

NT GEOLOGICAL SURVEY

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Cost Recovery Inquiry
Productivity Commission
Locked Bag 2
Collins St East
Melbourne Vic 8003

Dear Commissioner

**RE: PRODUCTIVITY COMMISSION INQUIRY INTO COST RECOVERY BY
THE COMMONWEALTH.**

The Northern Territory Geological Survey (NTGS) is a Division of the Northern Territory Department and Mines and Energy. The primary function of NTGS is to encourage companies to invest in the NT mining exploration sector.

NTGS produces voluminous amounts of geoscientific information to assist exploration companies in determining the most advantageous areas in which to conduct further exploration. The geoscientific information provided by NTGS was, historically, hard copy data in various traditional formats such as geological maps, explanatory notes and open file (available for all to read) company reports. Many products are now available in digital format and our clients now expect new products and older hard copy data that has been converted to digital format to be freely available to them in their office.

Geoscientific products that are available in digital format are now easily transmitted to our clients both in Australia and to our primary target, overseas exploration companies. To stimulate overseas interest in the NT we must continue to provide large quantities of geoscientific data to our clients at minimal cost.

The conundrum for Government is whether to provide the vast quantity of geoscientific information at no cost, partial cost recovery or full cost recovery. Historically, the cost of NT geoscientific data was high compared to other States and a deliberate decision was taken to provide geoscientific data at minimal cost under the NT Government's 1998, five year Exploration Initiative.

The impetus to reduce NTGS charges for geoscientific products came from our clients. Sales of NTGS products that are vital in encouraging exploration companies to the NT had reduced dramatically over successive years. Since the 1998 decision to provide geoscientific data at minimal (or zero) cost the volume of data provided to potential explorers has increased significantly.

However, our clients are now highlighting a price differential between NTGS (and other States) products and Commonwealth products distributed by the Australian Geological Survey Organisation (AGSO). NTGS and AGSO have a very close working relationship and under the auspices of the National Geoscience Agreement (NGA), regularly conduct joint geoscientific projects to maximise outcomes from limited Commonwealth and NT funds.

It is disconcerting to our clients that AGSO's geoscientific data required to scope new projects that could inject venture capital into the NT, is priced in such a manner that it increases the initial research costs to a potential explorer. Geoscientific data available solely from NTGS or most NTGS/AGSO joint projects is obtained at a minimal (or zero) cost from NTGS, but data distributed solely by AGSO is expensive.

The differential pricing policy is a deterrent to NTGS embarking on joint projects with AGSO that involve large acquisition costs, as we have found it is difficult to agree on how the products of joint projects will be distributed. For instance, we have the case where AGSO charged an exorbitantly high price of \$26,000 for the complete aeromagnetic data set for the Tennant Creek airborne geophysics survey, whereas if NTGS controlled this data it would have been distributed at no cost. Therefore our current policy is not to engage in joint airborne Geophysical surveys with AGSO. This is not the preferred outcome for our industry clients.

Also we are severely constrained in using the Australian Surveying and Land Information Group (AUSLIG) topographical data in our data sets because of royalty problems that, to date, we have been unable to resolve.

AGSO's pricing policy is a deterrent to potential overseas clients evaluating the exploration potential in the NT and AGSO should be able to adopt a flexible pricing policy without loss of normal budget funds. The objective is to encourage explorers to explore in the NT, and to achieve this explorers must have access to the best possible geoscientific information at the lowest cost.

Any initial impetus by exploration companies to invest in Australia and specifically in the NT should not be negated by a pricing policy which will

deter potential investors. The gains if a major mining project reaches fruition will far outweigh any monies collected by AGSO for the provision of geoscientific data.

The long term viability of the exploration and mining industry must remain the overriding aim.

Yours sincerely

DR R DENNIS GEE
DIRECTOR NT GEOLOGICAL SURVEY

16 November 2000