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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON INDUSTRY AND RESOURCES

Reference: Resources exploration impediments

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON INDUSTRY AND RESOURCES

Monday, 24 March 2003

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

Members in attendance: Mr Adams, Mr Fitzgibbon, Mr Haase, Mr Prosser, Mr Ticehurst, Mr Tollner and Dr Washer

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.

WITNESSES

Committee met at 10.03 a.m.

LINES, Mr Kevin James, Geological and Mining Analyst, Newmont Australia Ltd

CHAIR—Welcome. I declare open this eighth public hearing of the House of Representatives Standing Committee on Industry and Resources inquiry into investment in resources exploration in Australia. Other witnesses appearing before the committee today are Newcrest Mining Ltd, the Attorney-General's Department, the Australian Conservation Foundation, and Greenpeace Australia Pacific. I remind witnesses appearing before the committee today that the evidence you give at this public hearing is considered to be part of the proceedings of the parliament. Therefore, I remind you that any attempt to mislead the committee is a serious matter and could amount to a contempt of parliament. Mr Lines, I invite you to make a short opening statement before we proceed to questions.

Mr Lines—Thanks for the opportunity to participate in your inquiry here this morning. To give you a little background, Newmont Australia is the Australian division of the Newmont Mining Corporation, which is the world's largest producer of gold. Not only are we the world's largest producer but we have the world's largest reserve base. The Australian component of Newmont is really quite significant. We produced just under two million ounces of gold in Australia last year and anticipate producing very close to that number—about 1.95 million ounces or 1.96 million ounces—again this year. Our commitment to exploration in Australia is about $A45 million. That is a very significant part of our global budget, which is about $US70 million, so about $A140 million globally—a big commitment for us.

Given that Newmont and Newcrest are appearing here one after the other, I would like to clarify that there is no relationship between the two companies. In a previous life Newcrest was originally Newmont Australia that merged with BHP. However there is no link at all between us anymore. We have made a submission that touches on five of the points you have made and I would be quite happy to take any questions you may have on that submission.

CHAIR—In your submission I was quite frankly staggered to read that some 31 per cent of your exploration budget, in particular in my home state of Western Australia, is gobbled up by stamp duty, tenement rentals and other fees. Would you care to elaborate on that?

Mr Lines—Yes, it staggers us as well. We have very substantial landholdings in Western Australia, servicing our mining operations as well as in greenfields exploration. I think part of the problem is that the tenement situation in Western Australia leads to a lot of small tenements and, as they mature, the holding cost on those tenements tends to increase. So we have a very large tenement base on which to explore against, but we also have the problem that there are a lot of small PLs and MLs where the holding cost is substantial. Some of the delays in land access are exacerbating that problem in that we are having to hold fairly expensive tenements for a long time before we can actually explore them.

CHAIR—Is Western Australia any better or any worse than any of the other states?

Mr Lines—As far as Newmont Australia is concerned, it is the worst. I think you will see in our submission that in Queensland—

CHAIR—I was going to go away and sulk anyway.

Mr Lines—the percentage is only about five per cent. That stems from the fact that the holdings in Queensland tend to be larger and are held as exploration licences and therefore the holding cost is not as great.

Mr HAASE—Native title concerns me, and I would be interested to have you elaborate on your submission regarding native title. There is an accusation outside the industry that companies often use native title hold-ups as a justification for sitting on exploration leases, effectively not doing a great deal with them. I would like you to elaborate on that. Further, I would like you to comment on your perception of the expertise available today when it comes to assessing native title claimants, positions on country, knowledge of country and the relationship of individuals to the claim.

Mr Lines—In terms of native title, our position is that we do not contest it at all. We are quite happy to accept native title. Having said that, it does create very significant issues for us in terms of managing exploration. Where we really see it is not so much in terms of native title itself but in terms of heritage surveys. For instance, our Bronzewing mine in Western Australia is due to run out of ore in about 2004. We have a tenement to the south of that where we started with four claimants for that piece of ground. We reduced that to three. However, we have had to undertake three heritage surveys representing separate groups over that single tenement.

That tenement was granted about three years ago. The costs are something like $100,000 per annum to hold that ground. We have completed one survey and still have two to go before we can even access the ground for exploration. Yet we have a mine that is capable of producing between 200,000 and 300,000 ounces per annum—and a lot of people are unemployed there—and that is going to run out of ore. We are aware of the comment you make and that there are some accusations that people use heritage surveys in particular, and I can assure you it is not what we are doing at all. As for an estimate of management time, Bob Perring, who heads our Australian exploration effort, estimates he spends 50 per cent of his time on access issues, in negotiating with Indigenous groups to gain access. Locally in Western Australia, the senior guy there would spend 80 per cent of his time doing that. It is not that we are trying to hold the ground—we would dearly love to get onto the ground—but it is the process itself.

To give you another example, we hold an exploration licence to the south of our Wiluna operations. It took 1½ years and about $60,000 plus to actually do the surveys and access the ground. Having done that, it took us $30,000 and eight days to do the exploration. Our approach to it has always been that we will accept the judgment of the land councils as to who are the parties we have to deal with and that if there are four parties we will deal with all four parties. We have a big problem with the enormous inconsistency over what is required. For this tenement in the Lake Darlot area we have to do three surveys. Each survey is different and requires a different number of people and costs us different amounts of money. They come out with different results, and that we can deal with, but we could really benefit from getting some sort of protocol or standard in place as to what a heritage survey is and how it should be undertaken, with some time frames in terms of how quickly it can be done.

Mr HAASE—I would like to clarify the availability of skilled surveyors. Can you comment on that? Are there staff that have the knowledge coming out of our tertiary institutions?

Mr Lines—Out of our tertiary institutions in terms of?

Mr HAASE—To carry out heritage surveys with a knowledge of anthropology and having some sort of status to be engaged as a consultant anthropologist to assist the mining or exploration companies.

Mr Lines—Access to people certainly causes us delay. It causes delay in two areas. One is simply having enough people who are qualified to do the surveys and reaching agreement on who is going to do a survey. The other area is the resourcing of the land councils. Like a lot of other major companies—and I am sure in their evidence they will say the same thing—we are actually having to pay to get the work done, purely and simply because the land councils do not have enough people and enough resources to get the work done. We do not particularly like that situation, in part because it runs the risk of giving a perception that there is not full independence. There is—as we do not have anything to do with it apart from paying to get somebody to do it. So there are two areas there. There is a shortage of people, which is difficult to address because you have to get suitably qualified people who understand the particular area. The second thing is generally accessing all the resources available to the land councils.

Mr TICEHURST—To what extent does Newmont rely on the provision of precompetitive data from Geoscience Australia or from the state surveys? Do you think that information ought to be provided free of charge?

Mr Lines—To answer the second part of your question first, yes, I believe it should be provided free of charge. Currently, because Newmont Australia has very large coherent landholdings in the Yandal area of Western Australia, and in the Northern Territory, it is not as reliant on public domain data—geoscientific data—as some other groups. However, when we look elsewhere—whether it is the Gawler crater or somewhere like that—then we do rely very heavily on it. It is very important to us. As I said earlier, we are the world's largest gold producer, but we cannot afford to fly huge surveys over prospective terrains—it is prohibitively expensive for us. It is a critically important part of fostering exploration.

Mr TICEHURST—How do you find the quality level of the Geoscience Australia data?

Mr Lines—My personal experience is that it has been excellent. I have never heard any particular complaint about it. Having used those data sets to focus exploration initially, quite often we will follow up with more detailed information—lower level mag, gravity surveys or whatever. But the quality of the initial data—the South Australian survey, for instance—is tremendous. We obviously operate globally, and those data sets are an important advantage that we have in Australia. Obviously, being part of a global enterprise, and a very large one—

CHAIR—How do they compare internationally?

Mr Lines—The stuff in Australia is as good as anything you would ever get anywhere in the world. If you go to Ghana, for instance, where we currently have two development properties, there is nothing at all. To that extent, they are tremendous. It is a real advantage to us. We are in a slightly more mature exploration environment, so it is very important to us to have those sorts of data sets. We have to be able to stand up once or twice a year and fight for the dollars, just like everybody else. Being able to present those data sets, show the information and explain to executive management about why we want to enter a particular area is quite important to us.

CHAIR—Could we explore that a bit more. As the mining industry in the main is now globalised, are you saying that it is an important tool to fight for exploration dollars in Australia, as opposed to any other country in the world—to have that precompetitive Geoscience data to present to the board as to why certain dollars should be spent in Australia over and above any other country?

Mr Lines—Yes, I find it very significant. When you globalise a company, often the management is in London, New York or, in our case, Denver. They do not necessarily have a particular direct exposure to the Australian exploration environment and, as such, they have preconceptions. One of those preconceptions can be that Australia is a more mature exploration environment and that it is going to be a lot harder or a lot more expensive—you can use the data sets that are provided by government to enhance the geological thinking, to show exactly what it is that you want to do—versus Ghana where, for instance, they might say, 'This is prospective because nobody's ever explored it. All we've got to do is some geochemical surveys and we'll find an ore body.' In Ghana, say, they have the advantage in that the prospectivity is perceived to be greater and, therefore, they do not necessarily need the data sets to win the argument. We need the data sets, at least in part, to get over that first hurdle and sort of say, 'Here's the geology, here are all the major elements—the structure, the stratigraphy or whatever—and this property is worth spending dollars on.' That is particularly in greenfields exploration; not so much in the new mine environment, obviously.

Dr WASHER—I apologise for coming late—I was at another briefing and, unfortunately, I was held up—so, if I ask questions that have already been answered, forgive me. One of the worries is that university enrolment in geosciences has declined. Has this been asked?

Mr Lines—No.

Dr WASHER—That is a major concern about geoscience. Have you got a perception as to why that might be? Why should that have happened? What should we do to correct that?

Mr Lines—That is a very serious issue for us. It is something that I know the executive of Newmont Australia does spend quite a lot of time on. We had an executive committee meeting probably two weeks ago at which the keynote speaker was addressing exactly that issue. To give you an example of how difficult it is for us—and I wish I was a mining engineer as I could earn a lot more money, I can tell you that right now—there is an incredible dearth of mining engineers. When you consider that Australia, Canada and the UK are probably the three prime areas for producing this type of professional, all of them are suffering tremendously from this drop. I really do not know why.

The Minerals Council of Australia has done some research, and if you look at mining engineers, for instance, there are more fourth year mining engineers than there are first year mining engineers, so engineering graduates are changing to it during their undergraduate careers but they are not going into the profession. We are happy to help, and to pay for, further research to tell us why they are doing it. There are lots of issues. For example, in the mining industry we still wear black hats; we do not wear white hats. When some of the young men and women go home and tell mum and dad that they want to be a mining engineer or a geologist or a metallurgist, the first instinct tends to be to try to talk them out of it. But that is not the only issue. There are lifestyle issues associated with it. A lot of young graduates today have a different perception of what they are prepared to tolerate in the way of lifestyle. As an industry,

these are things that we have to address. We have to support the better tertiary institutions to make sure that we are producing graduates that the industry wants, but, more importantly, graduates who are excited about being part of the industry.

Dr WASHER—I see this as a real problem now for Australia. That is the red alert I have got out of all the things you have mentioned. It is one of the biggest problems. Is the mining industry getting into the universities or into the secondary schools and the high schools to try to influence graduates to look at this as a career choice?

Mr Lines—From Newmont Australia's perspective, certainly we have really ramped up our activities in the tertiary environment in the first instance, because the short-term problem is the most critical—that is, that we just do not have enough suitably qualified professionals coming into the system. But the industry certainly is looking at primary and secondary education in the medium term to make sure that we get a balance when it comes to the perception of children—and their parents, for that matter—about the mining industry. Obviously, if people understand the opportunity, the challenge and the quality of the science et cetera that is undertaken in the industry then we can attract more people. But we have to be more active, and that is certainly being looked at.

One of the problems is that the industry, as you would be aware, is very cyclical. What tends to happen is that during the down times, like the one we have had recently with gold, we lose the professionals because they are retrenched. They do not come back, so we do not just lose numbers, we tend to lose quality as well. A lot of the experienced people find the industry at times very difficult. The wives and families have been carted from one godforsaken town to another. They find themselves set up in Perth, and when the husband gets retrenched, starts doing up houses and making as much money in the real estate market, it is hard to go back.

CHAIR—There is nothing wrong with that.

Mr FITZGIBBON—I had a friend ring me recently, very excited, because his son had participated in a national physics competition for schoolkids. I think he is at about year 11 level. This kid won the competition, topped the nation and was immediately contacted by Rio Tinto, offering him a scholarship and work at the completion of his HSC. I do not know whether the competition was sponsored by Rio Tinto, but it appears that they were on the ball.

Mr Lines—We are all watching the elite, or the top people, pretty closely. They are very keenly sought after, not just for their academic abilities but for their nature and their attitude to working in the industry. I make the point, because these things are interrelated, that big companies like Newmont and Newcrest—which follows us today—employ a certain number but, during the boom times, it is the smaller exploration companies that provide a great share of the market. Without a vibrant, viable small to medium sector in the industry we face a problem. If we go into the universities and say, 'There are five or six big companies and therefore there are only five or six chief geologists and five or six chief metallurgists,' that puts real limitations on attracting people to the industry, because they just do not see enough scope. Getting people excited and involved in the industry is related to the excitement that exists within the industry itself. It is obviously easy to attract people in the boom times. We will work to try to smooth that out, but the two things are interrelated. If we can get the junior sector working again, part of our problem in attracting people to the tertiary side of it will be solved.

