



House of Representatives Standing Committee on Industry and Resources	
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Secretary:	S. Falbe

**CITY OF KALGOORLIE-BOULDER
SUBMISSION TO THE
INQUIRY INTO RESOURCES EXPLORATION IMPEDIMENTS**

**AT THE PUBLIC HEARING HELD IN KALGOORLIE-BOULDER ON
1 NOVEMBER 2002.**

The City of Kalgoorlie-Boulder is a community founded on the discovery of gold. This discovery led to the city's major industry and to this day Kalgoorlie-Boulder depends on the proceeds of the mineral industry for survival. The discovery of nickel in the late 1960's and the subsequent development of both the mining and processing of nickel ore expanded the mineral base from a single to dual mineral base.

Throughout the whole life of the City it has been subject to economic highs and lows as the mineral industry has waxed and waned. Even though the City is the centre of the Eastern Goldfields region with large pastoral interests there are negligible diversified industries to sustain a large community and its services.

The sharp decline in the vicinity of 60% in exploration expenditure in Western Australia, which peaked in 1997, is of major concern to the City of Kalgoorlie-Boulder as a community, which depends on the whole range of mineral industry activities for its economic health. Within the confines of the City there are industries based on exploration, mining operations, mineral processing, mineral education and a supply chain of both services and materials specifically for our major industry.

Exploration based services are an integral part of our industry base, servicing the needs of both greenfields and brownfields sites and the mining and exploration industry throughout the whole of Australia. The mineral industry recognises the need to explore in buoyant times to sustain the industry in the downturns, however, it is also recognised that this activity is the province of junior exploration companies.

The rationalisation of the mineral industry and recent mergers and takeovers have reduced the number of major production companies and large international mining companies represented in Australia, who offer opportunities of strategic partnerships for the junior explorers.

The City of Kalgoorlie-Boulder has taken the step of designing and implementing the "Partners in Prosperity" program to proactively encourage mining and related industries to locate in the region. To this end the City continues to endeavour to provide whatever assistance it can to facilitate new development, thereby assisting the region and the industry to grow and prosper. As well as providing advice and assistance in its core functional areas the City also:-

- Provides support for matters which are not the responsibility of local government, but the resolution of which will result in benefits to the region.
- In cases where there is no conflict with the City's intentions, Council support proponents in dealing with issues, which are an impediment to development, whether those issues fall within Local Government, State or Federal jurisdictions.
- Provides assistance with contact details for the Goldfields business community, Government agencies and other key stakeholders.

- Through the Mayor's Leadership group, directs project proponents to the right quarter when seeking further advice or assistance.

To create an improved environment conducive to attracting and sustaining investment, development and activity in the mineral exploration industry all stakeholders must recognise that this can not be done in isolation from other levels of Government and indeed the industry itself.

Whilst we recognise that many of the recommendations of this submission cross into the area of legislation and control of the State of Western Australia we believe that it is imperative that there is recognition at all levels of government of the importance to Australia as a whole of the minerals industry to the economic health of our nation. Therefore these recommendations have been included in the context of this submission and we encourage the Commonwealth Government to actively lobby State Governments for reform and appropriate funding of initiatives, which will strengthen the mineral industry and specifically the exploration industry throughout the whole of Australia.

ISSUES TO BE ADDRESSED BY THE REVIEW.

1. An assessment of Australia's resource endowment and the rates at which it is being drawn down.

The mineral industry in 1999/2000 contributed 62% of commodity exports, 45% of merchandise exports, 35% of total exports of goods and services and 8.4% of the Gross Domestic Product of Australia.

Australia is considered to have one of the most valuable mineral resource bases in the world both diverse and extensive. It boasts the world's largest economic demonstrated resources of lead, nickel, mineral sands (alluvial ilmenite, rutile and zircon), tantalum, uranium, silver and zinc. It also has excellent resources of coal, cobalt, copper, diamonds, gold, iron ore, manganese and bauxite.

Mineral resources are widely distributed and scatter throughout the nation mostly in inland locations. Oil and gas has been found in coastal areas, though much of Australia's exclusive economic zone has not been explored.

