the issues of site and heritage clearances and things like that, which are really the cornerstone for most traditional owners.

Mr ADAMS—Looking after sacred sites and traditional areas?

Ms Haire—And the environment.

Mr ADAMS—And environmental considerations. I take it that there is a figure relating to land that would never go to a licence situation, but that would apply in just about every other state of Australia. That is usually the beginning, and from there would come the economic pluses. Are education and training now a part of that?

Mr Fry—Yes, education is a part of that. We call it capacity building. It is to look at local governance and to start to take this approach to bring up everybody. Our view is similar to the one we took with the railways. Of course, our major concern is the Aboriginal people, our constituents, but part of the demography—eight out of every 10 people are from metropolitan areas—is that non-Aboriginal people in those areas are usually related in some way to Aboriginal people, either by marriage or other forms. So we are finding with this net of capacity building that we are increasingly picking up non-Aboriginal people in it. We have helped out a lot of non-Aboriginal people in the Territory to get jobs with the railways as well.

Mr ADAMS—Thank you for that. The issue of cost came up, and I just want to touch on that. I went to Canada some years ago and talked to people about this. The resource companies there pay a cost as well. Have you ever done a comparison between our regime and those in other parts of the world?

Mr Ross—They get more than us.

Mr ADAMS—My perception, Mr Ross, would be that. It is a few years ago that I went to Canada, but I have also seen some programs on the income streams of native Americans and Inuit Alaskans.

Mr Ross—It has been a different process in that we are dealing with issues of native title. They started from a different regime and a treaty based process, which makes a big difference. They are talking not just about a few dollars out of a mine, or whatever it is, but about a whole response from government. The situation in New Zealand is fairly similar to that in Canada. It is about governance—the whole box and dice, not just one little mining process. So it is a different ball game.

Mr ADAMS—What I am trying to get on the record is that other parts of the world have similar regimes to Australia's.

Mr Avery—Native Americans own the minerals on the western lands.

Mr Ross—You are starting off with the laws of Britain, aren't you? We are all Commonwealth countries, so one process follows the other. But the whole regime is different in Australia because there was a little sidetrack where there was no treaty process. However, it is becoming clearer that these same huge companies that operate throughout the world are going into different deals.

Mr ADAMS—The Scots would tell you that they never got as much out of North Sea oil as England did itself.

Mr Ross—That is true, but it is the legal system that we all find ourselves living within. We would like to bring ourselves up to those same sorts of deals. It has taken us a little bit longer to get where we are now, and it will take a little bit longer; but we will get there. We do not give up too easily.

Mr Avery—I might add that the level of compensation question is in the minds of Aboriginal people who are the decision makers. It is the trade-off for what is not really an activity that they like all that much—digging big holes in the ground. It has a dangerous component to it in cultural terms. The trade-off is there. One of the things they would like to do is achieve the ability to invest part of that income stream so that they have autonomous funds available for their own ongoing and future developments, whether it be building a roadhouse or buying an aeroplane that will service their area or something like that. We encourage that.

Mr Fry—We very much encourage that people spend their money in long-term planning processes.

CHAIR—Thank you very much for that, and thank you for attending.

Resolved (on motion by **Mr Tollner**):

That document 32 and submission 93 be received and authorised for publication.

[5.28 p.m.]

BYRNE, Mr Nick, Executive Director and Co-Founder, Giants Reef Mining Ltd

CHAIR—I welcome the representative from Giants Reef Mining. Would you like to make an opening statement before I invite members to ask questions?

Mr Byrne—I realise that members have not had an opportunity to see my submission and I was contemplating, as it is quite a brief submission, whether I might read it that so that members will be aware of what I am on about.

CHAIR—We have had it summarised, so reading your submission is probably not a crash-hot idea. We would probably get more out of it by asking questions.

Mr ADAMS—Highlight your main points.

