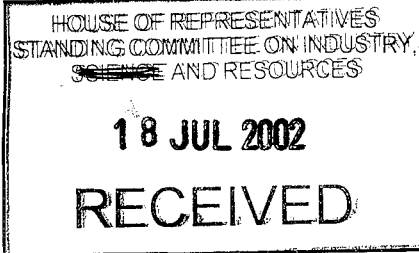


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House of Representatives Standing Committee on Industry and Resources 5 PAGES Submission No: Date Received: 18 JULY 2002 Secretary: J. Fallos
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The Secretary
House of Representative Standing Committee on Industry and Resources
Parliament House, Canberra, ACT FAX (02) 6 277 4516

Impediments to Increasing Investment in Mineral and Petroleum Exploration in Australia

Gentlemen:

Following is my submission regarding the above:

1. Assessment of Australia's resource endowment and rates at which it is being drawn down:

Australia is amply endowed with precious and base metals, industrial minerals and petroleum products, boasting a number of world class deposits of all of the above.

With respect to base and precious metals in particular, most of these have been found by surface prospecting or shallow exploration, e.g., geophysical exploration techniques which penetrate to less than 100m depth. It is impossible to believe that the metal content of a mining district is in any way related to this near surface layer. There is every reason to believe that exploration for deeper ore will be equally as rewarding as that conducted on or near surface in the past.

Advances in geotechnical search systems have been made in recent years which allow exploration to greater depths than has been previously possible. There is thus no reason to expect that our resource endowment is being depleted.

2. Structure of the industry, role of small companies in resource exploration in Australia

Small companies and individuals are vital to Australia's exploration effort. There has been a trend in recent years for larger companies to reduce or curtail their in-house exploration, and depend on joint ventures with small companies and individuals. These smaller companies and individuals effectively do most of the grass-roots exploration now being done in Australia.

There is a case for some form of tax benefit or subsidy which will entice any explorationist bodies of any size to do more exploration.

3. Impediments to accessing capital, particularly by small companies

This is outside my area of expertise. It is very difficult for a small operator such as myself to access capital. Some form of tax benefit might help.

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

The Native Title process has been the single greatest impediment to exploration in recent years, and has had a disastrous effect on exploration. Access to Native Title land should be the same as for any other form of tenure, e.g., freehold. Present legislation has created a giant bureaucracy whose aim seems to be the prevention of access to land or blackmail rates for access.

5. Environmental and other approval processes

In Queensland, the EPA has been created to supervise environmental processes. The result has been a huge bureaucratic monster peopled mostly by dark greens whose aim seems to be the frustration of mining and exploration activities. Despite a huge increase in costs, this organization accomplishes much less than previous environmental processes which were under the control of the then Department of Mines.

6. Public provision of geoscientific data

Costs for such data, particularly that provided by the AGSO organization, are far too high. There is a tendency worldwide for government organizations to provide such data free or for a nominal price, rather than to try to recoup costs.

7. Relationship with indigenous communities

There is a clear and obvious difference between indigenous communities which have mining operations associated and those which have none. While by no means perfect, those communities which have mining operations associated and aboriginal people are employed in the workforce are vastly better off, with much less in the way of social problems, than those communities which have none.

8. Contributions to regional development

Regional development is often initiated by mining exploration as substantially contributed to by mining operations, opening up country which would never otherwise be opened up. There has been a tendency in recent years for fly-in, fly-out mining operations, and these should be discouraged, possibly by some form of tax incentive.

In summary, the mining industry accounts for a substantial portion of Australia's foreign exchange earnings, and should be encouraged as much as is reasonably possible. However, governments at all levels have created impediments to the industry. The Native Title processes are among the worst, but environmental and other approval processes have also created obstructions.

A. Taube