Mr HAASE—This is not really a question; it is a plug as much as anything. You would be aware of the century-long activities of the Western Australian School of Mines, first in Coolgardie and now in Kalgoorlie. They are suffering incredibly low enrolments, yet there is not a graduate from the Western Australian School of Mines who is not fully employed immediately. I find that amazing. Like Dr Washer, I cannot understand why on earth it is not attracting students. Contrary to what you have suggested about being dragged from one godforsaken town to another—

Mr Lines—Kalgoorlie was not one of them.

Mr HAASE—Kalgoorlie is not one of them. The reality is that my 2.3 million square kilometre electorate is growing as a result of the reduction in population because the rough, tough miners of today are living in Cottesloe and commuting, and are really contributing nothing to my local economy. It is a very sore point.

Mr Lines—On the point you make about WASM, as you would be aware, the industry supports nearly every undergraduate going through that university. They nearly all have quite sizeable scholarships. When I was there and involved in the interviewing process, these were of the order of $6,000 per annum. That is very attractive, yet we cannot even get people to apply for them. This comes back to a perception of the industry. It is very important that all players in the industry have a role in promoting the industry more in that area.

CHAIR—I note that Newmont's Australian mines are generally at the higher end of Newmont's production curve. Why is that?

Mr Lines—In terms of cost?

CHAIR—Yes.

Mr Lines—Certainly some of the larger operations, like our equity in Kalgoorlie Consolidated Gold Mines in Kalgoorlie, have been higher cost. That is just a reflection of the nature of the ore body. It is a very difficult operation because it is mining over old underground openings and it is a refractory ore body, so its cost structure is higher. That is a statement on average. We have operations like Pajingo that would fit into the lower quartile of our costs and the lower quartile of world costs. But the assets are maturing and we are having to go underground on a lot more of them, which tends to elevate the cost structure. We obviously work very hard to pull the costs down, but there is a physical limitation in some areas.

CHAIR—You mentioned the importance of the junior sector. In other evidence we have received, the question of flow-through shares has come up. Do you think that flow-through shares would serve to boost the junior sector?

Mr Lines—Newmont's view is that it is well and truly worth looking at. As I mentioned earlier, we still maintain quite a substantial exploration presence in our own right in Australia and globally and, unlike some of the other majors, we have not gone down the route of cutting our exploration back too severely and relying on the juniors to do the exploration for us. But, having said that, the junior sector is critically important to us anyway. You need the diversity of thought: different ideas and different people working in different areas. It may transpire that a junior making a discovery allows us to participate as a joint venture partner to fund the

development of that property; big mines tend to be run by big companies for a whole lot of reasons. So the junior sector is important to us and we do believe that flow-through shares would greatly assist them.

Obviously, a lot of the money that came to the juniors prior to the dotcom boom, has been lost and we need a mechanism to attract it back. We are competing for capital on a global scale, just as I compete for exploration dollars on a global scale, and there has to be a reason. If people are going to put high-risk money into junior explorers, we have to be able to compete.

CHAIR—Why in your opinion, given the dotcom boom went bang, has the money not flown back to juniors in the mining sector?

Mr Lines—There are two reasons: one relates to the fact that a lot of money was lost in the dotcom boom and simply is not there to come back; the second is that the junior sector of the market tends to be largely revolving around the gold exploration industry, more so than base metals. You do not find juniors exploring for iron ore very much because it is just not viable for them. It is related to gold. Obviously, we have been through a period of fairly depressed gold price and that has made it difficult for them to fund it. The gold industry in Australia, the mining industry in Australia, would benefit enormously from a major discovery by a junior. It is the sort of thing that alters perceptions. Investment in the market is not about facts and figures, it is about perceptions. A junior that finds an ore body and suddenly rockets up tenfold, fifteenfold, twentyfold in price, does all of us the world of good. It makes it a whole lot easier when you are arguing with somebody in Denver for dollars. Even though you have not made the discovery, it changes their thought processes.

CHAIR—Thank you for your appearance here today.

[10.32 a.m.]

BOYD, Mr David Ernest, Manager, Indigenous Relations and Land Access, Newcrest Mining Ltd

McLEOD, Dr Raymond Lex, General Manager, Exploration--Australia, Newcrest Mining Ltd

CHAIR—Welcome. I invite you to make a short opening statement.

Dr McLeod—Honourable members of the House of Representatives standing committee, Newcrest Mining Ltd appreciates the opportunity to address this committee on the impediments we see to resources exploration in Australia. Newcrest is one of Australia's leading goldmining companies, with production for the year to 30 June 2002 of 644,000 ounces of gold at a cash cost of $253 per ounce. The Telfer project will come back on stream in 2004 and, in 2005, Newcrest's annual production will exceed 1.7 million ounces, with cash costs in the lowest decile of world production. Newcrest operates the large long-life Cadia Hill mine, the Ridgeway mine in New South Wales and the Gosowong mine in Indonesia. As I mentioned, Telfer is a key development project with established reserves of 18 million ounces of gold. Construction of this project has commenced, with completion by late 2004.

Newcrest is driven by a clear and simple strategy: to discover and develop large, long-life or high-margin mines and to remain in a low position on the cost curve. This strategy has created a mining group with sustainable production, low cash costs and significant project upsides in the regions in which we operate. Newcrest has a market capitalisation of approximately $A2 billion and directly employs about 800 people. About 42 per cent of the company is held by offshore funds. Newcrest retains a strong exploration focus and budget, with approximately 70 per cent of its annual exploration funds spent in Australia. Newcrest is unique in that all of its operating mines have been found by the company. Exploration within this group has been very successful, with a 10-year discovery cost of $A13 per ounce and reserves and resources of 28.5 million ounces and 53 million ounces respectively. This reserve base firmly establishes Newcrest as having one of the best reserve replacement strategies in the gold sector. Newcrest's submission to this committee concentrated on the issues of cultural heritage and native title, as we believe these present the greatest impediments to land access in the states of Australia in which we operate.

CHAIR—Thank you. In your submission you say that more precompetitive geoscience work should be undertaken by the state geological surveys and Geoscience Australia. To what degree should the public sector agencies become involved in this work, in your opinion?

Dr McLeod—We believe it is imperative that the public sector bodies provide this information to the exploration sector.

CHAIR—In your view, obviously it can be improved.

Dr McLeod—It can be improved. One of the issues facing exploration in Australia is the fact that we are in a mature exploration environment and the next generation of ore bodies to be

found are going to be deeper. They are probably not going to be outcropping, which means we need to be able to see deeper into the earth's crust. There are various techniques for doing this using such things as gravity and magnetics. We believe there is scope for this information to be provided to the exploration sector.

CHAIR—You have just said in your opening statement that all of your discoveries, effectively, have been your own work. Could it not be argued that that is a competitive advantage for your company, as opposed to everyone else's? If you had the information—you paid for it and had the information yourself, rather than the information being out there for everyone—

Dr McLeod—But the information is only part of the issue. It is how you deal with and use that information that is critical. That information, we believe, is available or should be available to everybody.

Mr TICEHURST—Have the native title problems in Australia caused you to look offshore for business expansion?

Dr McLeod—Newcrest explores in three areas in the world: North America, Indonesia and Australia. We believe the opportunities in those countries are good, that is why we explore there, besides issues like sovereign risk and so forth. But we still believe Australia is highly prospective. As I said, we spend 70 per cent of our budget in Australia. Irrespective of issues like native title and cultural heritage, we still believe the opportunities are good here.

Mr TICEHURST—So the native title really is an added business burden. Would you see it that way?

Dr McLeod—We see it as a business cost. We accept native title. We deal with the Aborigines. We see it, as I say, as a cost of doing business. But there are some issues, and I would like my colleague to speak about those in particular.

Mr TICEHURST—Are you talking about the overlapping native title claims?

Dr McLeod—Overlapping native title claims and the cost of doing heritage surveys. There are a number of issues which we have spoken about in our submission.

Mr TICEHURST—How do you see a resolution to the overlapping claims?

Mr Boyd—It depends on a number of factors, but it is my view that we could be helped by government doing a little more work with the representative bodies—that is, the land councils. We deal with them fairly well and have a good relationship with them, but one of the things they seem to struggle with is either lack of funding or lack of competent people to assist them with the land claim process. The Federal Court essentially deals with most of their issues and we see many examples of Federal Court hearings where groups are told to go away and sort out an overlapping claim and it just takes forever to do it and, in fact, they do not even bother to get around to doing it.

One of the biggest issues I see is that the representative body, which is responsible for resolving their problems, does not have the money or the time or the expertise to get it done. That is something this committee might take a look at and see if there is not some way that particular process can be helped. There is funding out there. There are two parts to that. Obviously one is the question of eliminating the overlapping claim, so therefore any potential land user of any kind can come in and just have to deal with one group. We have a number of examples where we have had to deal with two or more groups who cannot see eye to eye. We finished up negotiating, in one case, an indigenous land use agreement where there were two groups. They had two lawyers, they had two cultural heritage surveys and we spent half a million dollars negotiating that deal. If we had dealt with one group, we think the real cost would have been about $200,000.

They are some of the practical issues. The committee might take that on board and think about how government, as a group, can go forward and deal with it. It is also holding up Aboriginal groups progressing their native title claim as well. Until that is sorted out they cannot go forward with a claim.

Mr FITZGIBBON—You say there are practical problems there, but are there practical solutions?

Mr Boyd—I do think there are. It is a question of how much consulting you do with Aboriginal groups. I really believe that, after my contact with the various Aboriginal groups I have dealt with in the last couple of years, the Federal Court could quite easily give Aboriginal groups and the representative bodies a time frame in which they should clear it up. There are many examples where the Federal Court simply says, 'Go away and do it.' Yet after a year there has still not even been a meeting to let that occur. For example, in Queensland, during the course of this indigenous land use agreement negotiation, we funded something like four or five meetings over a weekend, and the land council was going to take the second day to sort out some of the overlapping claims. We funded the activity but it just never occurred. We got to a point where we said, 'We will not fund it any more unless you do some work.' If the courts were to say, 'There is an overlapping claim there. You have been at it for two years. You now have three months or six months to resolve it.' It is my experience with traditional owner groups that they would go out and resolve it.

Mr FITZGIBBON—So you say the Indigenous representatives just went walkabout that weekend?

Mr Boyd—I would not use that term, but my experience with them is that they are quite capable of resolving it if you put some time frame around it. Alternatively, if they cannot do that, then you could say to either the land council or the National Native Title Tribunal, 'That issue has been going on too long. We will give you guys a certain period of time to get it resolved.' There will be some complexities in that and there will be some traditional owner groups who might not like it, but I suggest to you that many would welcome an opportunity like that to get some issues out of the road.

Mr FITZGIBBON—On the same count, it is a two-way street and there is an onus, of course, on the companies to do what they can to expedite these things. I am sure there are occasions on which it might suit the companies to prolong the negotiations.

Mr Boyd—Certainly not in any of the cases I have been involved with. We like to get it over and done with earlier. For example, in the one I referred to in Queensland, part of our commercial agreement with them was to provide some funding for them to do connection reports to get their land claims resolved. That is how important we see the issue is for the long term, because one of the things you have to do in the long term is deal with the Aboriginal group who are in that area, and you might be dealing with them for 40 to 50 years. It is much easier to deal with one group than two or three or four.

Mr TICEHURST—Do you think there is any need to have state native title legislation?

Mr Boyd—No. We think the sooner the states get out of it and let the Commonwealth manage it and run it, the better.

Mr FITZGIBBON—Are the land councils the appropriate bodies to be doing the negotiations?

Mr Boyd—Yes.

Mr FITZGIBBON—It just intrigues me that the TDOs do not seem to have any input into these processes whatsoever. The last time I met with a land council there was not an Indigenous person in a room of 10. I found that a little bit intriguing.

Mr Boyd—It is of concern. The boards of most of the land councils are made up of Indigenous people but I agree with you, a lot of the running is by non-Aboriginal people and I have some concerns about that.

Mr FITZGIBBON—You say that is a frustrating factor in itself?

Mr Boyd—It is a frustrating factor.

Mr FITZGIBBON—People might have their own agendas rather than necessarily representing the agenda of the traditional owners?

Mr Boyd—Quite frankly, without any lawyers across the table, they are the biggest single problem.

Mr FITZGIBBON—This is a very good committee. No lawyers.

Mr Boyd—We spent $150,000 to $200,000 on lawyers' fees for the two groups here, and we have done it elsewhere, and it is in their interests to keep going. I think the Native Title Act is capable of having some slight amendments to it, and some guidelines, which would help everybody, including the traditional owners. I think every traditional owner group sees the need to have a lawyer advise them. Quite frankly, my view is that some of the advice I have seen is not particularly good.

Dr WASHER—Who runs the land councils?

Mr Boyd—ATSIC.

Dr WASHER—You know how we feel about lawyers. Certainly many of us are starting to question the value of ATSIC and whether the actual money given to it gets down on the ground to benefit the people it should be benefiting. What is your impression of it?

Mr Boyd—I am certainly not close enough to ATSIC, and in the role of most mining companies we do not tend to deal with ATSIC. That would be a view that the traditional owner groups would express to you. I do not know if this committee is charged with talking to any traditional owner groups about what they perceive, but in general discussions I have had with a number of groups I think they would make the comment that if more funding was coming to the representative bodies they may be able to progress their land claims a little more quickly.