In the report "Facing the future: the report of the Mining Minerals and Sustainable Development Australia Project" published in May 2002 it is stated on page 66

"Australia is one of a number of countries identified as possibly "cursed" by its natural resource wealth. Essentially resource curse theorists argue that mineral resource abundance is a trigger for factors that contribute to poor economic performance."

Further it states on page 66 *"There is not, for most minerals, any short to medium term fear that the world is about to run out of resources. However, demand is increasing significantly - forecasters predict that in 50 years the world will require five times the mineral commodities produced to date - and may not be satisfied by the exploration and development of virgin mineral resources. Immediate anxieties relate to levels of exploration and production - it is becoming increasingly difficult to discover new resources that can be mined economically at current commodity prices."*

I commend this report to you as it is an extremely recent research project which explores the majority of the terms of reference of this Inquiry albeit from the point of establishing a "sustainable minerals industry sector".

Investment in the exploration of greenfields sites has plummeted since 1997. Australia as a national cannot continue to depend on brownfields exploration, which will extend the life of an operational mine as the basis for the significant contribution of the mineral industry to the economic health of Australia

2. The structure of the industry and role of small companies in resource exploration in Australia.

The Australian mineral industry has traditionally sustained itself by operating in the following manner:-

- A Junior Exploration Company establishes itself to undertake exploration and if successful establishes a viable commercial deposit.
- The Junior Exploration Company evolves into a Minor Producer owning and operating a small lucrative deposit and generally with other attractive prospects under exploration.
- The Minor Producer is absorbed by a Major Australian Producing Company which is enlarging either its current production in a specific mineral or diversifying into a new sector of the industry.

A recent development into this cycle has been the introduction of a fourth player the International Producer.

- The International Producer absorbs the Major Australian Producing Company and as a consequence there is a shift in focus from the mineral industry within the Australian environment to the viability of the organisation within the global environment.

Rationalisation of the industry has been underway for a considerable time but recent history shows almost an exponential rate of mergers and takeovers. The number of Australian companies, who have diversified their industry base or even removed themselves from the mineral sector because of the economic, political or policy barriers they are encountering is growing. Companies are choosing to move operations off shore to explore and mine in countries which provide more timely and adaptable environments. One mechanism they use to undertake this is to allow themselves to be absorbed into an International Producer.

This is diminishing the number of major mining companies, who can strategically partner with junior explorers. Major mining companies are not interested in investing in risk situations such as greenfields exploration (though they happily undertake brownfields exploration to extend the life of their current operations) and leave the high-risk task of initial exploration to junior exploration companies.

Traditionally within the cycle described above when the number of Minor Producers diminishes a plethora of new junior exploration companies emerge to sustain the cycle.

Thus the health of junior exploration companies and the need to ensure that there are attractive incentives and opportunities for them to undertake exploration and expand their activities is one key element to a sustainable minerals industry into the future.

Australia needs to become proactive in providing incentives and assistance to Junior Exploration Companies to stimulate investment and exploration. Incentives available to junior explorers in New Brunswick, Canada which specifically target the exploration industry are worthy of consideration. They are outlined in the written submission made by the City of Kalgoorlie-Boulder on 23 July 2002.

3. Impediments to accessing capital, particularly by small companies.

Although Australia has many of the perceived economic, political, information and infrastructure assets required to assist with, and sustain exploration, we rate badly in being able to attract overseas and internal investment funding because of the untenable and complex approval system hampered by both native title and to a lesser extent environmental issues.

Canada which has strategically targeted the development of its exploration industry over the past 5 years for precisely the same reason that this inquiry has been set up to investigate,

attracts 51% of the international exploration investment funding and is a model which Western Australia should examine in-depth and implement where applicable.

AMEC in their submission to the Western Australian Machinery of Government taskforce outline the worsening situation with regard to mineral exploration throughout Australia. They note that for the past 10 years more than 50% of Australia's total mineral exploration expenditure occurred in Western Australia. In 1999/2000 \$415 million (57% of Australian expenditure) was spent on mineral exploration in WA, down a massive 40% from the 1996/1997 WA expenditure.