Mr Byrne—Giants Reef and I have had considerable experience in land rights and native title agreements. If there are any questions that the committee might like to ask or comment upon with respect to those and a junior explorer, I would be comfortable in addressing or attempting to address them. My principal submission is that there is such a severe downturn in the mineral exploration industry that something reasonably radical needs to be done to enable that to improve. While there is also a significant downturn in the pastoral and farming industries—some of it weather related and some of it financially related, with prices of commodities and so on—we both work in a similar area. We explore in the farming and pastoral areas, and they farm and run their cattle in our exploration areas. I believe that support for the mineral exploration industry will ultimately also be support for the pastoral and farming industries. If members read my submission they will see why that is so.

When we first started exploring in Tennant Creek in 1985 there were 12 full-time exploration companies exploring there. There is now one. The prospectivity of the field has not changed, and the industry's perception of the prospectivity of that field has not changed. What has changed is the availability of funds for junior explorers to be able to carry out their business. There was a time when funds for junior explorers were reasonably readily available, and this was evidenced in the nickel boom of the late sixties and early seventies. The exploration industry was awash with funds, which resulted in a number of discoveries being made and mines being developed and exploration funds flowing from those discoveries and developments. Unfortunately, over the past decade there has been such a rash of takeovers of companies which were successful through funding provided by the boom that there are now very few of those Australian mining companies whose profits previously funded their ongoing exploration.

We have lost exploration funds from two areas. One is Australian mines. The small to medium sized mining companies which were efficient, and were seen to be efficient by overseas companies, no longer exist. When Giants Reef Mining starts production this coming year we will be the ninth or 10th largest gold producer in Australia, even though we will only be producing something like 60,000 ounces a year. That is a pretty awful thing, because the only

reason for it is that the Australian mining companies that funded exploration and provided the incentive for other companies to participate and do as they had done no longer exist—those funds are no longer there.

Added to that is the change in direction by investors, or really punters—the people who have had a go. The bonanza effect of the previous backers, grubstakers or whatever you like to call them who put money into small floats is no longer there. The direction of investment now is towards derivatives. HIH had something like \$100 million on weather derivatives. That is bizarre. Investment is not going into the companies which ultimately develop something; it is going into all of these flies crawling up a wall things which do not produce any long-term benefits or development for Australia. At one time that gambling money, that risk money, went into junior explorers—went into someone having a go. If you were successful there were real bonanzas to be made. Poseidon shares, for instance, were 20c when I first started looking at them and they went to \$325 dollars. I remember buying a share in Poseidon for \$175. People did handsomely from that. That money is still there and still available, but there is no longer an incentive for companies or investors or gamblers to put it into the mining industry, or the exploration industry, where it could bring real benefits to Australia. It is going on gambling of one sort or another—call it what you like; it is gambling from our point of view.

I believe it will never get back to where it was—it is a different world—but with the right incentives people can be encouraged, generally by a federal tax incentive more than anything else. If new money is put into explorers taking up new shares—by new shares, I mean shares for a new float, for an entitlements issue or placements, shares that have not been listed before—investors that want to put money into companies that are prepared to have a go, such as ourselves, who are prepared to do the hard work in the bush, would get a reward, the reward being that there would be no capital gains tax paid on the profits made when those shares are sold. Once they are on-sold, those benefits are lost for those shares; but not for that initial capital. Until that happens, I do not believe there will be a significant increase in the exploration industry. If there is not a significant increase in the exploration industry, there will not be many new mines found and the drift away from the bush and the emptying of the bush will continue.

I believe that a successful and vibrant exploration industry in the bush will take up some of the labour that is available in the rural industry, it will take up some of the services that could be provided and the equipment that is in whatever area you work in—the local pastoralists or farmers can provide bulldozers, tractors, labourers, whatever. That is needed even more these days because they are in dire straits and we are in dire straits, but I believe there is an opportunity. This is the Year of the Outback and, instead of just nostalgia and rhetoric related to that, this would be a practical way to show the government's true support and recognition during the Year of the Outback by giving incentives to enable explorers to be funded and to have a viable exploration industry in the bush.

CHAIR—Thank you for that. I will ask the first question. Have native title or cultural heritage issues, which you started to touch on, had an effect on your company?

Mr Byrne—We have not had any great detriment. As a philosophy, I and the company support the concept of native title and land rights. We have an Indigenous land use agreement, which was referred to by Mr Avery, that goes for 25 years with a right to renew for another 25—by the end of that time, I will probably have lost interest.

