



Lightning Ridge Miners' Association Ltd.

ABN 36 001 204 726

P O Box 177
Lot 60 Morilla Street
LIGHTNING RIDGE NSW 2834

Phone: (02) 6829 0427
Fax: 02) 6829 0830
Email: lrma@lightningridge.net.au

17 July 2002

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

INQUIRY INTO RESOURCES EXPLORATION IMPEDIMENTS

Introduction

The Lightning Ridge Miners' Association Ltd (LRMA) was incorporated in 1974 to represent the opal mining community. It represents opal miners in general and its members in particular, in dealings with government and non-government bodies in affairs affecting their economic and social welfare. We liaise closely with the other two opal miners Associations in NSW, Grawin, Glengarry, Sheeppark Miners Association and White Cliffs Miners Association and with whom we share common policies.

Opal prospecting occurs on designated Opal Prospecting Blocks contained within Opal Prospecting Areas. Opal mining occurs on 50m x 50m titles and there are currently over 6,000 mineral claims in the Lightning Ridge area.

An assessment of NSW's opal resource endowment and the rate at which it is being drawn down
Opal deposits occur in the sedimentary cretaceous ridges of the Great Australian Basin, which cover much of western NSW. Payable deposits so far occur within relatively small areas around Lightning Ridge and White Cliffs. Prospecting has been undertaken hundreds of kilometres away from these areas and trace opal but not payable precious opal has been found. The resource within the currently available areas has been mined for a hundred years and as technology and equipment improve the rate of extraction increases. The long term future of the industry lies in those areas that have as yet been inadequately prospected.

The structure of the opal industry and role of small companies in resource exploration in NSW and impediments to accessing capital

The process of the formation of opal is the subject of several theories by geologists within government departments, the private sector and academia. They all agree that opal was deposited in an estuarine or marine environment as the great inland sea that is now the Artesian Basin was drying up. Their knowledge for prospectors has been useful but as yet there is no substitute for drilling thousands of holes looking for potential indicators of a deposit. If the prospector decides

to go underground he is still prospecting because there is as yet and probably never will be any possible way to assay a resource.

Publicly listed companies have been active at times in the industry and they have all one feature in common. The loss of investors money and their consequent withdrawal from the industry. Opal prospecting therefore is driven by very independent, self reliant, resourceful, determined individuals working alone or in partnerships of two or three usually. Because of the immensely speculative, high risk nature of the industry financial institutions are not supportive in any substantive manner. Opal prospectors live or die on their own resources. The heart of the industry is therefore a core of long term professionals who at times have to tough it out for years between pay days. Add on to this part time prospectors and holiday prospectors who can piggy back on the exploration efforts of full time prospectors. Over the years this industry, comprising so many individuals, has built and maintained millions of dollars of infrastructure funded one hundred percent by individual prospectors.

Access to Land

Access to ground is obviously the prime requisite of any prospector whether it is for opal or any mineral. In relation to the Native Title Act there are currently two areas in NSW open for prospectors. The principal producing area is based around Lightning Ridge and named the Narran-Warrambool Reserve. This is a reserve of approximately 1,800 square kilometres that is established under s26C of the Native Title Amendment Bill 1997. The Reserve was established with the concurrence of indigenous interests – refer Mr Sam Jefferies, Murdi Paaki. Of this area about half is actually open for prospecting pending negotiations with the grazing leaseholders on the other half. The other prospecting area is further to the west of Lightning Ridge based on the township of White Cliffs and is somewhat smaller in size.

Within the Narran-Warrambool Reserve sites of cultural significance have been identified and respected. Cultural sites are not seen as a serious impediment to prospecting unless ambit claims were to be made. To date this has not happened. The LRMA believes that throughout the cretaceous ridges of western NSW that the discovery of opal would be only of benefit to indigenous people as it is an industry with which they are familiar and can readily access at low entry cost if they so wish. However the provisions of s26C are not suitable for areas outside of the established areas and we have serious reservations based on Queensland experience of the suitability of the current mechanism of Indigenous Land Use Agreements.

With reference to other access issues NSW is currently implementing amendments to the Western Lands Act and considering amendment to the Mines Act. We have been assured that our rights of access to leasehold country will be maintained but there is some way to go before this is clear in legislation. The cumulative effects of Native Title, the Native Vegetation Act and insurance liability appears to have consolidated a determination amongst some leaseholders to attempt to strengthen their titles potentially at the expense of right of access of opal prospectors.

Environmental and other approval processes

On issuing titles the NSW Department of Mineral Resources include rehabilitation standards required of the individual title holders. Failure to comply results in the forfeiture of bonds. The LRMA have conducted environmental reviews of potentially sensitive areas such as the ecotone between the ironstone ridges and black soil before prospecting has commenced. The Department of Mineral Resources and the industry have currently before them a review of the objectives for

rehabilitation. A tender for a review of the environmental effects for the Narran-Warrambool Reserve will be awarded in September 2002.

The LRMA have been lobbying to have an annual fee placed on each title to ensure all environmental and rehabilitation conditions are met.

Public provision of geoscientific data

The NSW Department of Mineral Resources has over the years by various methods of geological mapping attempted to identify structures in which it is most likely opal will occur. The latest research occurred in 2001 in the form of an aerial electromagnetic survey to identify strata down to a depth of 15m at a cost of approximately \$80,000. The Department are currently undertaking a drilling program to correlate their data and if the model is proved they will undertake further surveys. Subsequent drilling over the survey area by prospectors based on the aerial data has failed so far to produce any payable deposits.

Relationships with indigenous communities

Indigenous Australians have always been actively involved in this industry and comprise up to 20% of participants and therefore the relationship with local communities is cordial. However if s26C of the Native Title Amendment Bill 1997 was not in place mining may well have ceased as a consequence of the native title claim by Mr Michael Anderson representing Euhlay-i-Dixon.

Contribution to regional development

The township of Lightning Ridge was established in the early 1900s for the sole purpose of servicing the mining community. The fortunes of the industry have fluctuated wildly but from a low in approximately 1960 of a township of 150 people it has grown to approximately 8,000 today. To some extent this is a transient population as many people engaged in the industry are part timers or hobby miners. The attraction of the industry has led to the development of a substantial tourist industry and without opal prospecting there would be no reason for the existence of such a developed and growing community.

Conclusion

In partnership with the NSW Department of Mineral Resources the industry has developed the title system to suit the evolving needs of the industry. This is a continuing process and numbers of aspects are presently under review. Our immediate and local needs are being administered in a positive manner not withstanding the increasingly high hurdles presented by ever more demanding regulatory regimes. However resilient the industry may be there is no way it will be viable if future access to prospective ground is denied. It does not matter from which quarter denial of access comes from whether it is the consequence of Western Lands Amendment Act 2002, any other State Acts or Federal Native Title Acts. But it would certainly be entirely counter productive to indigenous development if it was a consequence of the Native Title legislation. As pointed out before this is an industry in which indigenous people are and can be directly and actively involved in producing the National gemstone.

A copy of this submission has been sent to the Australian Jewellery and Gem Industry Council. In any public hearings the LRMA would seek to represent itself.

Yours sincerely,

Jeremy R Lomax
President

c.c. Minister for Mineral Resources
Department of Mineral Resources
NSW Minerals Council
Australian Jewellery and Gem Industry Council
Grawin, Glengarry, Sheeppark Miners Association
White Cliffs Miners' Association
Queensland Boulder Opal Association
South Australian Opal Miners Association
Murdi Paaki