Dr WASHER—I have not heard that directly, but second-hand I have had that feedback too. ATSIC gets about $1.2 billion per annum out of federal funding and it just does not appear from the perception on the ground, from what I hear, that that money is flowing through to where it should be. The other question is: what is the advantage of the federal legislation compared with the state legislation? You made a clear statement that Queensland is not the best state at the moment to do business with with native title and that you would rather do that federally, but what are we doing that they are not doing that is positive?

Mr Boyd—Not every state has native title legislation. Most mining companies or exploration houses have operations which straddle at least a couple of states or territories in Australia and having to deal with different legislation makes it a little more difficult. In terms of the expertise you need to have in-house, if we could operate under federal legislation I think we would be much better off. Native title is a national issue; it is not a state issue. Cultural heritage is a national issue; it is not a state issue. It does not change from state to state, so why have pieces of legislation which are different? I think if we get rid of it and just work under the national system, then all of us have a better chance of getting the Native Title Act to work a little better than it is at the moment, and to achieve the results it is supposed to, which is to assist Aboriginal people get some determination for their land.

CHAIR—I might just add for the record that Queensland have now reverted to the federal system.

Mr Boyd—They have?

CHAIR—Yes.

Dr WASHER—I think this is a very important issue. How often do the land councils actually generally meet?

Mr Boyd—The body itself, which is the board, meets about once a month, as far as I am aware.

Mr FITZGIBBON—Just back to the government role in exploration, I wonder whether there has been any analysis comparing the regimes in various countries. I know you have to be careful not to compare apples with oranges. Some areas have different geographical, geological and prospectivity issues, but I just wonder how we stack up in terms of government assistance in this field compared with comparable countries. Is any analysis available?

Mr Boyd—Are you talking native title?

Mr FITZGIBBON—Sorry, no, I am back to the government role in pre-exploration, Geoscience Australia, information publicly available, funded by government.

Dr McLeod—I am not sure that any assessments have been done that I am aware of. I do know that in some countries the governments basically supply very little. Even in North America, for example, the various states there do not supply a lot of information, certainly nowhere near as much information as we receive in Australia.

Mr FITZGIBBON—So your best guess is that the government plays a fairly substantial role in this country compared with other countries?

Dr McLeod—Very much so, both the federal and the state governments, yes.

Mr Boyd—Mr Chairman, I was going to make a comment about native title and comparisons there. I spent five years in Canada with another employer, BHP. Part of my role there was to negotiate what they call 'impact and benefit' agreements, which are virtually the same as our ILUAs here. There are a couple of things that they do a little differently that may be of benefit to the group. In Australia when you negotiate an Indigenous land use agreement—and that is not only for mining; under the federal legislation you can use those for exploration, and that in my view will become the trend—if you have a fairly large area of land and you have some overlapping claims, you have to finish up with the same ILUA, only one ILUA. That is all you can have. One of the differences in Canada is that, if you are dealing with two or three different groups, you can reach slightly different agreements, depending on the priority that one group may have, and different things. For example, the ILUA we have just negotiated in Queensland took a lot longer because the two groups wanted some vastly different things.

The other thing which we do in Australia and which does not occur in Canada—and it is something again which is helpful in the ILUA situation—is that we will wait from the completion of our ILUA, which was November, until the end of June before we get a chance to have our mining lease granted, and that is because of the objection period. It is the period of time that the Native Title Tribunal takes to even get things notified, and then of course you have the usual government regulation after that, which is three to four weeks to have that processed. I wonder about the value of the objection period, quite frankly.

Because of the way the act is structured, you really have to spend a lot of time identifying who the correct people are, you spend an awful lot of time in the field talking to the people. The objection opportunity is a very narrow one under the act, and one of the things that I know frustrates industry is having to sit there and wait for at least a six-month period, but more likely eight, before you get your licences granted. One of the things in Canada that I learnt was that the minute you got your deal signed, both parties would then write to the government—this is the federal legislation—and fairly quickly after that, providing you have satisfied all the other requirements—you can get your licence to operate relatively quickly.

Mr FITZGIBBON—Should we go to Canada and have a look at what they are doing there?

Mr Boyd—They do not have it all right, but there are some things there that I experienced first-hand that may be worth looking at and which could be of assistance to help streamline the

act a little bit and to help put in place some guidelines. Currently there are not any guidelines, really, for explorers or for miners to follow.

CHAIR—In your opinion, does the ILUA need to be there in regard to explorers to that extent, given that with GPS and whatnot, the potential disturbance to any land is now very minimal, as opposed to the past. Would you care to comment on that?

Mr Boyd—I do not see the value of an ILUA for exploration. In fact, for low-level exploration, I do not even see the need to have to do cultural heritage surveys. Most of the mining companies these days do the work. They are sensitive towards cultural heritage issues. I think that low-impact exploration simply requires a competent geologist to go out there and be certain and sure that they are not impacting on cultural heritage.

Dr McLeod—I make the observation that cultural heritage surveys at the moment are causing us quite a bit of grief in terms of the costs of doing the surveys and the fact that we have to do duplications of heritage surveys. They are two issues that we believe are quite significant. A specific example of this is that recently we wanted to drill 80 RAB holes—rotary air blast holes—on a particular tenement. The cost of that drilling was going to be $45,000. The quote to do the cultural heritage clearance was $40,500. An additional 90 per cent of the cost of the program to do the drilling was going to be spent on the cultural heritage clearances. Most of that was for archaeologists, assistant archaeologists, anthropologists, GIS technicians, et cetera. The Aboriginal claimants who would do the clearance, in a sense, would receive something like seven per cent of that amount. We certainly see that as an issue.

Dr WASHER—There would appear to be developing a lucrative bureaucracy—both legal and cultural—built around native title that does not do a great deal for our Indigenous people in terms of the amount of money and reward, the return they get from the industry.

Dr McLeod—Both native title and cultural heritage we would believe, yes.

CHAIR—It seems that if we go through an ILUA for exploration, and there is a lot of pain, angst and expectation and there is nothing there, that it has all been for naught. It would appear to me to be a better outcome if there was a lower threshold to exploration. You do not lift expectations and, if there is something of worth, then negotiations with the Indigenous owners can be more meaningful and fruitful. Would you agree with that?

Mr Boyd—Yes, I would. We have some examples when we have done some exploration work where we have been able to engage directly with the traditional owner groups. More and more some of them are showing a willingness to do that. But if we have been able to find something, you are right: the expectation levels can go up and do go up. We are more than happy to share in some commercial arrangement with them.

CHAIR—Thank you for your evidence today.

[10.58 a.m.]

HORNER, Ms Philippa, First Assistant Secretary, Native Title Division, Attorney-General's Department

CHAIR—Welcome. I invite you to make a short opening statement.

Ms Horner—If it is all right with you, I might make a long statement. The reason I would like to do that is because the submission that we put in was very much a background explanation of native title and the Native Title Act. What I would like to do today is to respond to some of the issues that have been raised before you in the submissions of explorers and state governments.

CHAIR—This is not an opportunity to cross-examine by the department, I might add.

Ms Horner—No. You can cross-examine me. I am a lawyer, I have to admit.

CHAIR—All right. Let's keep it under 15 minutes, please!

Ms Horner—The reason I wanted to mention some of them is because a range of the things were mentioned by the previous witnesses, so I thought it might be useful to put their comments in perspective, if that is all right with you. The Native Title Division advises the Attorney on the operation of the Native Title Act and the exercise of his statutory powers under that act. We also advise him on the conduct of native title litigation that the Commonwealth is involved in, which is quite a substantial part of native title litigation throughout Australia.

As you may be aware, the Attorney became responsible for native title matters after the 1998 election. I personally have been involved in native title since the 1996 election and I headed the Wik task force, the 10-point plan, so my involvement goes back some way. The Attorney-General's Department is also responsible for the provision of financial assistance to respondents to native title claims and for the negotiating of Indigenous land use agreements and other arrangements under the act. Obviously native title is a pretty important issue for the resources industry; around 50 per cent of the submissions that have been made to you, I think, have raised native title as being an impedient of a more or less serious nature.

I want to deal very quickly with what the Native Title Act does, because the arrangements under the act are extraordinarily complex. When that is combined with the arrangements that are available under state legislation, it is very easy to become confused about what arrangements apply in which states. I gather you have heard evidence from a variety of jurisdictions. The 1994 act included a right to negotiate provision. It was also available for the grant of mining leases and exploration permits. It is important to note that neither of those was intended to be a veto. It is also important to note that in the 1994 act a procedure called the 'expedited procedure' was included for what was basically low-impact exploration mining and prospecting. This exclusion operates at the option of the state or territory government, as you are probably aware. State or territories were able to set up their own equivalent procedures under their own mining legislation in the 1994 act. You are probably aware that South Australia set up its own legislation and you have probably heard how that is operating in that state.

The 1998 amendments expanded the options available to state and territories by allowing them to regulate the grant of low-impact exploration tenements themselves—which is what New South Wales does—to exclude opal and gem exploration and mining from the right to negotiate, which is also what New South Wales does, and for the negotiation of registration of Indigenous land use agreements. Those were not available under the act prior to 1998. Any exploration permit granted on land where native title exists without following these procedures is invalid under the act, so that it is not that people have an option of complying, and state governments must comply with these procedures in order for the grant to be valid.

What determines the situation for explorers in a particular state or territory will depend on which of those options a state or territory chooses. Even if they are operating under the Native Title Act, they still have an option on the form of procedures they will apply. That operation may, in turn, depend on the attitude of native title parties and representative bodies in that jurisdiction and whether any model or template agreements are in place that can be used to assist in negotiation.

The situation around Australia is that in Western Australia they have been applying the expedited procedure process since about 1995 and they have a policy of applying it to all exploration permits. Around 40 per cent of exploration permits proceed to grant without any objection from native title parties in Western Australia and there is agreement to withdraw the objections in around another 35 per cent. The Northern Territory and Queensland both imposed moratoriums on the grant of exploration permits after the Wik decision in 1996 and both started granting exploration permits again in September 2000. The Northern Territory apply the expedited procedure as a general rule to their exploration permits; Queensland, as you pointed out, Chair, is only just reverting to the Commonwealth right to negotiate and I understand they will also be using the expedited procedure from the middle of this year.

South Australia applies its own version of an expedited procedure to mineral exploration but not to petroleum. New South Wales has its own legislation for low-impact petroleum and mining exploration, which has been approved by the Attorney-General under section 26A of the Native Title Act. Explorers need an access agreement, but only when entering native title land. Opal miners at Lightning Ridge are excluded completely from any native title processes under a determination made by the Attorney-General under section 26 of the Native Title Act. The Queensland government chose not to use that option of excluding opal mining from native title processes. Victoria does not require holders of exploration permits to deal with native title unless they access land in which native title may exist, in which case the right to negotiate applies.

You will see that in the jurisdictions that are most active for the exploration industry, the right to negotiate does not apply as a matter of course—only in an exceptional case. However, as you have also heard, the matter that is of high interest is where the expedited procedure results in exploration companies having to negotiate with native title parties on heritage matters and site clearance. How that comes about is that the native title parties may take the view or the policy of objecting to the application for the expedited procedure unless there is an agreement in place for heritage clearance matters to be reviewed. The heritage clearance and site clearance are not matters that are regulated under the Native Title Act. In WA, the Northern Territory and South Australia they are determined by local legislation.

You are probably aware also that some of the explorers have a concern that they have to comply with the state or territory heritage legislation and also come to an agreement with native title parties, which may include requirements that go beyond the state or territory legislation. A number of submissions have identified the cost, delay and complexity of negotiating these agreements as a significant impediment to the exploration industry. The existence of multiple parties where there are overlapping claims can make reaching agreement difficult, and that point has been made here. Lack of resources is also identified as a problem, not only for the applicant but also for the relevant native title parties and the representative bodies acting on their behalf. These issues have also been a particular concern to the opal and gem mining industry, which tends to have fewer resources to meet those requirements.

The other issue that has emerged from the submissions is, of course, that the build-up of the significant backlogs of tenement applications in Western Australia, the Northern Territory and Queensland after the Wik decision has been seen by a number of submissions as contributing to the downturn in the industry in recent years. What solutions are available under the Native Title Act? Can I draw together some of the solutions which have been identified by both state and industry companies before the committee? The investment by states and peak industry and representative bodies in the negotiation of template or framework agreements is increasingly proving its worth. The savings available to parties in both time and resources by the adoption and adaptation of off-the-shelf agreements is beginning to become apparent. Obviously it requires a fair investment of time and resources to get those template agreements agreed, but it is from them that the benefits start to flow.

Generic ILUAs that deal with heritage and site clearance issues are being negotiated in Queensland, South Australia and Western Australia, and you probably heard from Queensland officials that a statewide ILUA model agreement has been on the table since 2001. It is available for explorers to use. The Kalkadoon ILUA in the Mount Isa region also provides a template for negotiating regional framework agreements in other parts of Queensland for the grant of exploration permits.

I think the committee has also heard about the negotiation of the statewide ILUA in South Australia, including minerals, which includes a minerals exploration template, the details of which are described in the South Australian submission. Financial assistance has been provided by the Attorney-General's Department in those negotiations to the peak bodies. The South Australian submission also notes that the South Australian government is keen to use the 2001 Cooper Basin right to negotiation agreement as a template for future petroleum negotiations in that state and in other jurisdictions.