Mr ADAMS—You'll be getting your grubstake somewhere else!

Mr Byrne—That's right—real grubs this time! It is a good agreement because that 25 years of continuity it provides is very good. If a mining lease, which generally runs for 25 years, is granted on the 24th year, that mining lease will run for its term without the need for a new agreement or any negotiations. We have not seen any detriment because we had tenement already granted and we were not waiting for a particular tenement to be granted to enable us to explore—we already had agreements. But we have gone through the entire process, both in native title and in land rights, and we have successfully negotiated an agreement under both sets of legislation. It reflects our attitude to the whole concept of benefit for Indigenous people, the land users, the occupants of the land of the Waramanga. There was a lot of anthropological work done for the Waramanga land claim, and this enabled us to have absolute confidence in the people who would claim native title—there was never a native title claim; we accepted that the local Aboriginals were in fact the true native title landowners, so we were quite comfortable entering into the land use agreement.

Mr ADAMS—The committee has received evidence on a proposition—and I take your point and I think it is a very good point you make; I thought your submission and your contribution were excellent—about breaking the nexus. We seem to have arrived at consideration of venture capital and your explanation about HIH and gambling dollars going in another direction. To get some of what I will call venture capital, not gambling capital, back into exploration and into the mining area and to get people their 'grubstake'—I love that term!—to get out there and to start, there is an idea about using pull-through shares. Is that the right term?

CHAIR—Flow-through shares.

Mr ADAMS—Have you heard of that?

Mr Byrne—I am not quite clear what that means. Could you explain that to me, please?

Mr ADAMS—Somebody here is an expert.

Mr TOLLNER—The chairman is.

Mr ADAMS—The chairman is an expert.

CHAIR—We do not have the full evidence in on it, but—just to butt in and partly answer my colleague's question—the Canadians in their exploration side introduced flow-through shares to, effectively, pull the benefits you spoke of earlier back into the exploration side, so that people would invest and the funds would flow back into that area.

Mr ADAMS—I think that if you invest in shares in the mining area, you only pay tax on it once.

CHAIR—There are a number of tax benefits, obviously, and they are starting to bring the dollars back. That is part of the area that the committee will be looking at.

Mr ADAMS—This is the sort of thing I thought you were saying. Is that the sort of incentive you think we need in the country?

Mr Byrne—That is exactly it. It happened for a while—I am not sure that it now exists—that if you invested in any new oil companies there was no tax paid on any profits made when you sold that initial share purchase. That is really what I am suggesting here. When that was introduced, at a time when there was a desperate need for oil to be discovered in Australia, there was a plethora of oil exploration companies, and this is really what we need in the minerals industry. It is so easily done and would cost the government virtually nothing, because the people that are employed to work in the industry are all paying their taxes at any rate.

Mr ADAMS—I do not think either political party could sell the oil one these days, but—

Mr Byrne—No, I am not suggesting it should approach oil. I am not a hydrocarbons man at the moment, so I am just talking about base and noble metals.

Mr ADAMS—What about looking for petroleum inland? Has there been much of that exploration?

Mr Byrne—There has been quite a bit, but the inland exploration for oil has been going on for many years; it has been going on for 100 years probably. But exploration has improved, and you will see in my submission a reference to airborne gravity. I think that airborne gravity will have an impact on all minerals—hydrocarbons as well as metallic minerals.

Mr ADAMS—Is the skill base coming up for the people that look at those images? Are the skills of those people who choose what area we should go to improving? Are there better skills in that area?

Mr Byrne—The skills have come. It started way back, with seismic and induced polarisation and companies like Newmont and internationally that have poured fortunes into developing these new techniques. This one great leap forward that we have with airborne gravity is one of those things. In Australia we have a huge number of young people that are so computer literate, and it is an easy step for them into interpretation. We are still going to need more geoscientists and geophysicists but in interpretation the boundary between a good person on a computer and a geophysicist is merging.

