
Mines 'depleted in 10 years'

John McCarthy
Courier Mail
7 January 2002

Queensland's base metal and gold mining industries will be virtually extinguished within 10 to 15 years unless exploration is ramped up and major discoveries are made, Queensland Mining Council president Ken Foots says.

Mr Foots, who until recently headed up coal company Ensham Resources, said that despite the Government's moves to resolve the backlog of exploration permits caused by native title delays, the state had "barely begun" to address the issue.

"To deal with the problem we must acknowledge its existence in the first place," Mr Foots said in a report for the Queensland Government's Mining Journal.

"We have had six successive years where exploration spending has been lower than in the preceding year.

"The QMC has compiled a timeline for every existing base metal and gold deposit in this state and, assuming all known potential gold, silver, lead, zinc and copper projects get under way in the next five years, all will be mined out by 2015," he said.

"A timeframe of 10 to 15 years may seem lengthy to some, but for those of us in the industry it is frighteningly short.

"The time to find replacement mines for Century, Canningston and Osborne (all situated in northwest Queensland) and so on has almost expired."

Mr Foots said the industry generated up to 500 exploration permits a year and there were still about 900 applications to be processed in the Department of Natural Resources and Mines.

He said there were also an extra 263 permit applications waiting to be processed under new native title arrangements.

In the same issue, Premier Peter Beattie claimed Queensland was the most advanced state in putting in place a system for dealing with native title and had also provided an extra \$2 million for 40 extra staff to process the permit applications.

He said Queensland was also seeing new mining projects coming "off the shelf" including two coal projects -- Rio Tinto's Hail Creek and MIM's proposed Rolleston mine, which is now undergoing a feasibility study. The Government had also played a major role in getting agreement on an indigenous land use agreement (ILUA) between the industry and the Kalkadoon people of the Mt Isa region which covered 92 exploration applications.

Natural Resources and Mines Minister Stephen Robertson has also promised to make the re-invigoration of the exploration industry his top priority.

But Mr Foots said there were danger signs for the state's coal industry as well, with China now exporting 80 million tonnes a year, an increase of 60 million tonnes in three years.

"Our two biggest customers, Japan and South Korea, took almost all of their increased purchases from China in the past 12 months, nominating price as the major reason for buying China's coal," he said.

Preliminary negotiations on prices for Australian coal exports to Japan for the year beginning on April 1 have already begun.

Analysts expecting a slight dip in prices because of the downturn in the global economy.

There have been some moves by coal producers to pare back production in a bid to maintain a tight market.

However, Mr Foots said the Government's insistence of a new royalty regime for coal production would only add to the cost of production and was a repudiation of the reform program initiated earlier by the State Government.