In 1999 the Australian Mining Monthly in conjunction with the Australian Institute of Geoscientists conducted a world risk survey and Australia emerged as the world's second least risky country to conduct operations behind Canada despite being ranked (4 - extreme risk) the lowest in the world on Land Claims by Traditional Owners, outranked by even underdeveloped countries (*Sovereign Risk, 2001*).

When compared with other nations in relation to land access Australia's score of 3 fell below many South African and South American countries and only marginally better than Russia's 3.5.

The conclusion of the authors of the article was that *"local and international mining companies are increasingly diverting exploration dollars offshore"* and *"the level of growth in overseas exploration expenditure was more than twice that of domestic expenditure by major companies."* They attribute the diversification of exploration funds to the international environment because of the lack of competitiveness by Australia in terms of native title and environmental issues.

On page 31 of "Facing the future" it states *"The trend is towards fewer, larger companies, operating wherever there are world-class minerals resources. Those global companies are often highly risk averse and keen to avoid projects which might draw sustained stakeholder criticism. Smaller companies - with less resources or capacity to manage social and environmental impacts are likely to find it increasingly difficult to obtain project finance."*

Intrinsically linked to accessing capital to undertake resources exploration are issues which surround the provision of a taxation regime to encourage individuals and companies to invest in the resources exploration industry.

Price Waterhouse Coopers (1998) have examined mineral taxation regimes from Australia, Argentina, Bolivia, Botswana, Brazil, Canada, Chile, Guyana, Indonesia, Mexico, Peru, South Africa, Suriname, United States, Venezuela and Zimbabwe. In their study they have examined Economic Rent, User pay taxes and Corporate Citizenship taxes.

They reiterate that an internationally competitive mining tax regime should recognise that the mining industry is

- High risk
- Capital intensive
- Is a price taker and commodity price is subject to world wide supply and demand pressures.
- Profits are cyclical
- Tend to operate in remote locations
- Projects have a finite life
- Hampered by regulatory impositions (environmental, native title, approval systems etc)
- Operates in an environment where the product they produce is owned by the state.

Of special interest is a comparative table that outlines the principle features of mining tax regimes.

Though dated the information contained in the document is still pertinent to today's economic situation and should be closely examined by the Inquiry.

AMEC (2001) in their briefing paper on a system of "flow through" shares state. "Canada has been successful in mobilising local risk capital through the medium of flow through shares, which committed those funds to effective mineral exploration programs, AMEC is of the view that a similar program should be implemented in Australia." This briefing paper from the Association of Mining and Exploration Companies Inc. has been under consideration by the Federal Treasurer since February 2001.

The importance of this scheme is that, whilst it clearly benefits the mineral exploration industry and most importantly junior exploration companies it also takes along with it the ordinary citizen who invests in the stock market. This enables individuals to make clear decisions to support the minerals industry via their own financial investment.

AMEC in the above mentioned paper state "Canada has the enviable record of mobilising 51% of the world's mineral exploration capital on an annual basis and exports a great deal of this money worldwide. Canada has therefore achieved a global role as a clearing house for mineral exploration capital and this achievement is largely due to enlightened regulation and tax treatment of risk capital investors."

The Diesel Fuel Rebate Scheme assists the mineral exploration industry in that they are able to partially reclaim the taxes that they pay for their fuel. There is however a need to revisit the purpose for which the scheme was initially implemented and to ensure that the mineral industry is receiving appropriate treatment under current rules.

Price Waterhouse Coopers (1998) reveal that the Australia system of depreciation is both complex and non-competitive especially when compared with the system used in Canada.

Zone Tax Rebates.

We strongly support the Chamber of Minerals and Energy recommendation 20, which reads –

The Federal Government reintroduces zone and living allowances that adequately compensate workers and families living in remote locations.

Successive governments over many years have paid lip service to the importance of developing inland Australia, yet the only serious attempt to do anything measurable about it, was when the zone rebate was introduced in 1945.