Mr TICEHURST—I was interested in your comment at the start of your presentation, or it is in the notes we have here, that there is no limit on the mineral resources in Australia. I guess everything has some sort of limit. In my area there is a lot of coal under the ground, but they are not able to touch it because of problems relating to mine subsidence and whatever. A comment was also made about the remoteness of Australia and the fact that water is a limiting factor. And then you reckoned that 90 per cent of all mines are within 10 kilometres of a pub.

Mr Byrne—Within 10 miles of a pub; that is actually a fact. They should build more hotels!

Mr TICEHURST—That goes to my question related to infrastructure. Do you think the federal or state governments should provide infrastructure for exploration, then mining?

Mr Byrne—I believe that the government should have done so many years ago. There has been an obligation on the federal government since 1911 to build the railway, and every government of either political persuasion has neglected its duties there. With the railway, there will be increased interest in the exploration and development of the Territory. I know of two projects that would not go ahead if that railway line did not go through. One is a manganese deposit in the Renner Springs area, and the other is X millions of tons of tailings that we are selling to another company. Magnetite will be produced from those tailings, which are from a gold mine, and that will be exported to Asia. That is possible only because the railway is there; it had not been economic before. Now, with the railway, we will see companies moving in. Falconbridge, a very large nickel mining company, is moving in. We now know that, if we do find large mines in outback Northern Territory and the concentrates are reasonably close to the line, we will have the wherewithal to ship the materials out. It does not matter with gold because the amount of metal produced is very small, but for large base metal deposits it is critical. Coal is another example where that line is critical. Whenever infrastructure is built, there are always people who will follow, do some work, and development will follow.

I do not know if the government needs to actually fund the infrastructure. If they give incentives and encourage people to go out and look, when discoveries are made the infrastructure will arrive. Tennant Creek is quite a good example of this. It was a telegraph station, as was Barrow Creek. Most of the places along the north-south road were telegraph stations. Built when the suboceanic cable came from Java to Darwin, they were repeater stations to send the signals on to Adelaide. At Tennant Creek, an Aboriginal bloke found some green coloured rock which also had gold in it. He took it in to one of the telegraph operators, who promptly went out and pegged the ground, and that was the first mine in Tennant Creek. It was called the Wheal Doria. We do not know what happened to the Aboriginal, only that his name was Frank. I do not know whether he got a share of the gold; I very much doubt it. Tennant Creek became a very wealthy town. Barrow Creek, the next one along, did not have any discovery, and that is a little roadhouse beside a very old stone repeater station. It was the fact that the telegraph station was there which led to there being a store and whatever. It developed through the discovery. There was an incentive then to discover because finders keepers and you had what you had. There are now more restrictions and that world has gone. I believe very strongly that, until and unless something is done to encourage people to put some of their money into high-risk mineral exploration, inland Australia is going to remain as empty as it is now.

Mr TICEHURST—You made a comment about the benefit of having 150 per cent tax deductibility. I am on a research and development committee. In Melbourne last week there was an announcement by Ericsson that they were closing down their R&D facility in Australia, even though they had been a beneficiary under this particular tax. Some other companies—we visited a pharmaceutical company—took no cognisance of that tax. It did not even come into their calculation. If you have an international company, there are many other factors that weigh into the argument rather than just tax deductibility. Why do you think that the 150 per cent tax deductibility would be applicable to the mining industry?

Mr Byrne—I think that there are two types of investors. There is the investor who will put money in because he is making a profit and he will have deductibility. He derives his financial benefit from that. There is the other investor who is the gambler and who likes to have a flutter on the shares. That person would like to have their benefits derived from the risk money that

they put up. When an R&D company is not making any money, 150 per cent deductibility against nothing does not mean anything. But where companies do have a great profitable business and are looking for other avenues of improvement or other mining companies—it would have to be in the same industry, presumably—having both would attract two types of investors. It would have to be limited to Australian exploration.

The most important factor is having non-taxable windfall profits on the shares but the second one is the 150 per cent. When it was applied to environmental rehabilitation, it was interesting to see the number of companies that spent well and suddenly became environmentally conscious because of that 150 per cent deductibility. It was of great benefit to them and to the environment. Similarly, I believe it would be attractive for those companies that are making good profits, and perhaps other mining companies, to invest in exploration companies.

