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Secretary: J. J. J. J.

I would like to add some further comments following my further reading of other submissions and with discussions with other interested parties. I was particularly encouraged by the fact that ABC radio wanted to interview me being a representative of the smaller sized exploration industry. Apologies for any grammatical errors and any disjointed discussion: it was rather rushed. David Watkins

Federal Inquiry into Resource Exploration Impediments

1. I mentioned previously the decline in mineral exploration can be directly attributed to lack of enthusiasm to address this issue from both State & Federal Governments. I drove down to Adelaide to attend the scheduled hearing at SA's Parliament House only to discover it had been cancelled. Quite obviously other things are more important than this topic to our elected representatives. It suggests to me that this inquiry is a token gesture to appease some mining lobby group, a "talk-fest" with no aims to actually implement any of its findings.
2. I raised the subject before about the lack of mining leases being granted here in SA and mentioned 5 granted in the last few years. Things may have improved over the last 18 months but I don't have any records. The significant part of the records I do have located within PIRSA's "Minerals and Petroleum South Australia 2002" is that up to 30th June 2001. New Applications received 26

Tenement Applications Processed

Mineral lease 5; Extractive Minerals lease 16; Retention lease 4; Special approvals 10; Applications refused 9; Applications withdrawn 14.

These are interesting figures and not very encouraging for potential miners. I have no idea what special approvals are but they did quite well. There are a number of observations one can make about these figures which are quite appalling, however I want to highlight just one. Extractive Mineral Leases granted total 16. It is easier to have these granted because this is a product of limited in-ground value and generally are located on private land or along side roads for highway construction etc. As this is a mining development of limited value such issues as Aboriginal Heritage and to a lesser extent Native Title are not serious impediments. However add value to the material wished to be mined as is the case with mining leases, the essential ingredient for getting a lease approved is a bucket of money; and I should not think I need to tell you where this money ends up.

3. I previously mentioned the lack of zeal for government officers to actually do their jobs and try and assist with the development of our mineral resources. Saying no to a proposal is far easier and less time

consuming than actually proceeding down the path of approving a mining lease. Furthermore government officers are quite preferential with their assistance and they don't deny it. I will quote from an internal PIRSA memo to illustrate, dated 25 March 1994, written by the then CEO regarding a mineral development proposal I was involved with, and obtained under the Freedom of Information Act. "They are not the people to develop the project but only needed in an entrepreneurial role...we would prefer larger... and more expert companies, including ENRON". Naturally we never got the project. I was actually told back in the early 1970's when I worked in Mines & Energy SA (MESA now PIRSA) that the little people cause much work for the department's officers for little return for the State. I was told that they had to be put up with but not encouraged. Nothing has changed. I would think that if the State's had a single Australian system of administrating mineral development, overseen or even run by Federal Government, this blatant discrimination would be eliminated.

4. There has been much discussion about the role of the "Junior Miner" and the developing relationships with the big multinational mining corporations. However what has not been mentioned and seems to be totally ignored is the role of the individual who aspires to be a "Junior Miner". These are the people with expertise, ideas and enthusiasm. They find projects and then promote them hoping to form a joint venture with a larger organisation or even be part of a Public Float. These people and their roles in the first stage of becoming "junior miners" are on the verge of extinction. Here in South Australia PIRSA put up with them but are making it increasingly more difficult to obtain Exploration Licences. If you happen to hold one, plans are afoot from within PIRSA to make changes to legislation to speed up their relinquishment. This occurs across the board and affects the large companies as well. The difference being the larger companies are sitting on massive amounts of land and can easily drop off huge amounts without any effects on their projects and if they don't want to drop land then by negotiation with PIRSA or by using another associated company they can retain the land. For the up and coming potential "Junior Miner" trying to put together an attractive package for obtaining a JV or Float, the time frames proposed, will see this as a virtual impossibility.

5. Now for the interesting part of actually obtaining a Mining Lease. Assume that a small party has spent 5+ years exploring a patch of dirt and comes up with a prospect worthy of developing. At this point in time a large amount of time and money has been already expended. As part of PIRSA's method of obtaining a Mining Lease such things as Aboriginal Heritage, Native Title, Environmental Factors and Mine Planning have to be addressed. If you thought exploration was expensive these four factors alone will finish off any enthusiasm you once had for wanting to

get into mining.

These are big-ticket items. Additionally any participants in such activities should not be anywhere near retirement age because this process instigated and adhered to by PIRSA has the potential to see applicants long dead before they see any mining tenement ever granted.

To make matters worse after spending all this time and money finding something worthy of mining but not the size of Roxby Downs, not only will PIRSA put up many hurdles in front of you but finding finance to be able meet PIRSA's requirements is next to impossible. As there are no guarantees you can mine your mineral you will find no one is willing to finance the project. Get the Mining Lease and then come back and discuss finance is the current attitude, knowing full well the chance of getting a mining tenement is low. I referred to 5 mining leases being granted to June 30th 2001 in South Australia. I was told that this number was the first for many years. 23 applications refused or cancelled and 5 mining leases granted in 1 year is nothing to be proud of.

Additionally PIRSA have a system for opal miners whereby virtually no rules apply. The resultant landscape around these opal fields could not occur with any other mining operation, except an ex-government run operation e.g. SA's Leigh Creek Coalfield.

This system of double standards applies also to government/local government borrow pits, usually located alongside roads in quite visible spots. Quite obviously mining activities cause disturbance to the ground, as does broad-acre farming. However there are size variations within mining projects most mines being only a few acres in size but they are treated the same way as a Roxby Downs type project by PIRSA during the mineral lease application process. Size does matter and even though PIRSA want to discourage small mining operations they can be quite profitable, lead to larger developments and lead onto the "junior miner" status.

Conclusions

1. Exploration parties big and minute need assurance that their discoveries will in fact belong to them.
2. Discrimination will never be eliminated from within government departments, however it would be good if some one was looking out for the individual explorer or miner who wants to become a "Junior Miner".
3. Obtaining a Mining Lease should be staged in such a way as to give certainty to the outcome. Who you are and how much money you have are the guides at present to success. If a title to the resource can be given first, then funds could be raised to cover all these government requirements such as mine plan, native title negotiations and EPA etc.

4. Government Mining Departments should provide a "one stop shop" for mineral exploration and development. All the Native Title, Aboriginal Heritage, Environmental and Mine Planning issues should be addressed not only in the same government department but simultaneously and if needed with their help included free.
5. Primary Industries & Resources SA should adopt a flexible method of assessing tenement applications, particularly with respect to Mining Lease Applications. One form to fit all occasions attitude does not equally apply when one considers mining develops the size of Roxby and miniscule ones where only a few acres at most will ever be effected by mining operations.
6. Another worrying development is the expansion of "Mines Inspectors" in South Australia, from less than 10 to 30. These new additions are not qualified mining engineers and have never worked in mines and have no mining experience. It would seem that this expansion in numbers is going to lessen the regulatory impact of inspectors, dilute their importance and move them to irrelevance. We now have Mines Inspectors coming from different government departments. The one stop shop approach as traditionally has been the case with Mines Inspectors has been further eroded.
7. Maybe Federal intervention is needed and uniform laws associated with mineral exploration and development be applied across Australia particularly since they introduced the over-riding Commonwealth Environment Protection and Bio-diversity Conservation Act.

David Watkins
28th March 2003