Similarly, the Victorian government has invested significant resources in the negotiation of a standard pro forma right-to-negotiate agreement with the Victorian representative body, Mirimbiak, and the Victorian Minerals and Energy Council. This was noted in the council's submission to the committee. The Attorney-General's Department provided it with financial assistance to participate in the associated project consent agreement.

Objections are likely to reduce as other forms of regional agreements are reached. For instance, the Goldfields Regional Heritage Protection Protocol negotiated in 2001 and signed by the Goldfields Land Council, WA Chamber of Minerals and Energy, the Amalgamated Prospectors and Leaseholders Association and the Western Australian government provides a basis for avoiding the duplication of site clearance processes, which is a matter that was raised

just a minute ago by Newcrest. It has also been used in a joint heritage clearance of over 100 tenements in the Lake Carey area in recent months.

I understand that the Queensland government is intending to apply native title protection conditions to its exploration permits after 1 July so as to minimise the likelihood of objections to the application of the expedited procedure. These are being developed in consultation with the Queensland Mining Council and the Queensland Indigenous Working Group.

Opal and other small miners have either been excluded from the native title provisions altogether, such as in Lightning Ridge, or have special arrangements in place such as the umbrella agreement provisions in the opal mining legislation in South Australia. The position has not been as fortunate in Queensland. Very recently, the Queensland government has negotiated an ILUA with the Winton mining district that will allow opal mining tenures to be granted, and I think that ILUA will provide a basis for negotiation for small miners in other parts of Queensland. Financial assistance was provided by the Attorney-General's Department to allow representatives for the opal miners to participate in the negotiation of that agreement as well.

Native title is becoming less of an issue in some jurisdictions as a result of the outcome of recent decisions by the High Court. Some of you may know of the Wilson v. Anderson case which was decided near the end of last year, which said that native title is extinguished by the grant of a pastoral lease in the Western Division in New South Wales. Those leases cover about 42 per cent of the state, including the areas on which opal mining takes place, so that could be a solution to the issue of native title for exploration in a large area of New South Wales. The outcome of the Yorta Yorta decision more recently, in December, means that fewer claimants will be successful in establishing native title in Victoria and other parts of New South Wales.

The speed with which native title claims are resolved under the act is likely to increase with the guidance provided by the High Court in the recent Ward decision, which confirmed that native title does not include ownership of minerals or petroleum, which is an important decision for the mining industry as a whole. The Wongatha and related overlapping applications, which cover a large area in the Kalgoorlie region, are currently part-heard in the Federal Court and an outcome is possible later in the year. This will obviously have an impact on the complexity of negotiating future acts and exploration in the goldmining regions around Kalgoorlie.

So far as the performance of representative bodies is concerned, the government provided ATSIC with additional funding in the 2001-02 budget for a four-year capacity building program. It is focusing on improving service delivery by representatives in the short and long term. I understand that ATSIC is also considering a number of initiatives for Indigenous initiated dispute resolution. I would be happy to answer any questions. Thank you.

CHAIR—The native title process is cited in many submissions by witnesses as a very frustrating process. Have you the capacity to remove the bottlenecks?

Ms Horner—I identified in my comments just then some of the ways in which the processes available under the Native Title Act will ease somewhat the hold-ups caused by the native title processes. It is quite clear from what has happened in the last three to four years that it has taken some time for the states and territories to agree about what native title processes they want to apply in the particular circumstances of their jurisdiction, and it is also taking some time for the

mining industry and the representative bodies to come to a situation where they can negotiate in a fairly positive manner. That is coming about just through the building up of relationships, through the building up of goodwill and through the clarification of the law as the High Court and the Federal Court determine more native title applications. I do not think there is a silver bullet. I do not know that any of the submissions have identified any silver bullets.

CHAIR—An unfortunate term, given the events of recent days.

Ms Horner—Yes. But I note that the submissions are not suggesting wholesale revision or legislative changes to the act. I think the point was made by the previous witness that agreements are probably the way to go. It takes a little patience, though, to build up the expertise and the experience to make negotiating agreements an efficient and effective means of dealing with exploration.

CHAIR—On that point you raised, one of the previous witnesses said that the drilling costs were some $45,000 and the heritage costs were $40,000. Given that that seems terribly out of whack, is there any way that that can be streamlined so more of the money can go into drilling to find whether there is anything under the ground, given that that is what exploration is supposed to do?

Ms Horner—Heritage is a good example of one of the myriad issues that is not caused by native title but perhaps native title is the reason it becomes more prominent in the discussions. Heritage clearance has been an issue for miners in WA for a long period. The need for the state to deal with native title matters has probably given it more prominence. What is interesting about the initiatives under way in Kalgoorlie at the moment is that under the protocol that has been negotiated, the proposal would be that once a site clearance has been done and once heritage survey and information about heritage has been collected for one time it will be available for explorers on the same land at a later time which I gather is not the case at the moment. That will obviously provide some greater efficiencies for those who come onto the land at a later time.

You are probably aware that the Commonwealth heritage matters are a matter for the state mostly. How much they cost and what kind of resources and expertise have to be available is usually negotiated between the representative bodies and the explorers. There are obviously greater efficiencies that could be achieved. I do not know whether that can be done in the short term, though I think the ILUAs that have been negotiated in those various jurisdictions are aiming to have standard provisions for numbers of people required to attend, payments and the availability of experts for the purposes of those heritage clearances.

Dr WASHER—You see some light then, in terms of progress, because of the pastoral lease situation in the court. That is now going to flow on across the whole of Australia. That concept, do you feel, will have a flow-on effect that will benefit mining?

Ms Horner—The situation in the Wilson v. Anderson case was just limited to New South Wales. In fact, the Federal Court recently in the De Rose Hill matter—which some of you may know about—found that native title can exist on pastoral leases in South Australia, which had not been confirmed before that time. The legal situation in Australia at the moment is that native title can exist on pastoral leases in Queensland, Northern Territory, Western Australia and South Australia. We do not have pastoral leases in Victoria.

Dr WASHER—So that only applies to one state basically at the moment.

Ms Horner—Yes.

Dr WASHER—The other light at the end of the tunnel was an acceptance by the High Court that native title did not cover mineral rights. Is that a general Australia-wide thing now?

Ms Horner—The High Court there was considering Western Australian mining legislation. I think the better view is probably that the same approach would be taken in relation to mining legislation in other jurisdictions, which is of a similar form.

Dr WASHER—So that probably will have an Australia-wide flow-on effect.

Ms Horner—Yes. It probably just confirms something the mining industry, state and territory governments and the Commonwealth government had always argued. I think its impact will therefore be more psychological in that it will be absolutely clear that when native title parties and representative bodies are negotiating with mining companies—and probably explorers—they are not talking about a share in what is extracted from the ground by reason of ownership. You are probably aware there has been some criticism of the fact that in some cases quasi royalties are being paid in relation to mines, in a case where there could be no question of mining and the native title parties do not own the minerals themselves, but they are owned by the state.

Dr WASHER—Is the funding by the Attorney-General's Department through ATSIC tied funding, or is that autonomous when it is utilised by ATSIC?

Ms Horner—I will clarify that. Since 1994 ATSIC has been provided with funding which has been quarantined to be used for representative bodies. That amount last year was around $45 million. The ATSIC board has been providing some supplementary funding to that of $3.94 million additional funding. That funding is only available for native title claimants and holders. That is quarantined from the funding that ATSIC gets generally, which is over $1 billion. This is quarantined so it can only be used on native title. The money provided to the Attorney-General's Department is money provided to respondents, so non-Indigenous people who are respondents to native title applications for use in mediation or appearing as a party in a case before the Federal Court, or it is available to miners or local government or peak bodies or pastoralists in the negotiating of ILUAs or other agreements. I referred in my comments to money being available to a couple of mining peak bodies so that they could negotiate ILUAs that would be of general application in future years.

Dr WASHER—I do not quite comprehend the heritage thing. This is not really under your portfolio but you may have more knowledge of it than certainly I would. I would assume if someone went onto someone's land to find out about their culture, heritage and how they valued that land you would not need some third person to come and tell them how to do that. What I find quite incredible is we seem to have these people coming out of universities or whatever, to tell the actual Indigenous people in the region, 'This is your heritage.' Is there not a recognition of that on the ground by local people?

Ms Horner—As I said, I suspect the ways in which heritage clearances are run has built up over a period of time under the relevant state and territory legislation. I am not sure what that

legislation may require of people being available on the ground to do it. Certainly the practice is normally to have traditional owners there on the actual clearances, but I am not sure what else the mining companies may want to see, or that the native title parties or the traditional owners of the area would want to be able to say to the mining company.

Dr WASHER—I am still a little confused. I am sorry about this. What does that amount to? Is that heritage in terms of whether there are artefacts? How does it work? Does that cover plant type material, animal material on sites? How far does it extend?

Ms Horner—You are right, it is not my area of expertise. I would assume it is about the location of sites of significance, areas where the mining company may have to make sure that it does not do anything that might breach legislation. As you know, WA and the Northern Territory have very strict legislation on the protection of sacred sites. I would imagine it is mostly about the identification of those areas so there is no breach of the relevant legislation.

Dr WASHER—I am sorry to labour this, but it seems quite incredible if it is just sites and it is not going to cover flora, fauna and a whole range of high-tech sort of material, that someone on the ground, the owners of those sites would not be able to identify that themselves, much more cheaply than $45,000, for example.

Ms Horner—I do not know what might have made up that $45,000.

Dr WASHER—Thank you.

Mr HAASE—I am concerned with a couple of specifics. Dr Washer raised the issue of the Miriuwung-Gajerrong claims, appeals and decisions et cetera. It would seem that the situation currently is that the appeal has been lost, the decision has been handed down that there are no rights to minerals, control of air space above or waters other than for traditional use. I think that is the status we have at this stage. I believe that in negotiations with that group taking place over country in the area, those negotiations are being met with an attitude that says, 'We still maintain the right to veto activities if they would impact on anything that we consider to be of importance.' I know these negotiations are important for the future of that country and yet it would seem that negotiators on the claimants' side are of the opinion that they can thwart the decision of the court by saying, 'No, we believe this is the case and we will negotiate no further.' In other words, they are using their rights as a right to not negotiate further. I wonder what the practitioners and resource developers do when they wish to negotiate access onto country and they seem to be permanently thwarted, even though some of those situations have been through many layers of our legal system.

Ms Horner—I might just say something about what I think the Ward case is up to. As you know, the High Court sent a number of issues back to be dealt with by the full Federal Court. There may be discussions under way between the WA government and the applicants about a possible consent determination in relation to the Western Australian part of the claim, but the Commonwealth is not a party to any such negotiations, if there are any. Because we are a party, though, if there were to be any consent about a basis on which native title might be established in that area, the Commonwealth would also have to agree. If the Commonwealth or any other respondents did not agree, then the matter would have to be heard by the full Federal Court.

If we are talking about the negotiation of mining or exploration permits in that area while the negotiation of the native title application is still under way—I do not know if that is what you are talking about, that there are some negotiations for access. It is quite complicated when you have people negotiating about whether native title exists, and also negotiating about whether a mining tenement can be granted over the same area, because it can be a fairly adversarial process. I think the other point that has been made in the submissions is that when people are negotiating both about mining and also about whether native title exists, the resources required to do that can be stretched to the full, which can be frustrating for all parties.

Mr HAASE—Is there any empowerment of any party to cut short the process of going backwards and forwards to the courts? At the end of the day we have resources that we, as a nation, I believe, would want to have developed, and it would seem that we are being thwarted by an insistence of claimant parties that they do not have to negotiate. 'Leave it there, wait until hell freezes over. We don't have to do anything about this. We don't have to agree with you, the developer.' That is the impression that so many miners, resource developers, are getting. Is that so at law?

Ms Horner—I might use the Burrup agreement as an example, which I am sure you know a lot about.

Mr HAASE—Indeed.

Ms Horner—In the Burrup agreement, which is obviously a very important thing for the WA government, the negotiations did go on for a long period of time, but the stakes were very high. In the end it was necessary, because they could not get the agreement of a number of the registered applicants for I am not sure how many of those claimant groups—you are probably aware there were three claimant groups—that there were at least a couple of successful applications to the Federal Court to have applicants removed on the basis that they no longer represented the views of the claimant group, which allowed the agreements to go ahead. So there are processes available if it appears that those who are registered applicants do not represent the views of the group as a whole.

But there is no doubt that there will be circumstances in which claimant groups may not be inclined to say 'yes' to the grant of a tenement or a mining lease. I think the point that I made earlier is that there is no veto in the Native Title Act, unlike the Aboriginal Land Rights (Northern Territory) Act, so that under the right to negotiate process there will be a result in the end, first through NNTT, which makes a determination, and ultimately through a ministerial override. As far as I am aware, I do not think there has ever been a need for a ministerial override. So the question is not whether ultimately the views of native title parties who do not wish mining to proceed prevail. It is a matter of whether an agreement can go ahead in the time and at the cost level that the mining company can manage.

I think that is the issue and I think that appears very much from the submissions, and I think that is why the moves by the peak bodies and the rep bodies and the state governments to see if they can get off-the-shelf agreements are going to be so important. When the mining companies say to the claimant groups, 'This is a draft agreement. We don't have to talk about this, this, this and this,' you remove a lot of the issues from the agenda when you get to the table, and you might be just discussing a fairly small range of issues that need to be resolved for the purposes of that particular grant. That will obviously also be easier where the mining companies develop

relationships with particular claimants and there develops a level of trust and knowledge and understanding between the groups, but these are not instant results, obviously.