At that time, it was introduced as part of the governments post war development scheme, to encourage people to go to the bush and develop farming and mining interests, in order that Australia should benefit as a whole from such developments.

There were no adjustments in the basic zones allowance between 1958 and 1981 - a period of 23 years, when the average weekly earnings in the same period increased by 85% and fuel excise increased by 310% - an added impost on costs in the bush.

In real terms, the rebate has become a pittance, and certainly not achieving that which it was originally intended to address.

The plight of regional and rural Australia in general, and smaller country communities in particular, have been badly affected by the drain of people from the bush to cities. The end result has seen the demolition of communities, as banks and other services close due to a dwindling population.

In more established regional cities such as ours, we are forever complaining about the difficulty of attracting and keeping good professional staff, be that at hospitals, or in the commercial sector.

And we suffer, as do other country towns, from the results of fly in fly out policies in the mining sector, forced upon them, largely as a result of tax policies that discourage local residency in favour of larger coastal bases.

In spite of the continuing exodus from the bush and the increasing burden on the public purse to support many of these people in capital cities, Governments have not seriously attempted to address the issue.

You might ask why we are considering this matter in local government. As local government we see first, the affects of policies which reduce the incentive for people to live here and worse than that, encourage people to live in the coastal fringe.

A change to zone tax rebates, restoring them to their original and intended value, will assist the mining industry greatly; see at least a partial reversal of the current exodus from the bush; and return small country communities to the valuable contributors they once were to Australian society.

The issue before us is the zone rebates, however I highlight another area where we pay a premium for living in the bush, increasing the premium for employing local people to the mining industry.

- If you have 2 children at university and one at high school in Perth - all as a result of the fact that the particular education they wish to pursue is not available locally, then every time you get the \$600 telephone bill, you also pay an additional \$60 non-redeemable GST, simply for the privilege of speaking to your children on an acceptable number of times a month.
- Those same kids costs you around \$40,000 a year in education fees - again non-redeemable.

If we are to reverse the current trends which are rampant throughout Australia, it is going to take decisive action by the federal government. We can no longer pay lip service to the problem.

Hence the reason that we are suggesting that the rebate be reinstated to values as they applied in 1958, and then indexed so that the value is maintained in the future.

In previous debates, the Federal Government has claimed that they cannot pay people in the bush a special allowance, as it is discriminatory.

I put to you, that the minority group know as the residents of regional and outback Australia, including those involved in the mining industry, have a water tight case for special assistance under existing positive discrimination legislation, where minority groups are given special consideration.

We are suggesting that the reinstated value should be of the order of \$15,000, representing a real incentive for people to live and work in the bush.

4. Access to land including Native Title and Cultural Heritage issues.

Robert Tickner the Federal Minister for Aboriginal Affairs when speaking on Radio National's "Australia Talks Back" program just after the Mabo Decision was handed down made the following statement in answer to a question from me:

" It is in response to Graham from the Goldfields. Let me give him and everyone else right around Australia, who has any interest in the Australian mining industry, whether as an investor or an employee to the industry, that the mining industry is going to get certainty from this legislation. First of all certainty that all existing titles and renewals of leases are going to be validated and so any suggestion that somehow the Goldfields are going to be affected in their mining by Mabo's claims is categorically ruled out and secondly the Commonwealth Legislation will put in place clear timeframes and a certainty of process for dealing with

applications for mining on Native Title land in those parts of Western Australia, invariably remote, where Native Title may, may I emphasise, be found to exist."

Sometimes when we start a journey, we are not sure where it will end. I think it is fair to say that our advice to then Minister Tickner was far more accurate than his assurances to us and the mining industry. Mabo was the first stepping stone to what has evolved into a totally unworkable set of circumstances, of great benefit to legal practitioners, of little benefit to Indigenous people, even less benefit to the mining fraternity and simply a frustration to rural and outback communities.

We predicted at that time, that the route being taken by the Federal government would end up a mess, with Indigenous groups fighting each other, and we have seen plenty of that locally, as family groups become completely discouraged by the lack of real or measurable outcomes.