I go back to the point of the virtually unlimited resources that you commented upon earlier and why I do not think they are finite. The nickel needed for a deposit depends on the size, of course. In Western Australia the range is from 15 per cent for the very high-grade ones down to one per cent and even less and those can still be profitable. If the price of nickel today is, say, \$US6,000 a tonne or something of that order and it went to \$US20,000 a tonne, you would mine nickel grades of half a per cent. There are thousands of millions of tonnes of ultramafic rock which contain half a per cent of nickel but it could be profitably mined if the nickel price were at a reasonable level.

Nickel will never run out and copper will never run out. There are billions of tonnes of metal available—it is just not economic to mine them. As high-grade mine deposits become more scarce and harder to find, or they are not being found because no-one is discovering them, the lower-grade ores—rocks that are known to be there—will be mined. This is why I do not believe that it is finite in any way. Gold can be mined at the moment at one gram per tonne but there are billions of tonnes at half a gram. Almost any metal that you would like to look at is there in endless quantities—minerals are the actual fabric of our earth—it is only a matter of price.

Mr TICEHURST—Has your company's exploration program benefited from the provision of government geoscientific data?

Mr Byrne—Yes, it has. The Northern Territory government has a wonderful system for the work that it does. We carried out a gravity survey in conjunction with the Northern Territory government in the Tennant Creek area. The airborne magnetics were actually done by AGSO and we paid \$20,000 for it. Had we flown that same area ourselves it would have probably cost us \$200,000. The geoscientific work of the Northern Territory government is free and it is put on the net immediately. We are given copies of anything done in areas in which we are interested. It has been and still is enormously helpful.

Mr CAMERON THOMPSON—On the airborne gravity surveys, you said that you were able to do that because there was something being done by the government scientific organisation and you were able to piggyback on that. Is there an opportunity to make that kind of piggybacking more readily available so that people who might want to invest or speculate in identifying ore bodies or in exploration might be able to participate in funding some of this? It is not only information about ore bodies that can be gained. There has been a bit of talk in the

halls of power down in Canberra that we can also identify salinity and those sorts of issues through that process. So would it be worth while assisting people to cooperatively fund that kind of research?

Mr Byrne—I suppose it is really R&D, irrespective of what field you go into. This particular field of airborne gravity is a very interesting one. BHP spent about \$40 million on it. There is only one unit being used in Australia at the moment but there is another one overseas. BHP have entered into an arrangement with a junior explorer whereby that junior explorer will fly and have sole rights for X number of years for airborne gravity. They will fly for anybody for equity. In fact, we are negotiating with them now to fly in some of our areas. In the event that a major deposit is discovered then BHP will come in and develop that deposit. It is BHP's way of getting exploration.

As I mentioned in my submission, companies now are funding junior explorers because they know they are good, lean explorers, but if a bonanza is found they then move in and develop it and that suits everyone very well. If it is a small thing, BHP does not want it. If it is a monster, a smaller company would take years to get it into production, whereas a megacompany like BHP Billiton would have the ready funds to do that. Also, like it or not, it is easier for a small company to complete an agreement under the land rights act or the native title act than it is for a large organisation. The Rios, BHPs and so on carry a lot of baggage with them, so it is much more difficult for them. They also have a bigger wallet. There are commercial aspects of it. It is the land council's responsibility to get the best possible deal for the Aboriginal people whose interests they are looking after. That makes commercial sense. If you have a prospector who has sweet nothing, you cannot get anything, but they still want it to be developed. But when a royalty is payable then the Aboriginal landowners will derive the benefits.

Mr CAMERON THOMPSON—My question was: is it worth while attaching some kind of benefit or some kind of support to this airborne surveying?

Mr Byrne—It is worth while to support research into that or similar techniques, such as remote sensing techniques that can be used to identify minerals. As I said earlier, companies like Newmont and so on have spent probably billions over the years looking at these techniques. There are many people doing that. I hate to think how many roubles the Russians have spent—they have been trying to invent airborne gravity for 40 years and have not been successful. I think that it is worth while, but I do not know whether it would be any more beneficial than the R&D benefits that are already available. I do not know how you could go beyond that. Are you contemplating something specifically relating to mineral exploration only?