Mr HAASE—You still have not really given me a yes or a no, Philippa. You are erring to the point that finally the minister may make a decision, and that has not happened. But I am acutely aware of so many resources that remain in the ground simply because claimant groups refuse to negotiate to a satisfactory outcome, and I use 'satisfactory outcome' because quite obviously the claimant group is quite happy for the resource to be developed, but only if their rewards for allowing it to develop will be 'super X', and the developer is saying, 'It is not economically viable at super X. We want it at little X.' The claimant group simply says, 'We didn't have it yesterday and we don't have to have it tomorrow. Let it stay there.'

The situation at law, I understand, is that they have no rights to minerals or whatever, directly, but they can control access; therefore they do effectively stop developments and the cessation of those developments is at the expense of the taxpayers of the nation, and we are missing out on the benefit of those resources, simply because it appears to me that there is no provision at law to insist that those developments go ahead. You have answered extensively and I have taken up a lot of time. I apologise for that, Chair. But do you agree with me that as the law stands at present, in practice there is no satisfactory resolution there?

Ms Horner—Can I just reiterate that there is in law no veto. Any holder of freehold knows that apart from some restrictions on access to particular land of the kind described in the mining legislation, no-one has a veto over mining. The same rule applies in the Native Title Act—even where the native title holders have exclusive possession native title, which they have in some parts of WA. Some parts of WA cannot prevent the grant of a mining or exploration permit, so the question will be how long and how expensive it will be to get an agreement, and whether it is necessary to go to the NNTT for arbitration.

Going back to the Burrup example, you are probably aware that the parties had taken the matter to the NNTT and the NNTT was just about to bring down its determination about whether the state could go ahead with what they were proposing. The threat of having it arbitrated instead of the parties getting an agreement that they were almost satisfied with was enough to push the parties over the line. That is the same with the Century mine. You probably remember the Century mine example a couple of years back in Queensland. That was the situation then—very high stakes.

I should say something about realistic and unrealistic expectations. I think there are unrealistic expectations on both sides. You have adverted to Indigenous people having unreal expectations about what they can get, particularly in the exploration phase—which is not a huge amount, as everybody knows, except possibly for the appropriate protection of sacred sites. In the period after the 1994 act, unfortunate practices developed in some parts of Australia whereby expectations were allowed to be raised and people probably expected more than they had a right to expect, and mining companies paid when it was not very wise to do so. It has taken quite a while to make those expectations a bit more realistic. I think that is the phase we are entering.

Now that the High Court has decided on the Yorta Yorta case and the Ward case has been handed down, people are realising they are in the same negotiating area instead of being in different negotiating areas. People are starting to see that, if they are going to get something out

of a deal, they have to ask for something realistic. That does not mean to say that people are not going to ask for a huge amount and offend a lot of the mining companies because of the size of the requests. But as far as native title claimants are concerned, if it is a commercial deal, then one would expect them to behave as if it were a commercial negotiation.

I sense from where we are, with the Queensland government about to reintroduce the right to negotiate, with the Northern Territory and South Australia with their generic ILUAs coming on stream, that we will start to see people becoming a bit more realistic about what they can expect out of the industry.

Mr ADAMS—I take it from what you said in your submission that this is a fluid situation and we are reaching a stage of evolution where negotiations have more direction and, from a very big, scattered situation around the country on the right to negotiate, there is some sort of basis starting to be established that should be in the interests of getting people to the negotiating table, with expectations that may be realised on both sides. Would that be a fair summary?

Ms Horner—That is a very fair summary—better than I could do. That is right. The parameters are now becoming well established, so that when people come to negotiation they can have a better understanding about the limits of what the other parties can offer and what the other parties can expect. It is a slow process and you can expect some frustration to occur, but gradually things are getting better.

Mr ADAMS—I want to raise the point you mentioned about expectations that may have been raised in the early days to get a quick result, and they did not help the longer term situation of getting to where we are heading now. Would that be true?

Ms Horner—Most people would have some stories about things that have happened when mining companies have wanted to get the grant fairly quickly, within the time frames that they would have expected before native title was around. Some native title claimants may have been able to take advantage of that. As has been commented on in the submissions, I think native title is increasingly seen by the mining companies as something which is part of the cost of doing business, which is the phrase that was used by a previous witness. It is like environmental legislation: it is something that the society and the community require of them in order to engage in their industry in Australia.

Mr TOLLNER—I am interested in the Aboriginal Land Rights (Northern Territory) Act. Barry was talking earlier about the power of veto. Since the introduction of that act, we have not seen one single mine go ahead in the Northern Land Council area. That is considered by many to be one of the most prospective parts of the world as far as minerals and resources are concerned. Additionally, it seems to me that the land councils appear to lack transparency and accountability, in that quite often you cannot find out the reasons that they vetoed particular mines. Is your department doing anything about these issues or is it in the control of somebody else?

Ms Horner—Fortunately, I can say it is in the control of someone else. Brian Stacey, who I think might have given evidence to you earlier, is in charge of the native title land management part of ATSIC which is responsible. It advises Mr Ruddock on the administration of the Aboriginal land rights act and on the land councils. Mr Ruddock is responsible for those issues.

You may be aware that there was a recent report on the Northern Land Council which received some public comment.

Mr TOLLNER—Yes, the ANAO report.

Ms Horner—Yes.

Mr TOLLNER—That was what I was looking at. Does that impact on your department?

Ms Horner—The NLC is certainly a representative body under the Native Title Act and both the NLC and the CLC are obviously longstanding and very experienced land councils. A comment was made before about the availability of resources and expertise to the land councils. There are very few people who work in native title—whether it is the local government, pastoralists or the mining industry—and who have to participate in negotiations or are respondents to courts who do not think that having an efficient and effective representative body system is a very important means of ensuring that the native title processes are working properly. ATSIC received some money—I think I mentioned in my comments—from the Commonwealth government in the 2001-02 budget in order to undertake capacity building initiatives, which they are doing now with all the representative bodies, including the Northern Land Council.

Mr TOLLNER—It has been brought to the attention of another committee that I am a member of that there is an ability for tenements to sit on top of Aboriginal land rights. An example of that is the Darwin to Alice Springs railway, where agreements have been made to put another lease on top of Aboriginal land. How difficult are those things to negotiate and what are the legal problems? The reason I ask is that it was mentioned that the average Joe in a community should be able to look at his land and say, 'Well, I'd like to build a house. The way to finance that would be to create a perpetual lease on that particular block of land, go to a bank and borrow on the lease.' Can you comment on that?

Ms Horner—I can say that the issue about the use that traditional owners can make of their land as a form of security or as a basis on which to get other economic benefits has been the subject of comment by a number of ministers, most recently by Mr Hockey last week. Mr Ruddock has also expressed his views about it. That will be an emerging issue as more native title applications are determined in favour of the applicants. The issue will arise about what is the best way for those Indigenous people to take economic advantage of that interest in the land, should they choose to do so. I think it is definitely an emerging issue.

Mr TOLLNER—Is the legal process itself difficult to facilitate?

Ms Horner—The situation in the Northern Territory under the Aboriginal land rights act is slightly different. That is inalienable freehold, which is a special form of land tenure. Native title, of course, is not a tenure, it is just an interest that is recognised by the courts, and there is an issue as to whether it might not be more financially viable and more sensible for applicants to see if they can have some other form of tenure in addition to or in substitution for native title, to allow or to facilitate the commercial or economic exploitation of their interest in the land. I do not think we have any answers to this yet but the issues are there to be considered in the near future.

Mr TOLLNER—We have had the land rights act in the Northern Territory for almost three decades. Can you explain why it is taking so long to come to this stage where people are saying, 'Look, I wouldn't mind putting a lease on this portion of the Aboriginal land'?

Ms Horner—The details of the Darwin to Alice Springs railway, which I think you referred to, I did know more about when it happened, but I am fairly vague now. But my understanding is that it resulted from the restrictions that the ALRA puts on the use of Aboriginal land rights act land. The traditional owners are able to allow other people to use that land. My memory is that there was some Aboriginal land rights act land that had to be either accessed in order to build the railway or had to be made available in order for the railway to be built, so that I think this was a special deal done to facilitate the putting in of the corridor. I assume it would be a permanent alienation or a permanent use, not just a temporary use, of the land itself.

Mr TOLLNER—A hundred years use, I think.

Ms Horner—Right. That may be why they needed a special form of lease in that case.

CHAIR—Philippa, thank you for your evidence today.

Ms Horner—Chair, would you like my comments in the form of an additional submission?

CHAIR—If you want to give us any additional material, please give it to the secretary and we will adopt it as evidence.

Ms Horner—Thank you very much.

[11.48 a.m.]

SMITH, Mr Wayne Christopher, National Liaison Officer, Australian Conservation Foundation

CHAIR—I now welcome the representative from the Australian Conservation Foundation. I invite you to make a short opening statement before we proceed to questions.

Mr Smith—I will start by thanking you for the opportunity to talk to you. All I want to do today is provide a different perspective on the issues of impediments to resource exploration. To date this inquiry has heard a lot of evidence from the resource sector, the resource industry. That is appropriate, of course, but it is also important to look at this issue within an environmental context, and that is what I hope to do today.

There are two things I want to talk about in these brief introductory comments. Firstly, I want to outline the Australian Conservation Foundation's view that we do need to move away from our dependence on resource exploration and exploitation. Secondly, I want to outline some issues in relation to the management of our oceans, which also touches on resource exploration.

ACF describes the Australian economy as hot, heavy and wet. Our economy requires large amounts of energy, materials and water to produce wealth. The resource sector is obviously central to this. Every year, every Australian per capita emits 27 tonnes of greenhouse gases through energy use. That is twice the OECD average and the highest in the OECD. We use 1,540 kilolitres of water, which is the highest of any continent, in the driest inhabited continent in the world. We also dispose of 620 kilograms of municipal waste, and that is second in the world to the US.

We do need to find ways to grow our economy in a more environmentally sustainable manner and to use innovation to achieve sustainability. We believe that Australia is the perfect country to drive innovation in sustainability. We have natural market advantages and many environment industries. Our energy efficiency means that it is relatively cheap and profitable to become energy efficient compared to other countries.

We want to see a transition from a hot, heavy and wet economy to one that is cool, light and dry—a carbon light economy that integrates the knowledge, digital and environment economies and we believe that a cool, light and dry economy is far better suited to the 21st century. A shift to renewable forms of energy and reduced overall energy use through energy efficiency measures is required to increase our economy's long-term productivity. This means actively encouraging the development and use of renewable and energy efficient technologies and removing perverse subsidies to non-renewable technologies. The fossil fuel sector already receives upwards of $6½ billion in state and federal government subsidies according to a recent study by the University of Technology Sydney, and the federal government, it should be acknowledged, has recently made a number of decisions that we believe are impacting negatively on the renewable energy sector. I am happy to expand on that if you wish.

In addition to supporting the renewable energy sector, we should also be seeking to achieve energy efficiency by introducing a revenue neutral carbon tax or a greenhouse emissions trading

system. We believe that a carbon tax will ensure that those responsible for causing greenhouse gas emissions pay for the environmental damage that results. We are not alone in saying this. Numerous industrialised countries have now introduced carbon taxes or are about to do so. They include Denmark, France, Norway, Sweden, the UK, Germany and New Zealand. We believe it is only through energy efficiency and true energy reform that we will modernise our economy and make that transition from a resource dependent economy to one that is far more diverse.

I want to touch briefly on the issue of oceans because I think that is also relevant to this inquiry and it has not really been touched on to date. ACF recently released *Oceans Eleven*, which is a very good document. It is a framework for the management of our oceans. I will provide that document separately to the committee. That shows that we do have a fragmented approach to the protection and management of our oceans. There are a few hundred different state and Commonwealth laws that relate to our oceans. It is incredibly fragmented and we support a national oceans act that provides an overarching framework for oceans management.

We are concerned that funding for the National Oceans Office expires at the end of this financial year and that there is no commitment at this stage to further funding. We are very concerned that decisions that impact on our oceans, particularly oil exploration, are made without any reference to the National Oceans Office. We have established a National Oceans Office but it has not been given a mandate to ensure that decisions that impact on the health of our oceans are referred to that office. We are particularly concerned that the Commonwealth oceans policy, which was lauded when it was released in 1998, has stalled and there has not been one single regional marine plan established under this process. Without a national oceans act and without regional marine plans, there is no framework for ensuring that resource exploration and exploitation occurs in a sustainable manner.

Mr TICEHURST—You say Australia is the worst per head as a greenhouse polluter, particularly in relation to the energy sector, and then you say that renewable energy is the fastest growing sector. What percentage of our energy requirement is renewable resources at this stage?

Mr Smith—I do not have that specific number. It is a small base, but it is growing significantly. It is growing significantly in Australia and it is growing significantly overseas, particularly wind power.

Mr TICEHURST—Solar and wind are really not controllable. They are not consistent energy sources.

Mr Smith—There is a lot more work that needs to be done in those industries, but we put a lot of money into research and development in relation to non-renewable energy and we think that that commitment should be made, as well, in terms of renewable forms of energy.

Mr TICEHURST—In the meantime, until renewables of that type come up to a reasonable level of contribution, what do you propose to do with the fossil fuel power stations?