Sovereign Risk (2001) tells us that mining companies in Australia are concentrating on exploration in and around existing mines (brownfields) rather than prospective new regions and this can be directly attributed to issues with Native Title. Further they outline that 50% of Australia is currently subject to Native Title claims with over 650 claims lodged. Western Australia has suffered most by the unworkable sections of the current act with 82% of the state under application by around 315 claims.

Clearly the processing of Mineral Title applications is severely hampered by the Native Title process and the performance examination report supports the findings outlined in Sovereign Risk (2001). Clearly Robert Tickner's predictions with regard to Native Title Legislation were wrong.

The City of Kalgoorlie-Boulder calls on the Commonwealth Government to lead from the front in fostering an environment where all levels of government, industry, Indigenous organisations and individuals can work together for the social, environmental and economic benefit of all Australians. The use of negotiated rather than litigated solutions to Native Title claims by the use of Indigenous Land Use Agreements and the development of a Framework Agreement to cover Native Title issues ensuring appropriate consultation processes are seen as workable solutions.

Our Council strongly supports the Chamber of Minerals & Energy Recommendation 17, which reads –

"The Federal and State Governments fulfil their social welfare and infrastructure responsibilities with Indigenous communities."

The issues faced by the mining industry, where they are expected to provide financial and other resources to assist in the establishment of social welfare programmes and infrastructure developments, is mirrored within our own community where insufficient State and Federal Government funds are made available to tackle the problems faced by dysfunctional families. These people, often Indigenous, are largely the product of successive governments not coming to grips with the real issues being faced by those people.

In the case of the mining industry, it means they pay large sums of money to lawyers and other parties representing Indigenous interests, in order to establish and maintain operations, adding significantly to their cost burden. In the case of our city, the end result is rampant vandalism, with little recognition from the Commonwealth of either the size or seriousness of the issue, which can be traced back to these people choosing not to live in rural or pastoral areas.

5. Environmental and other approval processes, including across jurisdictions.

The Auditor-General of Western Australia released a performance examination of the management of mineral titles in Western Australia on 19 June 2002 (Level Pegging, 2002).

The findings highlight the need for changes to the Mining Act and policy and procedures throughout the Department of Mineral and Petroleum Resources.

Keating (2002) has highlighted fifty-six (56) recommendations in his report, which relate to the improvement of the Project Development Approvals System within Western Australia. Seven of the recommendations relate specifically to the minerals industry. The extent and complexity of the approvals system is best explored by a detailed examination of the final report which is highly relevant because of its currency and relevance to Western Australian economic growth.

The Auditor-General found that in 2000/2001 mineral title applications processed within target times were

Type of application	Target processing time	% processed within target time
Prospecting Licence	4 months - lodgement to determination or referral under the Native Title Act	48%
Exploration Licence	7 months - lodgement to determination or referral under the Native Title Act	55%
Mining Lease	7 months - lodgement to grant or determination on the right to grant	57%

Even more damning are the figures in relation to the outcomes of title applications lodged for the period January to June 2000. Closer examination of these applications revealed:

Outcome	Number of applications	% of total applications
Title Granted	326	18%
Title Refused	7	<1%
Yet to be referred to Native Title	895	50%
Currently under Native Title consideration	281	16%
Application withdrawn	282	16%
Miscellaneous	7	<1%

Keating (2002) in Appendix 4 of the report *"provides an overview of the major approvals and the relevant State and Commonwealth legislation that determine whether a project can proceed in Western Australia."* The overview exposes that major approval processes through Commonwealth, State and Local Government Levels are required in relation to:

1. Environmental Protection Act 1986 (WA) and the Environment Protection and Biodiversity Conservation Act 1999 (Federal)
2. Land Administration Act 1997 (WA), Town Planning and Development Act 1928 (WA) and specific region and local government town planning schemes.
3. Native Title Act 1993 (Federal)
4. Aboriginal Heritage 1972 (WA) and the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Federal)
5. Mining Act 1978 (WA)

6. Petroleum Act 1967 (WA), Petroleum (Submerged Lands) Act 1982 (WA) and Petroleum (Submerged Lands) Act 1967 (Federal).

