

Queensland Branch

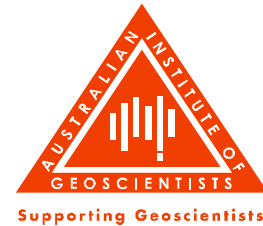
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Dear Candidate for the Queensland Legislative Assembly,

Geoscience Unemployment and the Downturn in Resource Investment in Queensland

The Australian Institute of Geoscientists represents geoscience professionals in industry, academia, research and government. **The Queensland Branch of the Institute is concerned with the high unemployment levels of geoscientists in the resource industry and the resultant loss of geoscience skills to the community.**

Since 1996, 46% of geoscientists have been forced to leave the profession moving to other areas of employment where their specialised training and skills are no longer used. Large numbers of those remaining are currently unemployed, such as in the resource exploration sector in Queensland where the unemployment rate is 17% , as companies question or abandon their Queensland exploration programs. This has a flow-on effect in regional areas to service industries with loss of direct and indirect employment.

In Queensland, mineral exploration expenditure has fallen more than 40% in the last 8 years. Expenditure has not increased significantly since 2000, when Queensland recorded its lowest annual expenditure in 15 years (Figure 2). **The major impediment to exploration expenditure in Queensland is lack of timely access to prospective land.** Since 1996 few new Exploration Permits have been granted which has reduced the chances of finding and developing new resources to contribute to Queensland's economy.

There is a long lead-time between a company commencing exploration and the discovery of a deposit, and another long lead-time between discovery and commencement of a profitable mining venture. Mineral, coal and petroleum resources also have a finite life. Two of the five significant gold producers in Queensland, Mt Leyshon and Kidston have exhausted their resource and closed recently putting several hundred people out of work.

Mineral (petroleum & extractive) materials are relatively rare and if we want quality of life for future generations not only in the use of the metals but also to provide financial benefit to the State, there needs to be a recognition that these resources need to be protected from competing land uses. Mineral resources need to be considered on a level playing field with environmental values, urban subdivision, industrial utilisation, and form a balance that recognises the contribution of mineral resources to the lifestyle demanded by current and future generations of Queenslanders.

There are currently no new major resource developments in Queensland and without exploration this will not change.

The downturn in resource development will result in a lower royalty revenue and increased pressure on Queensland's budget. In 2002-03 Queensland collected more than \$680 million in royalties from the resource industries (Figure 1). Queensland relies on these royalties, to fund the ever-increasing demands of education, health and infrastructure. Without new developments, this revenue stream for government will inevitably decline. **The resource industry is fundamental to Queensland's future prosperity.**

The need for continuing mineral exploration in Australia was recognised federally in 2003 by the findings of the Prosser Inquiry and the Mineral Exploration Action agenda. In essence, the findings highlighted the need for timely and fair access to land for exploration, the availability of high quality and timely pre-competitive exploration data, the recognition of the contribution of higher education to the competitiveness of exploration and the ability to raise venture capital. The goals of timely access to land and the provision of pre-competitive exploration data should be a high priority for the continuation of successful exploration in the State of Queensland.

A vibrant exploration and resource industry results in;

- **discovery of new economic resources**
- **significant capital investment during development coupled with direct and indirect growth in employment, especially in regional areas**
- **increased or sustained Queensland Government revenues from rents, royalties and other charges**
- **a wider economic foundation to support infrastructure.**

To achieve these goals, the resource industry requires a supportive State government and a well funded Bureau of Mining and Petroleum and Geological Survey of Queensland within the Department of Natural and Resources and Mines. The Institute believes that all of Queensland will benefit from this increased funding enabling the Department to:-

- 1) expedite land access and development approvals by simpler, cheaper and faster procedures,
- 2) collect and manage new high quality data to generate new geological maps, and
- 3) provide data online at affordable and competitive prices.
- 4) complete a program of conversion of current datasets and open file reports to digital format,
- 5) assess the economic potential of prospective areas of the State and protect these areas for future exploration and development

The Institute also believes that the state needs to remain competitive, internationally and nationally. The few remaining Australian-owned companies are currently spending nearly half their exploration budgets offshore and the trend is increasing. The movement in ownership of the State's resources to offshore and multi-national companies needs be offset by attracting new exploration companies to Queensland. This can only be done if Queensland is competitive not only nationally but also internationally.

The Institute believes that all Queenslanders will benefit from a State Government committed to aggressively promoting resource exploration and development.

As a candidate in the up-coming Queensland State election:-

- are you aware of the benefits the resource industry brings to your electorate?
- are you aware of specific issues relating to the resources industry in your electorate?
- do you support an increase in funding to the Bureau of Mining and Petroleum and Geological Survey of Queensland?
- if you are elected to Parliament on 7th February, will you support initiatives which encourage investment in the resource sector to enhance the future for all Queenslanders?

Further information on current geoscience employment and facts about the industry can be found at www.aig.asn.au .