Mr Smith—I think the renewable energy industry is still a significant industry. It is a growing industry. It is worth, I think, a few billion dollars in Australia. There are a range of programs that are in place at the moment, such as the mandatory renewable energy target, which are about industry development. We see them as being really important.

We think that the renewable energy industry is pretty much ready to go. Certainly many of the large industry bodies—BP, Shell et cetera—are really keen and ready to engage in renewable energy. In terms of the non-renewable industry, what we are talking about here is the transition. It is a transition for the economy and it is not going to happen overnight, but that transition needs to be made. We need to make deep cuts in greenhouse gas emissions. The federal government has acknowledged that.

The environment minister, David Kemp, talks about the need for something like a 60 per cent cut in greenhouse gas emissions by the end of this century. Tony Blair is much more ambitious—he talks about a 60 per cent cut by 2050. The federal government is already talking about the need for that transition.

CHAIR—Yet he has just announced the phase-out of all their nuclear power stations in the UK, something that has zero emissions.

Mr Smith—Yes, that is right.

Mr TICEHURST—Just one other point: you talked about the temperature rise over the last 25 years being half a degree Centigrade. Then you predict that from 1990 to 2100 it is likely to rise anything from 1.6 to six degrees Centigrade. What level of confidence do you have with predictions of that nature?

Mr Smith—There is a high level of confidence. There is no doubt that it is occurring. The Intergovernmental Panel on Climate Change does not know the precise amount by which it is going to increase. It is a difficult field and needs further investigation, but under some of the models we are talking about significant reductions in rainfall in certain parts of Australia; we are talking about the Murray-Darling rivers—reducing their environmental flows by something like 20 per cent. We are talking about the Great Barrier Reef being under threat. There is certainly confidence in the fact that global warming is occurring and it will have a significant impact on our economy and an absolutely significant impact on the environment. The federal government is now talking about the need to look at adaptation to climate change. They are beginning to take it seriously. They have no questions about that.

Mr TICEHURST—How do you relate that to El Nino? El Nino is pretty well proven now in relation to the changes in temperatures of the oceans. Is that not a more significant factor on droughts and the sorts of things we are experiencing right now?

Mr Smith—I would imagine that both of them will be very significant. We know that some of the models that CSIRO have done show the impact climate change is going to have on agriculture, for example; also the impact on snowfields and on tourism. El Nino is obviously extremely significant. A lot of work still needs to be done around the science of that. We do not know exactly when El Nino is about to occur. We know pretty much when we have got it, but we are not really able to predict it. There is still a long way to go in terms of the science there. There is still a long way to go in terms of the science of climate change as well, but it is worth investing in.

Mr ADAMS—Regarding your example of comparing Europe and the European leaders with Australia, would you agree that we are in a slightly different position in the amount of base load

and, in trying to go to renewables, it would cause this country to probably destroy the manufacturing sector if we did it without some consideration? Would you agree with that?

Mr Smith—There are some tough decisions that need to be made. There is no question that the impact of climate change will be very significant on our economy. There is no question that the transition to a more sustainable economy will create difficulties in transition, but that is why we talk about transition. We recognise that this is not going to happen overnight. But, equally, if you look at the situation of calling for deep cuts, which is what the environment minister is calling for—deep cuts of, say, 50 per cent by the end of this century—that in itself is going to cause significant cost to the economy. The federal government is investing a lot in geosequestration. My understanding is that that technology at the moment is unproven. It is extremely costly.

CHAIR—That is not true. The Norwegians sequester CO_2 but they do it for tax reasons.

Mr Smith—Yes. My understanding is that it is not commercially viable. Industry has told me that if we were to have it implemented by 2010 it would cause significant price rises. What I am saying is that whichever way we approach it there will be costs associated with it. There will be some shocks but the important thing is to have a transition policy. If we start making that transition now then the cost will be significantly less.

Mr ADAMS—But my concern about the transition is how it affects Australia and Australia's people. With respect to the renewable energy of wind power, the technology is owned by the Germans and the Danes. I have seen wind power in my own state, which is working very well. We are running into some problems now with planning laws. Would the Australian Conservation Foundation help to promote wind generators to overcome some of the planning law problems we are starting to run into? Some of these issues probably need to be looked at as well.

There is also certainly some research going on in today's world, and I am sure it will go on for the next few years, that may change the balance of things. Do you believe that? I think you disagreed with the chair on one of them. But turning coal into gas: does the foundation feel that these are options for Australia?

Mr Smith—We think the best approach is through an investment in renewable energy.

Mr ADAMS—There is no way that you believe that coal can continue?

Mr Smith—Realistically, coal has a place in Australia's future; it has to have, given the significant reserves and the amount of importance within the economy. But it is also equally important that we make that transition away from reliance on coal to reliance on renewable energy.

CHAIR—Given that Australia accounts for 30 per cent of the world's coal trade.

Mr Smith—It is worth mentioning here, though, that it is also the case that I think countries are starting to look at coal exports from Australia. We have a situation with Japan, as I understand it, that Japan has considered the idea of a tax on imports from countries that have not ratified Kyoto. That is a situation which is likely to happen in the future. You can imagine a

scenario where the Europeans, for example, may impose significant taxes on countries that have not ratified Kyoto, or that have not moved to renewable energy. It is a scenario we do need to look at.

Mr TOLLNER—I saw a documentary a number of years ago about an environmentalist and an economist—you may even know the fellows' names but I cannot quite recall who they were—who had had a bet 15 years beforehand. The environmentalist said, 'If the world continues the way it's going everything is going to be doom and gloom.' The economist said, 'Market forces will win out.' The bet was on the standard of living; whether it would improve or decline. I get the feeling from your submission that you are betting that it will decline if we continue the way we are going. You do not believe that market forces will win out and improve the standard of living across Australia?

Mr Smith—Obviously market forces have a role to play. One of the interesting things to look at here is the Australian Bureau of Statistics. It does a regular report on measures of progress. It looks at Australia's economic progress and it looks at our health progress—progress in a range of indicators. In relation to the environment it has five indicators of progress. On four of those indicators at the moment we are going backwards. The one area in which we are going forwards, according to the ABS, is in relation to air quality. In relation to land degradation, land quality, the quality of our rivers and greenhouse gas emissions we are going backwards.

Mr TOLLNER—I was talking more about the standard of living. Of course, water can be cleaned. Air can be cleaned. Do you see our standard of living declining or improving in the future?

Mr Smith—I do not have a particular view on that. It is important to make that transition in the economy towards a more sustainable economy if we are going to be able to maintain that sort of standard of living. At the same time, we need to be conscious of the waste we produce, the impact the current standard of living has on the water quality, on the state of our rivers and also on greenhouse gas emissions. We need to find a way to make that transition in the economy and we can try to maintain that standard of living, grow the economy, but do it in a sustainable manner.

Mr TOLLNER—Following on from a comment that the chairman made, Australia has some significant uranium resources. Does the Australian Conservation Foundation have a particular stance about the pros or cons of uranium mining?

Mr Smith—We do. We do not believe that the uranium industry has any place in the 21st century economy.

Mr TOLLNER—Why is that?

Mr Smith—Because of its relationship to the nuclear cycle. We have seen the impact that has already occurred in Kakadu in terms of the leaks. I know that is one of the issues being looked at by the Senate uranium inquiry at the moment.

Mr TOLLNER—What are the negative impacts in Kakadu?

Mr Smith—We have already had the leaks. We have a Senate uranium inquiry which is investigating that.

Mr TOLLNER—Yes, but they haven't leaked off the site. Everybody will say it has not degraded Kakadu to any extent. There have been leaks but they are insignificant. I think that was the finding of the Senate inquiries. They certainly went through their fair share of scrutiny.

Mr Smith—The Senate inquiry is still investigating and will be reporting, I think, in June. The view of the traditional owners is that it has impacted on some of the cultural values there and it has impacted on the environment. There is also the issue of the dumps in South Australia, which is a very contentious issue in South Australia. We do not believe that a national radioactive waste dump has a place against the wishes of South Australians and is not consistent with the clean green image that South Australia is trying to promote.

Mr TOLLNER—In regard to the dumping of nuclear waste, what happens to it currently?

Mr Smith—This is a little bit off-topic, but it is stored at the moment in the sites where it is produced. Something like 60 per cent of that waste comes from Lucas Heights and 75 to 80 per cent of that waste comes from Commonwealth owned sites. The vast amount of that waste is stored at Lucas Heights.

Mr TOLLNER—Globally?

Mr Smith—I am not an expert on that so I do not know about globally. I think there is a range of approaches.

Mr TOLLNER—It has been suggested to me that Australia is the safest place in the world to store nuclear waste, simply because of our unmoving land mass; certainly South Australia, parts of Western Australia and the Northern Territory are very stable in that regard. If you do not believe in storing this in the safest part of the world to store it, where do you believe it should be stored, given the fact that it is already out there? We cannot turn back the clock.

Mr Smith—No. Again, this is a little bit off-topic but ACF's view is that we do not have a national approach to the management of radioactive waste at the moment, and we need to have that. We need to have a thorough national inquiry into that. Central to that national inquiry would be looking at ways to minimise that waste but also to look at the issues of how to improve the management of waste on-site; how you get around some of the issues relating to the transport of the waste which is obviously one of the key issues in relation to the national repository—the transport of the waste from Lucas Heights, or its replacement, across to South Australia. Those sorts of issues need to be explored further. We would welcome a national inquiry into the management of radioactive waste.

Mr HAASE—I would like to be specific for starters, Mr Smith. You have made this statement about a $6.5 billion subsidy of the fossil fuel sector. Could you perhaps now or, if you choose, on notice provide a breakdown of that subsidy. You make that statement, but have you fully researched the impact on the Australian economy and the Australian population—more importantly—of the removal of such a subsidy, if it does exist?

Mr Smith—That is a very good question and I will take at least part of that on notice. The $6.5 billion figure comes from a recent study by the Institute for Sustainable Futures at the University of Technology Sydney. I will provide a copy of that report to this committee. In a nutshell, the subsidies relate to things such as the diesel fuel rebate, research and development, industry taxation deductions, import duties for four-wheel drives, and tax benefits in relation to cars—subsidies that are provided to companies who produce cars—rather than the use of public transport. A reasonable percentage of those subsidies relate to the transport sector but they are obviously really critical in terms of fossil fuels.

The benefits to the economy, I think, is a very good question. I do not know to what extent the study looked at that. I think it is something that does need to be explored further. It is always an issue of balance. The message I want to deliver here is that those subsidies provide an incentive for the fossil fuel industry and those incentives are not provided for the renewable energy industry, so that industry is at a significant disadvantage because of that. It is also important to look at what sort of incentives can be provided to the renewable energy industry, what sort of industry development measures can be provided. For example, the mandatory renewable energy target, we think, is a really critical industry development measure.

Mr HAASE—I am very concerned about the impact on the resource development sector by conservation movements generally in Australia. It is perceived in many states of America, for instance, that the mining industry has just been effectively shut down, shut out, and it is no longer economically viable to do business and, rather than waste shareholders' money, you move on, do something else. I am interested in the philosophical attitude of the conservation movement that you represent and how they address—at least philosophically—a future Australia where royalties and taxation through employment are not being injected into the economy because mining has been effectively stopped because of fears, either real or imagined, about the degradation of the Australian environment.

Mr Smith—Thank you. That is a very good question. There are a couple of things I would say by way of introduction. I cannot speak for the environment movement; I can only really speak for ACF but also I am not sure that we have that level of influence in Australia that we could shut down the industry. We have a vision of an economy—and this is what I was talking about before—a vision of a transition in the economy to one that is more sustainable. We do not think that the resource sector as it is currently structured fits that long-term vision for the economy.

We are talking about a vision over 100 years; a transition in the economy. Through that transition we are talking about a range of programs that would be put in place that would allow for training, for structural adjustment et cetera. It differs around the country regarding what we are talking about in terms of resource exploration anyway—there are so many different types—and in some areas that sort of resource exploration can have a transition through to, for example, tourism. That will work in some areas and not in others; in your electorate, perhaps less so.

We are very conscious of the impact that can be made in terms of employment but that is why we talk about things like making a transition in the economy through a carbon tax—let's introduce it at a low level and then ramp it up over time—or emissions trading. Warwick Parer in his COAG energy review talks about the need for emissions trading as well. I hope that goes some way towards answering your question.

Mr HAASE—It does, but of course it does not go a sufficient distance from my perspective, because my miners are very important to me. They are the engine room of Australia today and without them we do not have the standard of living that we enjoy today. I am very concerned about that. I have a classic situation that I would like to acquaint you with, very briefly, in Western Australia currently where some $11 million of revenue for the state will be lost per annum because of a particular species of Tetratheca.

This species is genetically different because of the particular mineral make-up of the ground on which it grows. It is a specific plant. This mineral is not found elsewhere, but cannot be mined because of an EPA ruling over this plant. That resource will be lost potentially and the income will be lost. I am at a loss to understand what justification there is for the preservation of what some have referred to as a weed—emotively, I realise. I can never understand that logic. I am dry, perhaps, but why should we support a tiny population of something that is so minutely different in genetic make-up, because of where it grows? What does the conservation industry think about such an imposition on resource development?

Mr Smith—I cannot comment on the specifics. I would be keen to engage with you personally on this stuff and have an ongoing dialogue on this, both around the philosophical issues and also around the more specific issues. One of the messages I wanted to deliver for this hearing was the need for balance. Most of the hearings so far have involved the resource industry. That is important, but it is also important to look at the concerns of the environment movement, concerns of Indigenous owners and so forth. Hopefully the evidence I give and perhaps that Greenpeace gives afterwards will help with that.