Appendix 4 is recommended to the Committee of Inquiry as an excellent starting point to understand the complexity of the multi-level approval process which constitutes a major impediment to resources exploration within Australia. It follows that the remaining 6 states within the Commonwealth of Australia each will have their own complex Federal- State-Local Government approval process.

New Brunswick in Canada has implemented a specific mine approval process which addresses environmental, mining, land use and safety legislation. This process provides "one window" for companies seeking mine approvals. Such a system if considered for introduction in Australia it should be expanded to include exploration approval as the initial approval being sought and be inclusive of all three levels of government.

7. Public provision of geoscientific data.

Reduced funding by successive governments at both Commonwealth and State level has lead to a reduction in the updating and expansion of the national and state mapping programs which form such an integral part of the attraction package for investment funding. The existence of such state of the art geological maps and data provides the first scan for geoscientists to determine the prospectivity of an area and the likelihood of a specific mineral being present in commercial quantities. This type of publicly available information focuses and optimises mineral exploration expenditure by providing a bank of geoscience information which ensure that each exploration effort does not have to start from scratch.

AMEC (1998) expressed a concern about the reduction in funding support for the Australian Bureau of Agricultural and Resource Economics (ABARE), the Australian Geological Survey Organisation (AGSO which was renamed Geoscience Australia in November 2001) and the Bureau of Resource Sciences (BRS) and their role in the provision of this vital data. They recommended that AGSO be funded to undertake a new and extended geoscientific program and especially a need for current mapping -

- Airborne geophysics sheets and data sets
- Gravity maps
- Geochemistry maps
- Deep seismic surveys (in targeted areas)
- Stratigraphic Drilling.

There is especially a need for Australia to recognise the need for national geochemical data sets, as this has never been a past priority.

An excellent example of the use of this type of publicly available geoscience information was the targeting of the Eastern Goldfields region in the late 1960's as a possibility for commercial quantities of nickel which was in extreme short supply throughout the world because of sustained industrial problems associated with the major world source International Nickel Company of Canada.

Because of the availability of appropriate datasheets which indicated the geological conditions conducive to the presence of commercial quantities of nickel Western Australia was able to foster and sustain a viable and profitable nickel industry from exploration through to down stream processing the majority of which is undertaken in the Eastern Goldfields Region.

AMEC in their submission to government stressed that the role of ABARE was to provide independent and accurate economic policy advice but requested that their role be expanded to include a monitoring role in relation to emerging issues which have the potential to damage Australia economically.

The need to maintain National Databases of significance and scientific and technical input into government authorities and decision-makers were considered essential.

In 2000 the Government of Western Australia commissioned the Fardon Report on the operations and funding of the Geological Survey of Western Australia. The findings of the Task Force was placed before the Court Government who indicated their support of the recommendations for an increase in funding levels over 10 years to ensure the development of comprehensive and current mapping and data sets for Western Australia. The report includes an estimated budget for the 10-year period and peaks at \$35.05 million in the 3rd year of the cycle. The Fardon report is now before the Gallop Government for consideration.

Resources such as the GSWA Core Libraries are also adding to the publicly available geoscience information and assist with rapid progress of exploration should drill cores relating to a specific area be available for examination.

Funding for the Geological Survey of Western Australia for the budget year 2000/01 was \$19.01 million and for 2002/03 it has been set at \$17.934 million. This level of funding is insufficient to sustain current activities and allows no ability for the GSWA to provide current information to assist the resource exploration industry in Western Australia and is therefore a major barrier to the expansion of the industry. The City of Kalgoorlie-Boulder urges the examination of the funding and currency of all other State based geoscience data resources.

8. Relationships with Indigenous Communities.

This is a high level of frustration shared by the Indigenous Community and the mineral industry with regard to the ineffective operation of the Native Title Legislation. The legislation has not provided positive outcomes for either party.

Indigenous people are not gaining the benefits of greater employment outcomes, heritage protection or even basic recognition of their prior ownership of land. The Minerals Industry has been unable to progress project development let alone undertake basic exploration. These problems all relate to the unwieldy and ineffective operation of the Native Title Legislation.