Mr CAMERON THOMPSON—All I am contemplating is that there may also be interest in flying these kinds of areas for other reasons like salinity and so on. If the government is doing that already then a piggyback project that involves mining exploration would fit well. You have painted a picture about how the money has gone off into other speculative types of areas, and there are still, as you have evidenced yourself, small operators out there. Can you give me some kind of picture over this period—when we have had the lack of available capital and all those kinds of things—of what kinds of returns are being generated by those small operators? What I am asking is: is there money in it?

Mr Byrne—Absolutely not. We started the company in 1985 and were incorporated as a proprietary company. We were listed on the exchange in 1993. The three of us funded it privately until eventually we were mortgaged to the eyeballs. It did not make commonsense. We had been approached a number of times by brokers saying that they liked what we did and they would like to support it. Commonsense prevailed—I presume it was commonsense; it was probably necessity—so we listed on the exchange. We then had public funds available. We have raised about \$24 million for exploration in Tennant Creek and it has all been spent in Tennant Creek since that time. We have just raised another \$5 million, but it has been very hard. I think investors can see the total commitment that we have.

We are probably unique, but I think the fact that there are so few junior explorers in the outback without some sort of Big Brother helping them shows just how hard it is. I think we were fortunate in being able to get a reasonable relationship with brokers who, even though you had to twist their arms a bit, would put money in when the hard times came. Plus, we had a few friends who might put, say, in half a million dollars worth of drilling. They did that and we did not have the money to pay them, but they would put the drilling in for shares or something like that. It has been skin-of-the-teeth stuff.

The company is in good shape now because we are about start production and it is going to be a very profitable little company. We will be taken over, you can rest assured, once the gold starts coming in and we have done all the hard work. We have all the agreements under the land rights act; we have all those in place now. We will get knocked off for sure and certain, sadly. But it has been very difficult. It is only that we have done it and lived very lean. Everyone must live in Tennant—we do not have fly-in fly-out; everyone must live in town—and the corporate office remains in Tennant Creek. Our office rent is \$900 a month.

Mr CAMERON THOMPSON—Returns that have been generated for the people who have invested over this period have been pretty lean, have they?

Mr Byrne—No, we went to 70 cents. A woman rang me the other day. Our shares were at four cents, and she paid 63 cents. The returns for her are pretty lean, but for those who paid the initial 20 cents and sold out at 70 cents the return was pretty good. We have been up and down. If this were a graph of your pulse when you were having an operation, we would show as low but steady, but we are about to have—

Mr CAMERON THOMPSON—A bit more grubstake!

Mr Byrne—a blood transfusion, so we will get back up there in a minute.

Mr ADAMS—I have two little questions. Have you replaced that hammer that crunches up the stuff? Is that what you use at Tennant Creek? Are you going to use that gold hammer in production?

Mr Byrne—The one out at the battery there?

Mr ADAMS—Yes, the battery; that is it.

Mr Byrne—No. At 300,000 tonnes a year, we liked it so much we bought the company. We bought Normandy Tennant Creek, which is Normandy's operations company in the field. We had about half the field and then we bought them out in the June before last, 15 months ago. With that came a 300,000 tonnes a year processing plant at the Warrego township and that is what we will be using. They still turn the battery on every day for the tourists to have a look at.

Mr ADAMS—I have one in Tasmania as well, in Beaconsfield. Have you thought or have you seen anything about exploration for minerals in the sea, offshore?

Mr Byrne—Yes, we know—

Mr ADAMS—Did you have any joy?

Mr Byrne—The closest we got to the sea was Mary Ann dam, and we have scraped that. As I said earlier, it is a matter of price, and that is why there is no limit on minerals. You can mine seawater and you will get out enough gold if the price is right. It is the same with the nodules. I think that submarine mining is an environmental disaster because you have to pick up every darn thing off the bottom, including the food source for many aspects of marine life. Where you can actually see the minerals being deposited, it is happening all the time. Environmentally they are pretty awful, but they are commercially successful.

CHAIR—As there are no further questions, Mr Byrne, thank you very much for your submission and for your opening address.

Resolved (on motion by **Mr Tollner**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 6.06 p.m.