Yours faithfully



Graham Pope
Chairman, Queensland Branch
Australian Institute of Geoscientists

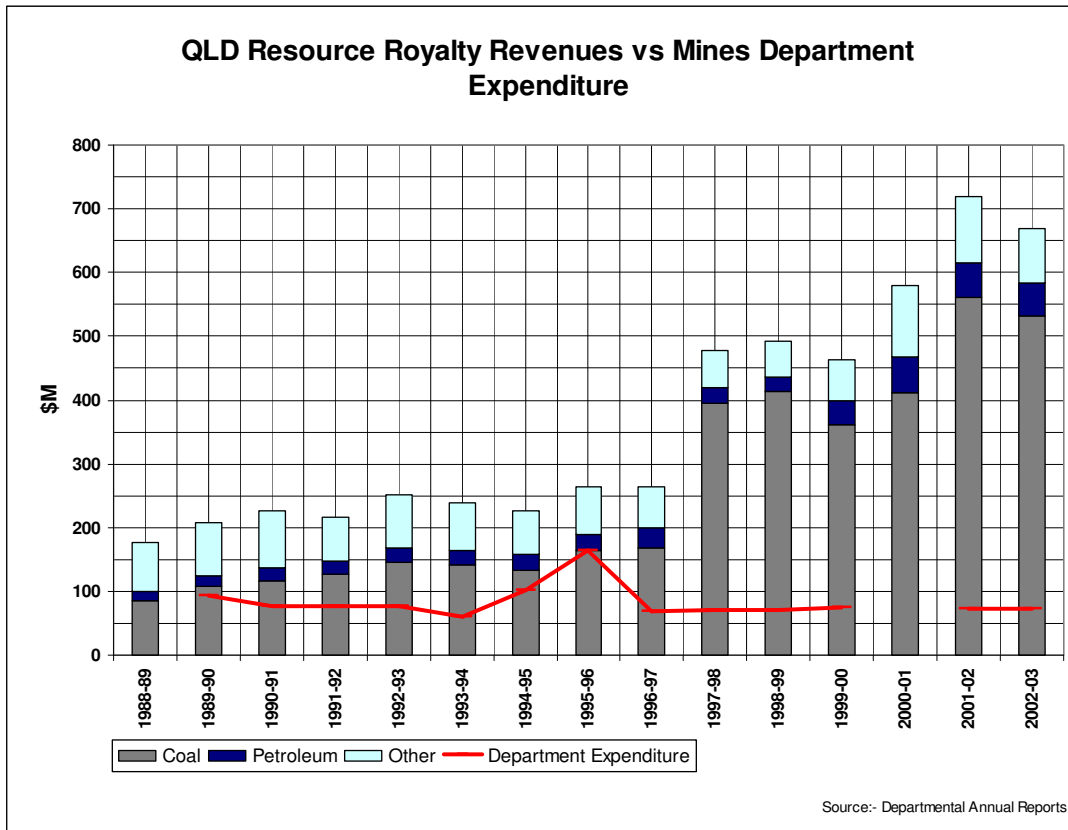


Figure 1:- Queensland Resource Royalty Revenues (Coal, Petroleum and Other Minerals) compared to Mines Department Expenditure (Source Budget Papers and Annual Reports of the Department of Mines and Energy)

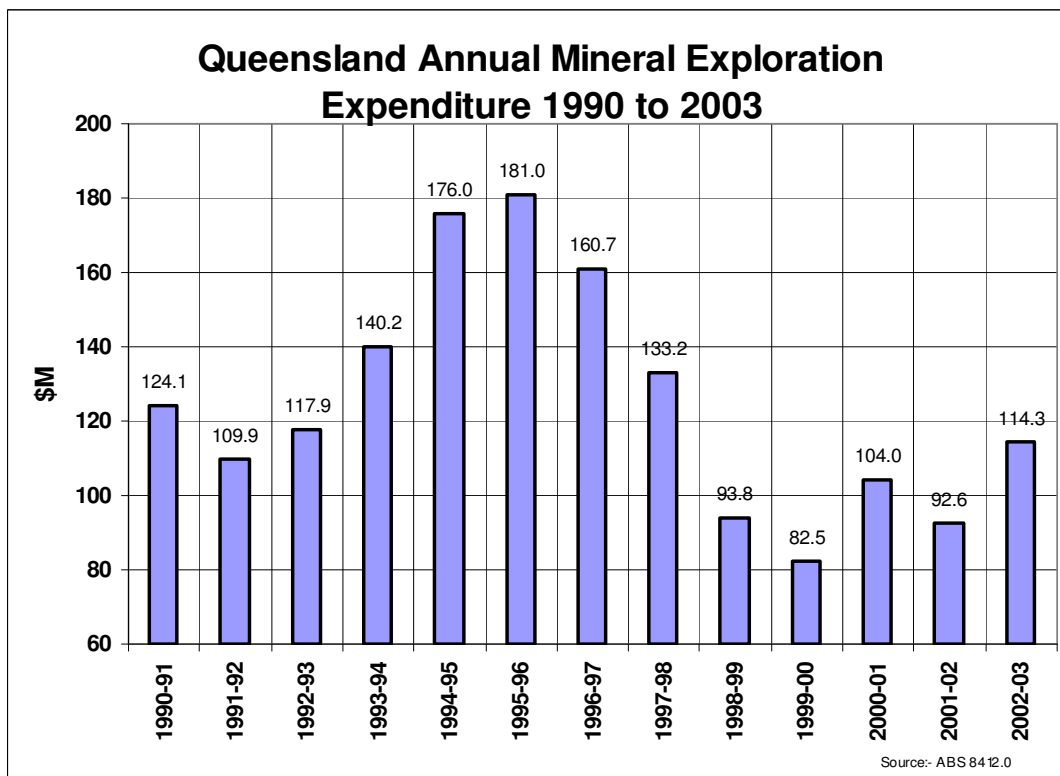


Figure 2:- Queensland Annual Mineral Exploration Expenditure 1990 to 2003 (Source ABS 8412.0)