The Western Australian Chamber of Minerals and Energy have explored this issue in depth and though now dated, information contained in their publication Relationships between the Mining Industry and Aboriginal Communities: a way forward (1996) is still highly relevant. Their key findings are listed below.

"The majority of all interviewees strongly support mining and exploration activities, providing appropriate consultation occurs. The establishment of positive relationships between mining companies and Aboriginal people is seen by all to be essential.

Some Aboriginal and non-Aboriginal interviewees referred to the positive changes, which had occurred in the industry's attitudes, and commitments towards Aboriginal people over the last twenty years.

These interviewees expressed optimism that these changes might be built on through increased mutual respect and commitment. Interviewees from all groups spoke about the importance and success of long term relationships established between some companies and Aboriginal people. Most interviewees indicated, however, that mutual suspicion and mistrust often exists between Aboriginal people and the mining industry.

A history of unsatisfactory relationships exists which is complex and involves the impact of past policies and practices and Aboriginal communities' experiences of those policies. Many felt that conflict between Aboriginal communities and the mining industry was symptomatic of poor consultation.

Further the Chamber of Minerals and Energy in their Issue Paper No 1 "Lets make Native Title Work" (1998) state:

"Our minerals industry is experiencing significant and costly delays and uncertainty regarding current and future operations in much of Australia. In Western Australia the situation is acute.

Delays in native title determination, frustration over multiple and overlapping claims, and uncertainty over land tenure are preventing efficient operation of many minerals businesses and eroding investor confidence about future developments.

Many Aboriginal people are equally frustrated by the lengthy and complicated procedures which are not providing a consistent and workable framework within which their claims can be decided." and "If minerals projects cannot proceed, Aboriginal groups will not receive the economic benefits available to them under the Act".

The paper outlines the ways in which the minerals industry and Indigenous people are working together to ensure that both parties benefit from mineral development.

The mineral industry is working with all members of the communities in which they operate to enhance the social and economic opportunities available to all including Indigenous people.

Many exploration and mining projects are proposed for areas on Indigenous cultural significance. Indigenous people have a fundamentally different relationship with the land and sea and a different way to reach decisions. Their relationship with the land and sea is based on a complex mix of ceremonial, dreaming, cultural and historical factors. They have a strong sense of stewardship and work on the principal of "leave only your footprints".

A way forward has to be found. There is a need to set the past behind us and work together to advance as Australians.

It must be recognised that the continued delay in providing workable processes to advance and resolve native title claims will contribute to a deterioration in the relationships currently in place, whether it is directly with Indigenous people who are trying to establish Native Title claims or with members of the broader community who are seriously affected by the lack of progress.

9. Contributions to regional development.

Because most mineral industry is based in regional and remote areas of Australia it has often fallen on the industry to provide the majority of infrastructure to enable a project to progress. Often this includes both the social as well as economic infrastructure. Further it is the norm for these towns to be based on a single industry, which does not allow for an economically sustainable community.

Traditionally in Western Australia issues in relation to the provision of essential infrastructure have often been facilitated by the use of negotiated State Agreements Acts eg. Nickel Refinery (Western Mining Corporation Limited) Agreement Act 1968 and Western Australian minerals and energy companies have shouldered much of the burden of providing infrastructure for large projects.

In the past this has been inclusive of the funding of facilities such as towns, roads and energy which have traditionally been publicly funded.

The economic climate of today with commodity prices being low and the industry working on smaller rate of return margins the industry can no longer provide or support past levels of investment in infrastructure under State Agreements. There is a tendency for the minerals industry to sustain their projects with "fly-in-fly-out" workforces from major cities on the coast and this has added to the drain on services and resources available in regional Australia.

Further, because of the level of concessions which were made to companies investing in infrastructure under State Agreements being invalid under National Competition Policy there is an imperative that all three tiers of government must provide the essential infrastructure

and services required not only by the mineral industry but by the people who live and work in the industry.

