

Future Direction of the Mining Industry in the Northern Territory

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Introduction

The mining industry (including minerals and petroleum production and processing) in the Northern Territory makes the greatest contribution to the economy with a share of 23% of Gross State Product. The next biggest industry is government administration and defence, which is about half the size of mining.

By its nature, exploration and mining take place in the regions and have the potential to contribute significantly to regional and remote communities.

Current state of the industry

There are a number of indicators that the ability of the industry to continue to contribute to the Territory's economy may be constrained if current trends continue. These include:

- The major contribution (76%) from onshore activities comes from four major mines –Gove, Groote Eylandt, McArthur River and Ranger. If production declines or stops at any of these mines there will be a major impact on the economy.
- There is a downward trend in the number of mines operating in the Territory from 18 in 1996 to nine in 2002 – the last major discoveries were Callie in 1991 and Ranger in 1969.
- There are forecasts, based on what is currently known, that the contribution of the mining industry will fall sharply over the next ten years. For example, on stated public commitments, it is forecast that gold production will decline by 83% in the next four years.
- Compounding this is the reduction in expenditure on exploration over recent years.
- At the same time the value of offshore oil production is declining.

An important factor in mining activity is commodity prices which continue to trend down despite, for example, the recent rise in the price of gold.

Future directions

There are many factors which will impact on the directions of the industry including external conditions (over which we have no control), exploration expenditure and access to new land for exploration and then mining.

While there are some signs the industry is in decline, the good news is:

- The operators of the Gove and McArthur River mines have announced major feasibility studies which are expected to result in the expansion of both mines bringing many business and job opportunities to the Territory over the next five years and beyond;
- The construction of an LNG plant in Darwin with gas from Bayu Undan is expected to commence shortly;
- A number of other mines are about to be developed including garnets at Harts Range.
- The Northern Territory Government spent \$16 million over the last four years on the NT Exploration Initiative to provide geoscientific information to explorers. This has resulted in a major increase in the area under exploration and has arrested the decline in exploration expenditure. It has also resulted in some discoveries that will add value to the industry.

To maximise the benefits of the Territory's resources, the Department of Business, Industry and Resource Development (DBIRD) is working to:

- sustainably reverse the decline in exploration by continuing to provide free access to basic geoscientific data
- attract and maintain explorer activity in the Territory and
- is planning for the growth of the Territory's major industry.

Indigenous Involvement

A crucial element of the planning process is the recognition of the central role Indigenous people have in growing the industry. There is a long-term strategy to work with Indigenous communities to build awareness of mining and interaction with 'country' through:

- Indigenous community engagement – educational support and knowledge building to assist people in making informed decisions;
- Identify and encourage partnerships, joint ventures and Indigenous involvement in mining and exploration; and
- Facilitate the Indigenous Mining & Enterprise Task Force.

The Challenges Ahead

The challenges ahead include ensuring:

- Indigenous people benefit from the growth of mining through skill development and employment; and
- As much expenditure as possible associated with mining activity stays in the Territory.

DBIRD will continue to work in partnership with all stakeholders to ensure all Territorians benefit from our mineral wealth.

**Department of Business, Industry and Resource Development
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