

17 July 2002

Beverly Forbes
Committee Secretary
House of Representatives Standing Committee on Industry and Resources
Parliament House
CANBERRA ACT 2600

Dear Ms Forbes

Thank you for your letter dated 26 June 2002 inviting a submission to the committee's **Inquiry Into Resources Exploration Impediments**.

As per your **Terms of Reference**, Charters Towers Gold Mines Ltd wish to comment on the main impediments to increasing investment in mineral and petroleum exploration in Australia below:

- **Access to land including Native Title and Cultural Heritage issues**

The complexity and ambiguity of the Native Title Process means it is difficult to negotiate which land is accessible and furthermore, because Mineral Rights are not definitively designated to Native Title holders, it is difficult to negotiate land usage.

With regard to Cultural Heritage classifications, once a site/object is classified its status is fixed. This sterilises ground, which could otherwise be a potential site, without negatively affecting the cultural heritage site/object. Guidelines should be proposed to enable multiple land usage, whereby mining can operate, whilst still respecting the heritage.

Recommendation: The Federal government could consider an overriding compensation of, perhaps, a 0.1% royalty on all Australian mineral production, from which Native Title payments are made. Negotiations are then simplified.

Reason: Native Title is an obligation on all Australians.

- **Relationships with indigenous communities**

With the current legislation as it stands, there is no system in place which facilitates the negotiation of mining projects with the indigenous communities, particularly when agreement cannot be reached in initial discussions. There is a need for independent arbitration.

Recommendation: Whether it be via the Mining Warden's Court or other standardised implementations, a definitive understanding between the two parties must be adhered to, whilst ensuring the indigenous communities' rights are catered for, such as expenses met and the provision of appropriate legal aid.

Reason: This will enable the relationship to be workable and satisfactory to both parties.

- **Impediments to accessing capital, particularly by small companies**

A major problem since June 1997 is that a vast percentage of investment stock has been relegated to other areas, such as the IT and biomedical industries, rather than in mining/exploration. This coincided with the normal 7-10 year cyclical downturn in exploration.

Recommendation: That the government express vocal support of the mining industry to encourage investment and consider tax concessions for new mines, with a sliding scale if value-adding processing and manufacturing is part of the project.

Reason: The government needs to be a vocal supporter of mining as royalties provide substantial revenue for state community programs. Other countries, such as Argentina, Tanzania and Ghana offer incentives.

- **The structure of the industry and role of small companies in resource exploration in Australia**

Vital to the continuity of the mining industry, small companies are highly effective in processing data, pooling information, rapid decision-making and are highly innovative in terms of research and development aspects of mining, yet once they've done the 'groundwork', they invariably must rely upon joint ventures with larger, dominant companies, and consequently receive minimal capital in return.

Recommendation: The government support small companies by minimising government charges on Joint Venture agreements (e.g. stamp duty) and ensuring rapid access to land for exploration. Consider extending tax concessions for Research and Development to exploration data gathering and reporting.

Reason: As small companies are unable to compete with larger companies they can't maintain their operations and are forced to close.

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

There is an overall demise in mining, most notably in Queensland and Western Australia, where most opportunities are located. With more and more mines facing consistently negative opposition, mines are closing, which simply means resources are being used up, and not being replaced. Australia is referred to as the land of 'lost' opportunity in that our mineral and rural wealth could see us be one of the wealthier on the planet and still protect the environment.

Recommendation: The government needs to assist in promoting a positive image of the mining industry by public acknowledgement of the contribution of mining to the economy and to individuals.

Reason: The continuity of exploration is vital to the Australian economy and people via both domestic revenue and foreign investment.

- **Environmental and other approval processes, including across jurisdictions**

The main problem facing mining operations with regard to environmental issues is when environmental policies and regulations are changed within the completion of a project. There is no one to champion our cause. The 'Mining Department' has been dismantled in Queensland yet it is virtually the only government department that makes a profit through royalties.

Recommendation: It should at least be agreed that a set of conditions which are arranged at the beginning of a project are set in place for a fixed period (e.g. 5 years), if not the duration of the project.

Reason: It is inevitable that information and technology is subject to change at a vast rate, so this recommendation must be taken into consideration if mining is to be able to continue operations whilst keeping within the framework of environmental jurisdictions. Argentina guarantees legislation will be fixed for the life of a project once it passes feasibility.

- **Public provision of geoscientific data**

While such information is vital to the continuity of mining, one area that is lacking is in the updating of Regional Geological Maps and accompanying set of explanatory notes.

Recommendation: Increase the expenditure on State Geological Surveys and AGSO to complete and modernise geological mapping. Explanatory notes should be reviewed at least every 10 to 15 years.

Reason: Such information not only adds to our own research and knowledge bases, but is the basis on which industry plans its exploration. Each year for the last 10 years expenditure on State Geological Surveys has been decreased in real terms.

- **Contributions to regional development**

As mining makes considerable contributions to regional development in terms of job creation and consequent local business and infrastructural support to employees and their families, the main problem simply lies in the negotiation process. Each job on a mine creates 3 to 4 jobs in support industries.

Recommendation: Negotiation will be made easier by ensuring the relevant parties and local community are appropriately educated and aware of mining processes and benefits through government sponsored awareness programmes.

Reason: This would improve the relationship with the local community and therefore, increase further contributions to regional development.

In closing, the major concern to CTGM Ltd is to resolve Native Title. It is preventing access to land and the granting of exploration permits. 100% of exploration expenditure stays within Australia, and brings foreign revenue into the country. Without exploration, there are no new mines identified and developed, and therefore no new jobs or new export revenue generated.

With oppositional forces like minority pressure groups operating on emotive and sensationalised levels, mining figureheads consistently receive negative press, and therefore mining retains very little political clout.

I thank you again for this opportunity to contribute to the committee's inquiry and am willing to exemplify this information in further detail if required.

Yours sincerely,

Mark Lynch
Managing Director
Charters Towers Gold Mines Limited