Because the majority of such developments are sited in areas poorly serviced by infrastructure there is a need for government to look for new and innovative ways to deliver infrastructure and services. The City of Kalgoorlie-Boulder recognises that considerable investment is being made by the Western Australia Government to provide infrastructure to attract investment to specific regions (the contribution to the Burrup Peninsula is one example) and encourage the continuation and expansion of such support.

One area that is covered by "infrastructure" is the provision of utilities. The cost and availability of power, water, transportation and communication services is often a major inhibiting factor in the successful implementation of a project.

In the case of regional Australia and most especially Kalgoorlie-Boulder the issue of the provision of potable water to sustain life and industry is of major concern and requires major consideration at all levels of government.

The ability of all sectors to deliver services via the Internet and communication systems is an exciting development, which can assist regional and remote Australia. The City of Kalgoorlie-Boulder is one partner in the development of an Internet Portal, which will specifically target the delivery of services to the mineral industry, and Government Services to all Australians. This is supported in part by funding from a Networking the National Grant but could be greatly assisted by ensuring access to more bandwidth.

RECOMMENDATIONS

1. Define clearly the accountability of each of the three levels of government within Australia in relation to legislative requirements and departmental responsibilities, which impinge on resource exploration. Especially explore the following specific issues:
 - a) Work with the Western Australian Government to create a pilot program which implements the recommendations from the Keating Report (2002) which highlight a greater need for cooperation and clarification of role between levels of government ensure that the needs and concerns of peak industry bodies and Local Government are addressed.
 - b) Activity pursue alternative methods of service delivery to ensure needs are met within the community of interest. Should this translate to the use of different levels of government in the delivery of service sustainable levels of funding are to be provided.
2. Create a taxation regime which encourages and supports companies to come to, remain and invest in resources exploration within Australia by:-
 - a) Implementation of a scheme similar to the Canadian "flow through Shares" model as a Mineral exploration incentive.
 - b) Ensure that there is a return to the true intent of the original Diesel Fuel Rebate Scheme which was to ensure:
 - i) Export oriented industries would not bear a tax on business inputs, thus preserving their international competitiveness;
 - ii) Off-road activities on infrastructure which was provided by the developer are exempt from any excise levies.
 - c) Ensure that there is equity of rebate with the Agricultural industry on the Diesel Rebate Scheme, which is to be replaced on 1 July 2003 by the Energy Grants (Credit) Scheme. Currently the Agricultural Industry is in receipt of a 34c rebate and the Mining Industry a 31c rebate.
 - d) Reintroduce the 150% tax deductibility for Research and Development (R & D) for all industry.
 - e) Adjust the current deduction regime for capital expenditure more attractive for exploration and prospecting programs.
 - f) Ensure that Fringe Benefit Tax rules are appropriate for both the mineral industry and to encourage people to live and work in regional, rural and remote Australia.
 - g) Adequately assists the mineral industry to manage risk
 - h) Reinstate parity for zone rebates as they applied in 1954
3. As a matter of the highest priority work with key stakeholders to devise a workable system of negotiated settlements for Native Title Claims ensuring that the aspirations of Indigenous people and the minerals industry are addressed.
4. Fund incentive schemes for Junior Exploration Companies and individual prospectors to encourage accelerated exploration programs.
5. Accept and fund the recommendations of the AMEC submission on improved funding to ABARE and Geoscience Australia to assist with the development of current and appropriate geoscience data. Encourage State Governments to increase their commitment to State based geoscience data production in similar programs as recommended in the Fardon report regarding the operations of the Geological Survey of Western Australia.
6. Work with the Western Australian Government to create a pilot program, which implements the recommendations from the Keating Report on the Project Development Approvals System ensuring that the concerns and interests of the minerals industry are addressed.

- 7.** Continue to pursue government/private industry partnerships to ensure that the appropriate infrastructure is available in regional, rural and remote Australia.
- 8.** Develop a single window for the approval of exploration and mining approvals that cross Government and Departmental boundaries and is focussed on simplifying the approval process as well as providing rapid, client focussed approvals.

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