It is always about the balance. It is always a difficult balance, but it is a balance between environmental protection and economic growth, or economic development. There are never any easy answers. In terms of protection of species, Australia has destroyed more species than any other country. I know this is not the case in Kalgoorlie but we are still clearing land at a higher rate than any other developed country. We are losing species all the time. We need to protect our species. That is the general argument I put in relation to that. We need to do whatever we can to protect our species.

CHAIR—Is it the wish of the committee that the document entitled *Oceans Eleven* presented by the Australian Conservation Foundation be taken as evidence and included in the committee's records as exhibit No. 46? There being no objection, it is so ordered.

Mr Smith, I would like to go back to the geosequestration of CO_2. GEODISC did a lot of work in regard to identifying frontier bases. They looked at some 300 sites and identified 40 or 45 as being suitable. Given the problem is that Australia is a major energy exporter—and of course one of the problems we have with the Kyoto protocol is that if we were to sequester CO_2 we do not get any credits for that under the Kyoto protocol—I would have thought that would have been a reasonable outcome, given that we have something like 1,600 years of capacity at our current CO_2 levels. If we take the lot out—and there will be an extra cost—at least it is another way of helping us meet our obligations. Wouldn't it be a sensible thing for the Conservation Foundation to look seriously at that, given that I mentioned earlier that Norway do sequester but they do it for domestic tax reasons. If they do not they are taxed so, of course, they go the extra bit to sequester.

Mr Smith—Unfortunately I am going to be unhelpful on this one. Geosequestration is one of those areas where you need to have a lot of technical detail, which I do not have. I am going to pass on that. I will take the question on notice and get back to you in terms of a specific response. That is a question you may want to put to Greenpeace. They may be able to respond to that a bit better than me.

CHAIR—I will, as well. Philosophically, if the technology comes up trumps what would stop you supporting it, given that is where it comes from in the first place?

Mr Smith—There is still a question mark over technology. As I said before, it is not commercially viable at the moment. We are not sure that the technology is there. It is partly a question of opportunity cost. The government is investing a lot of money at the moment in geosequestration. A lot of R&D money is going into that. That money is not being made available to the renewable energy sector in terms of R&D. In regard to a long-term approach the money should be spent on the renewable energy sector rather than on geosequestration. That is our philosophical perspective.

CHAIR—There was a gas deal signed recently with the Guangdong province in China. At least going to gas, the emission levels are something like seven times less than that same generation by coal. There are still emissions but at least it is a lot better than it could have been. If we are able to look at sequestration we could finish up with zero.

Mr Smith—Yes. There is no question that it is better than it could have been. There is no question that it is better than the current approach, but we believe there is an opportunity cost there and that opportunity cost is really at the expense of the renewable energy sector.

CHAIR—Thank you for your evidence today.

[12.21 p.m.]

MacGUIRE, Dr Frances, Climate Campaign Team Leader, Greenpeace Australia Pacific

RATTENBURY, Mr Shane, Political Liaison Officer, Greenpeace Australia Pacific

CHAIR—Welcome. I invite you to make a short opening statement before we proceed to questions.

Dr MacGuire—Thank you very much for inviting us to speak today. In our submission we covered a broad range of issues and I really just want to touch on three of those: the need to recognise the climate budget and the ecological limits to planetary health; oil shale as a particular issue; then the renewables versus the geosequestration debate that was just opened up before.

What we have presented in our submission is that the environmental, economic and social impacts of climate change present a significant constraint to continued mineral and petroleum exploration in Australia and that currently that is not really being recognised—that climate change really does present a constraint to exploration of fossil fuels. In 2001 the Intergovernmental Panel on Climate Change—the world authority on climate science—released their third assessment report. The basic conclusion was that there is new and stronger evidence that human activity is influencing the climate, largely through burning fossil fuels such as coal, oil and gas.

They presented a range of scenarios for the increase in temperature which was touched on in the previous presentation—an increase in temperature from 1.4 degrees to 5.8 degrees by 2100. That is a range of scenarios. The confidence about that range is good; that is why there is a range given. It essentially means that over the next century the policy choices we make will influence the temperature changes that result.

Climate change is predicted to have far reaching and, on balance, negative economic, social and environmental consequences. Human health and settlements, agriculture, forestry, biodiversity, water and coastal resources will all be affected and that all has an economic cost to Australia. The emphasis on climate change here is that, on balance, there will be negative impacts from climate changes, not an impact that we can continue to ignore, or an effect that we can continue to ignore.

The United Nations Framework Convention on Climate Change has an ultimate objective. Australia has ratified the United Nations Framework Convention on Climate Change. Even if we have not ratified the Kyoto protocol we are still a signatory to the Kyoto protocol. The ultimate objective of the UNFCCC is the stabilisation of greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous anthropogenic interference with the climate system. That is really what we are talking about. How do we avoid dangerous climate change?

Climate change is already happening. We know that. The evidence is in from the IPCC. The temperature is already increasing; sea level rises are already increasing. It has been linked with fossil fuels. The key now is how to avoid dangerous climate change. The United Nations

Advisory Group on Greenhouse Gases has attempted to settle what would be dangerous climate change and what it means. We need to set a budget on the amount of greenhouse gases we release and we need to slow down the rate at which greenhouse gases are influencing the atmosphere.

In our submission we showed that an acceptable budget is perhaps one where by 2100 there has only been an increase of one degree Celsius over pre-industrial levels. Currently we are at 0.6 degrees Celsius, so we are already moving towards that. Sea levels would have risen by 20 centimetres above 1990 levels. Both of these need to be kept at a slow rate. In terms of temperature, that would increase at about 0.1 degree Celsius per decade; in terms of sea level rise, about 20 millimetres per decade. The key here is to slow down the rate of change and also to keep the amount of change down.

Greenpeace did a very extensive piece of work several years ago called *Fossil Fuels and Climate Protection: The Carbon Logic*. I think we provided a copy of this in the submission. We discuss what the budget would be and how we would keep within that. The budget we propose to ensure that we remain within an ecological limit of 355 parts per million volume would be 225 billion gigatonnes of carbon by 2100. All this is fairly technical.

The key point we are trying to get across is that there is a need to identify a budget for carbon dioxide or for greenhouse gases. That is something the international community needs to identify with the help of the IPCC. Having identified what that budget is, we have to share that around in terms of how much each country can afford to emit to keep within that budget. That work is under way in the IPCC. CSIRO has not necessarily taken it on to the degree that it needs to be taken on, given that this is a very urgent issue and will influence the next round of Kyoto negotiations.

Quite clearly, what comes out from the Intergovernmental Panel on Climate Change and the climate science that has been developed over the last 15 years is that we need to phase out fossil fuels if we are to avoid dangerous climate change. We need to replace those fossil fuels with clean, renewable energy and improve our energy efficiency. Currently we are very wasteful in the way in which we use energy. We need to reduce the amount of energy we use to deliver the same products.

The threat of climate change clearly demands a shift away from using fossil fuels, yet here in Australia we are seeing unwavering support, by both the federal and state governments, for new fossil fuel developments. The existing greenhouse policy is failing to reduce emissions. That impression is quite clear. Australia has the highest per capita emissions of developed countries, maybe up to 30 per cent over 1990 levels. They are not on a downward trend. We are not meeting our commitment under the United Nations Framework Convention on Climate Change. We may meet our Kyoto target through the use of sinks.

At a policy level support for fossil fuels remains unwavering. One example of this is the push ahead for a new form of fossil fuel development, shale oil, which Stuart Pacific Petroleum is trying to develop in Queensland. It has had strong backing from both the federal and state governments. We provided evidence in our submission which showed that the Stuart project is uneconomic without government subsidies and that stages 1 and 2 would increase Australia's greenhouse gas emissions by at least 2.25 per cent above 1990 levels.

If the Stuart project was able to develop all of the shale resource, it would increase Australia's greenhouse emissions by 227 per cent to over 1,000 per cent above 1990 levels. That would then make it very difficult for Australia to meet its Kyoto target and certainly impossible to meet its commitment under the UNFCCC. Greenpeace has been campaigning on the Stuart project for some four years now. We continue to call on both the federal and state governments to stop providing subsidies for Stuart and not to allow the next stage to go ahead.

To briefly touch on the third point, renewables versus geosequestration, renewable energy is clearly a growing industry. It is the fastest growing industry globally, both wind and solar. Obviously it is starting from quite a small base, compared to fossil fuels such as coal. The technological ability of wind, in particular, to deliver is there. There is no doubt about that. In some circumstances it is actually comparable with the price of coal—not in Australia but that is because the price of coal in Australia is very cheap.

Solar equally is more expensive, particularly photovoltaic. It is more expensive than wind but those prices will come down as more units are made. It is a classic example of market forces. As the industry becomes bigger, it will become cheaper. Just as the coal industry or the gas industry becomes bigger, it becomes cheaper. Really the question is not about whether these industries have a bigger place in the economy; it is about whether the government will support them. With government support, the renewable industry will be able to increase its place in the economy.

Currently the government has a mandatory renewable target set at two per cent for the renewable energy industry. Greenpeace and many others are calling for that target to be increased to 10 per cent by 2010 so that Australia is delivering 10 per cent of its energy or electricity needs through new renewable energy, not old hydroelectrical energy. That will help to bring down the costs of wind, solar hot water, bioenergy from sustainable systems, potentially geothermal—there is a range of industries in there that can meet that target. Wind, solar hot water and sustainable bioenergy would be the three key ones that would deliver on that.

There are two main recommendations in our submission. The Australian government policy on resource exploration should recognise the constraint of climate change and should be based on the objective of staying within the ecological limits as defined by the United Nations Advisory Group on Greenhouse Gases in order to prevent dangerous climate change and to meet the objective of the UNFCCC. Federal and state governments need to develop, as a matter of urgency, a transition strategy to switch from fossil fuels to renewable energy and renewable fuels so that this can occur in an orderly and manageable fashion but within a time frame that prevents dangerous climate change.

CHAIR—I would like to proceed further on a matter I discussed with Mr Smith when he gave evidence previously. Given that you were saying that we should move away from fossil fuels; given that Australia holds 30 per cent of the world market for alumina production and we are the lowest cost world producers of alumina in US dollar terms and the bulk of that is off the back of gas, that still goes back to my comment: we cannot think that sinks will solve all of our problems. Shouldn't we logically look at the geosequestration of CO_2 emissions?

Dr MacGuire—Indeed, forest sinks will not solve world problems and we should not be relying on them. Forest sinks are a temporary measure.

CHAIR—I am pleased to hear someone finally say that. We have to look at a bigger picture.

Dr MacGuire—Yes. They are a temporary measure and for many reasons—they may be lost through disease or fire, or that land may be required for some other use. To rely on forest sinks is an unwise path forward. Equally, with geosequestration, in the long term we do not know whether that CO_2 will leak from the sites in which it has been stored. Therefore, we are leaving a problem for future generations—which could be a very big problem for future generations to deal with.

There are a number of risks attached to geosequestration which should be examined before the government takes the very enthusiastic attitude it is currently taking to geosequestration. Those risks include long-term leakage. It could be very slow leakage but ultimately that would end up in the atmosphere and influence the climate. Rapid leakage could be very damaging both to humans and to livestock. An extreme example, but one that should be at least referred to, is the example of Lake Nyos in Cameroon, where carbon dioxide outgassed from the lake and killed thousands of people and thousands of livestock. That was an unavoidable event, in a sense. It was known that could happen but it was very difficult to get people to move away from that region. That continues to be an issue in that particular location.

In terms of any plans to move down the geosequestration route in Australia, those sorts of risks need to be looked at and considered with contingency plans. There are also technological challenges with geosequestration which will need work. I guess that is why a lot of money is going into research and development. CO_2 placed in a pipe and injected into deep layers affects the pipe and the movement out at the bottom of the pipe. That can change the way in which the gases will move through the strata. Just by putting in infrastructure in order to inject gases into strata, those strata have been opened up in some sense and may no longer be as solid as would have been anticipated.

CHAIR—They were opened up when the gas was extracted, by the way.

Dr MacGuire—If there are different and new pipes put in, then obviously that is changing the nature of the strata.

CHAIR—With respect to the work that GEODISC did, the frontier basins were in the main offshore and the injection would be down at about 800 metres. There are some positive advantages in repressurising some of those basins for the extraction of better or cleaner gas or oils or whatever. It is one way of really taking a positive step forward and I am disappointed that Kyoto still will not even say, 'If you get it right, we will give you a credit.'

Dr MacGuire—Given that Australia has not ratified the Kyoto protocol, that does not seem to be a very strong negotiating position to come from to call for credits for geosequestration.

CHAIR—There is a very good reason why. To be quite blunt, we will get screwed if we ratify it. We have not been given the incentive to do some of the positive things by Kyoto saying, 'If you get it right, you can count this as a credit.' We can only go to the sinks at this stage of the game and you need a holistic approach.

Dr MacGuire—It is quite clear that Australia will not be damaged in the first commitment period by ratifying the Kyoto protocol. Recent reports have shown that it is in Australia's

economic interests to ratify Kyoto for the first commitment period. The second commitment period is up for grabs. Negotiations will be going ahead, one assumes, from this year onwards. At this stage it does not leave Australia in a very strong negotiating position, given that Australia has failed to ratify Kyoto, despite having been given a good target—an eight per cent increase—despite having had sinks recognised within the negotiating framework, particularly forest sinks which Australia is using in order to meet its eight per cent target. If we were not able to call on those, I think the ability for Australia to meet its target would be challenging indeed.

CHAIR—It would be a bit irresponsible of Australia to say, 'We're okay in the first round and we'll go ahead and sign up on a wing and a prayer that we'll be okay in the longer term.' That is not what responsible government should be about.

Dr MacGuire—Currently we have seen George W. Bush and John Howard go to war in a period of huge uncertainty. The argument provided for that decision was, 'The evidence is uncertain but nevertheless we need to go ahead.' In relation to climate change and the Kyoto protocol, the government says, 'The evidence is uncertain. Therefore, we will not.' We are saying there are double standards here. I think Australia can provide leadership to the global community—ratify the Kyoto protocol. It would then be in a good negotiating position to move forward in the second commitment period and ensure that second commitment period leads to action on climate change and does not harm Australia's economic interests. Part of not harming Australia's economic interests is to look at developing the renewable industry in Australia and developing Australia as a hub for renewable industry—for wind in particular, but also for solar, for PV. The situation here is that the government is possibly not going to provide further funding for solar PV in one of the sunniest countries in the world, where we can have an industry to provide the whole Asian region with photovoltaic systems, and yet we are looking at moving away from supporting that because money is going towards geosequestration and money is going towards coal.

CHAIR—The members of the business community that you say are keen to ratify are those who, I would put to you, have nothing to lose. They are involved in the retailing industry. In the energy sector, it will severely damage the Australian economy if we had to live with the sorts of constraints in the longer term that Kyoto will impose upon Australia.

Mr FITZGIBBON—I am not sure that BP's Greg Bourne can be classified as—

Dr MacGuire—Indeed.

CHAIR—He has a new marketing ploy, I see.

Mr FITZGIBBON—I would like to take up from where the chairman left off with the ACF. As you know, I represent a party that is committed to the ratification of the Kyoto protocol. Mr Smith was talking about the opportunity costs involved in investment and sequestration. It intrigues me. People bandy various figures around and it gets very confusing. We live in a country where coal generation is responsible for about 52 per cent of greenhouse gas emissions. We also live in a country in which, no matter how much money you pump into renewables in the short to medium term—even the long term—you are never going to produce enough power base load to replace the need for fossil fuel stations, whether they be coal or gas.

Surely if we want to meet that target, it is absolutely correct for the government to be investing heavily in technology which provides an opportunity to burn our fossil fuels—preferably gas but including coal—cleaner and more efficiently. Surely the best way to meet our target is to invest in technologies which affect the efficiency of our largest provider of power in this country. I do not think we can ever address or come near our target if we do not address the fossil fuel issue. It would seem to me to be a very appropriate investment to be attempting to burn those fuels more cleanly and more efficiently. I do not think we will ever get there otherwise. Mr Smith declined to debate that matter further. Maybe you would like to pick up where he was not prepared to go.

Dr MacGuire—What we are calling for is to switch that investment into greater energy efficiency, putting more R&D into energy efficiency that will deliver both greenhouse benefits and economic benefits, because we would get more output for the energy we use—currently we have a pretty wasteful energy system—and to develop those renewable energies over time. This is not something that we are calling for overnight; this is a transition strategy over several decades.

Mr FITZGIBBON—I am not suggesting you have said the same as the ACF and I will give you an opportunity to agree or disagree. The ACF was effectively saying we should not be investing in clean coal technologies because there is an opportunity cost. I am arguing that if you want to go anywhere near reaching the target, you have to address the major emitter which is going to be with us, whether we like it or not, for some considerable period to come. Renewables technology in the next hundred years, I suspect, will never meet the base load provided by coal and gas fired power stations. If you really want to get to the target, surely you are going to have to address the major emitters.

Dr MacGuire—Absolutely. If they can be made to be more efficient, then good. But geosequestration does not necessarily mean that they will be cleaner, because in the long run those gases may re-emerge.

CHAIR—I think there are two separate issues. It is an excellent and very relevant point that was made.

Mr Rattenbury—I think you will find, though, if you read our submissions, that there is no silver bullet for the climate change issue. Conservation organisations generally are more willing to canvass some of these options if we believe that the full spectrum of policy issues are being explored. At the moment what we are seeing is the federal government investing its R&D funding primarily in geosequestration and clean coal and we are seeing a cutback in funding for the renewable sector, so that instead of pursuing a series of policy options which will both address the point you are making and position us for a longer term transition—which is essentially what we are asking for—

Mr FITZGIBBON—I agree with that. That is not what the ACF was saying.

Mr Rattenbury—Our point is that we are seeing a distinct bias in current government policy settings, which brings cynicism on our side of the equation.

Mr HAASE—I am concerned about the future and energy usage and your point of view—which is not covered in your submission, to my knowledge—regarding the use of hydrogen as

an energy source. Has this been looked at by Greenpeace? Do you have a point of view which incorporates the production of hydrogen and the processes that ought to be involved? By way of understanding my perspective on this, I recognise the relationship between tidal energy—the creation of electricity and the use of that electricity to extract hydrogen from water. What is the future, according to Greenpeace, regarding the hydrogen economy?

Dr MacGuire—Greenpeace does have a view on hydrogen and is looking at hydrogen. It provides great potential. It really depends on what fuel is used to produce the hydrogen in the first place. If the route is to use coal to produce hydrogen, then Greenpeace is opposed to that because it is a continuation of business as usual in the current situation we are in.

If the route is to use salt water, which is one route, and renewable energy to produce the hydrogen, so we have solar or wind to split the water, then yes, we are very supportive. As part of our work on renewable energies or energy futures we will be looking very closely at the hydrogen possibilities.

Mr HAASE—I am critical of Greenpeace from time to time. That would come as no surprise to you. But specifically I am concerned more with the negativity rather than the positive promotion. I see this as a great opportunity for Greenpeace to do something that is both positive and constructive and you would also, I imagine, take a great bulk of the population with you if you were to do something that was demonstrably a huge positive with regard to attitude change. It is an opportunity for you to be out the front, taking people with you, and some from the less environmentally minded of the world, perhaps.

Mr Rattenbury—It is interesting you should say that. The government is due to commission a review this year of the mandatory renewable energy target. We are not sure exactly when it is going to happen but it must happen this year. To prepare for that, we conducted some research on what it would take to get to a 10 per cent renewable energy target. We had NextEnergy conduct that research for us. They found that to go over such a target would create 14,000 direct and indirect jobs, mostly in regional and rural parts of Australia. It also obviously results in significant greenhouse cuts and a boost to the Australian industry. That is a highly positive piece of work and we would be delighted to work with the government to bring that very positive piece of work to legislative fruition.

Mr TOLLNER—If Australia had a goal to work to become an environmental superpower, to reduce greenhouse gas emissions et cetera—and I certainly believe that is a goal of government at the moment, which you may disagree with—why is signing the Kyoto protocol so important, if Australia already has in place a plan to act in the best interests of its own environment?

Mr Rattenbury—From our perspective, and certainly from the feedback we have received from the people in industry we talk to, one of the benefits that Kyoto will provide is a sense of certainty. Certainly in informal conversations, from the anecdotal information that we have received, there is a feeling amongst some of the industry sector that government policies come and go. We can all go back through a series of government issues that are probably sitting on the shelves collecting dust and, rightly or wrongly, there is perhaps scepticism about the current climate change forward strategy that Dr Kemp is talking about. People are saying if there is a change of government in a couple of years time, that will be on the shelf and that is the last we will ever hear of it, whereas if you sign the Kyoto protocol you are signed up to an international binding agreement and industry will have a certain framework within which to go forward.

Mr TOLLNER—The other side of that coin is, if you get it wrong, you are signed up to a framework that may impact on you negatively down the track, in which case it is a lot more difficult to unravel yourself from those agreements that you signed initially. Do you see that as being an issue for government, that this is rather a major step for government to sign Australia up to—I think you used the words 'a pig in a poke'—something that is not even concrete at the moment?

Dr MacGuire—A hundred other nations have managed to get over that barrier and decided to ratify Kyoto.

Mr TOLLNER—But does that make them more environmentally conscious because they have turned up and signed a piece of paper and said, 'We'll do this'?

Dr MacGuire—It shows a commitment to the international community and the international process, and climate change is something that requires a response from all nations. But, as recognised through the process, through the convention and the protocol, there is an equity issue there: rich countries, industrialised countries, should act first because it is unacceptable to ask poorer, developing countries to make the first move on climate.

The debate has been out there now for quite some time. Quite clearly, now, developing countries are frustrated with how little industrialised countries have done to deliver on the commitments and promises under both the convention and the Kyoto protocol. Perhaps one of the main outcomes of 100 countries ratifying is that it shows that there is an international commitment to this process and that, yes, it needs to be improved, and yes, it needs to be strengthened and the Kyoto protocol needs to be tightened up, both in terms of climate protection and in terms of what countries are taking on emission reductions. There is a lot of work to be done, but, rather than throw the baby out with the bathwater, I think the point has come to get behind the Kyoto protocol and make it work, globally and nationally.

Mr TOLLNER—You may have heard the question that I asked the Australian Conservation Foundation in regard to nuclear waste. Several people have suggested to me that Australia is one of the most stable land masses on the face of the planet. Given that it is probably one of the least detrimental places to store nuclear waste—in certain areas of South Australia, Northern Territory and Western Australia—if nuclear waste is, as has been suggested, rolled off the side of ships in 44-gallon drums by environmental polluters around the world, what is the opposition to Australia providing that refuge to store nuclear waste? I take it Greenpeace is opposed to any storing of nuclear waste in Australia.

Mr Rattenbury—Yes, we certainly were opposed to the proposal that came forward in the last year or two from Pangea for a number of reasons. I am glad you raised this point because it did come up before and we thought it was an interesting discussion. Someone was suggesting—I think the chair—that of course nuclear power stations are greenhouse free sources of energy. That of course does not address the broader sustainability issues, nor the economic issues, attached to nuclear power, and it is quite instructive to see that countries such as the United Kingdom and Germany, which have relied so heavily on nuclear power for so many years, are now starting to phase it out, in part due to the economics of the industry.

To answer the specific question of siting a major nuclear waste dump in Australia—I am certainly aware of the major geological arguments around that—the problem at this stage is that

we are still producing nuclear waste at a rate of knots. Similar to the point I was making to Mr Fitzgibbon before, with no sign of that policy approach changing and with Australia producing more and more waste, if Australia creates that facility, we will simply create a means for people to continue dumping their waste.

Mr TOLLNER—But that means is there already.

Mr Rattenbury—They are not dumping it in barrels any more, because we stopped that.

Mr TOLLNER—No, but it is being dumped somewhere. If it is not being dumped here, it is being dumped somewhere. Given the argument that we are a stable land mass et cetera, it is being dumped somewhere that is not so stable, that has the ability to pollute the environment. What is the logic? Greenpeace says, 'You don't want to see this safely disposed of.'

Mr Rattenbury—It is not that we do not want to see it safely disposed of. The problem is that, if we create a means of disposal such as that, people will continue to build nuclear weapons and to build nuclear power stations, which have a series of other associated problems. If you want to say, 'We will stop producing nuclear waste but, yes, we have a stockpile. What are we going to do with it?' that is a useful debate to have, but to have a debate that says, 'We're going to create a dumping place so that people can keep producing this highly toxic waste,' I do not think that is a very useful discussion.

Mr TOLLNER—You would be happy for Australia to take the position: 'We will no longer resource the nuclear industry with our uranium but we are prepared to dispose of that waste. We don't want to encourage nuclear energy but we are prepared to allow you to dump in Australia what you currently have.'

Mr Rattenbury—It is a discussion we certainly would not mind having, if people were serious about it, yes.

Mr TOLLNER—I do not know how difficult or how simple this question will be, but what is the Greenpeace nirvana? What is your idea of a perfect world?

Mr Rattenbury—For the purposes of this inquiry or generally?

Mr TOLLNER—For the purposes of what Greenpeace stands for. What are you opposed to? You are opposed to fossil fuels and the like.

Mr Rattenbury—Sure.

Mr TOLLNER—Assuming all that is gone, that we are not mining things, that we are not driving around in motor cars, what is the Greenpeace nirvana?

Mr Rattenbury—We discussed this once at an internal gathering and I think the answer was to put ourselves out of a job, to be flippant about it. To be quite serious, at least for the purposes of today's discussion, the short answer is that we create a human society that is not depleting the planet for the purposes of future generations. That would be the one-sentence answer. We still should have a lifestyle. I often hear of the haircloth sack scenario where it is assumed that is

Greenpeace's view of the world. That is far from our view of the world. But we do need to create an economy and a human society that is not unsustainable. That is nirvana.

Mr TOLLNER—Given what you have said, it is very difficult to envisage airline travel, or living in a house with heating, without some use of mining resources. It is all well and good to say, 'I don't like this. I want to stop all this,' but what is the alternative? How do you maintain a lifestyle and not go back to living in caves?

Mr Rattenbury—But 100 years ago we could never have envisaged airline travel, either. Our hope is that 100 years from now we could be doing it a lot better. Perhaps we cannot quite envisage it today, but we certainly have to set off on the journey.

CHAIR—Thank you for your evidence today.

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

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 12.58 p.m.