



## Prospector beats "six giant Chinese corporations" with old-fashioned midnight-peg way; may end up a zillionaire

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Northern Territory prospector Norm McCleary had seemingly outsmarted what had been described as "six giant Chinese corporations and more than 40 other mining hopefuls", *The Australian* (3/2/07, p. 34) reported.

**Old-fashioned way:** He and his team had, under a full moon one night, hammered pegs

into a tenement 25km south of Alice Springs. The news was out that this was one area the NT Government planned to open up for exploration and, rather than line up with the Chinese and others to lodge official applications, McCleary decided to do it the old-fashioned way - by hammering pegs in the ground.

**Court action:** The land became unencumbered at midnight on December 6 and applications closed at 8am the next morning. But McCleary was there with his pegs at midnight. He will now have to win a court action he's brought to keep the claim, but the people behind Segue Resources seem to believe the prospector could prevail. The junior is negotiating with McCleary for a 50 per cent stake should he win his case.

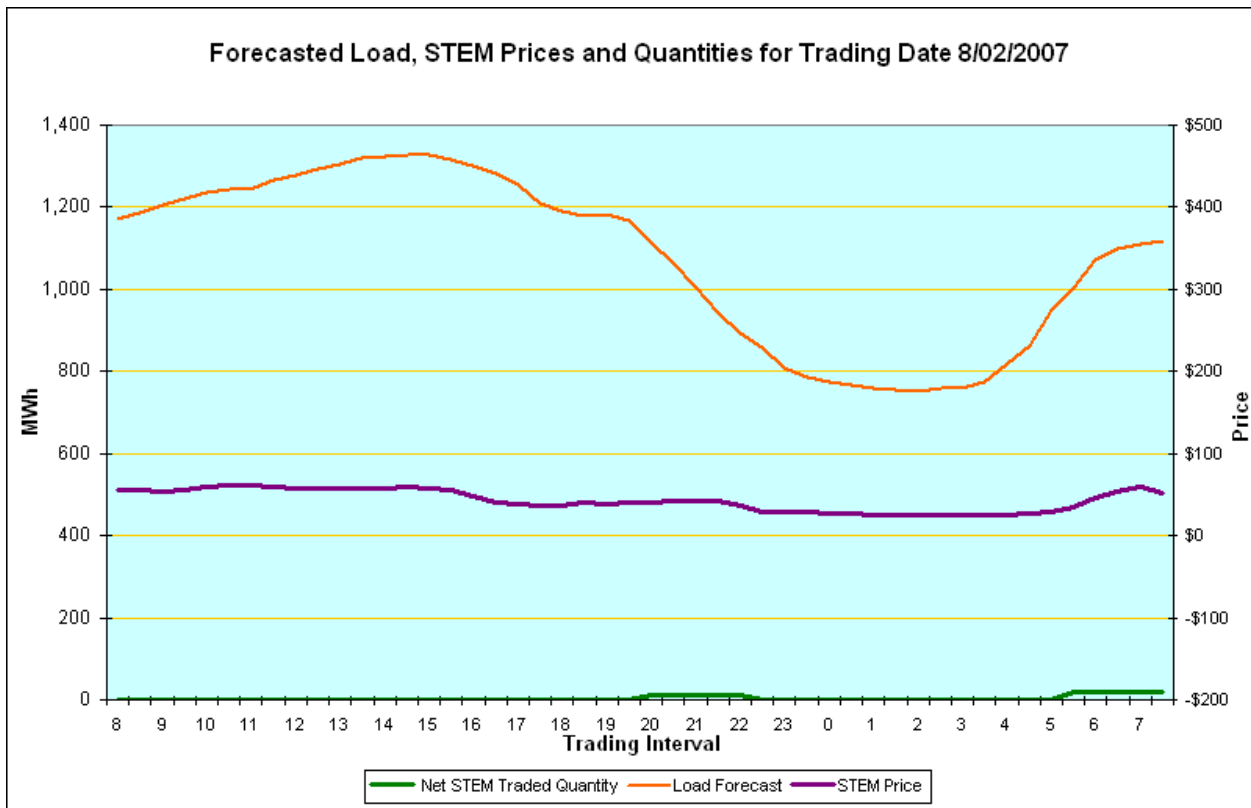
**In good money company:** He is obviously tempted by the Segue deal because he gets to keep half the project (he has put a value of between \$1 billion and \$2 billion on the in-ground uranium) and would end up with shares in a very tightly held explorer which has only 16 million shares tradable. And he will be tight with a savvy crowd. There's big Canadian and European money in Segue, much of it held through Cologne-based Oppenheim Bank.

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## 5 February: surrounded by a ring of fires, thousands of Perth homes without power

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Thousands of Perth homes were left without power on 4 February night and the city choked in smoke as it was surrounded by a ring of fires that killed one person and destroyed six homes. The town of Toodyay, 85 kilometres northeast of Perth, was in mourning for 26-year-old school teacher

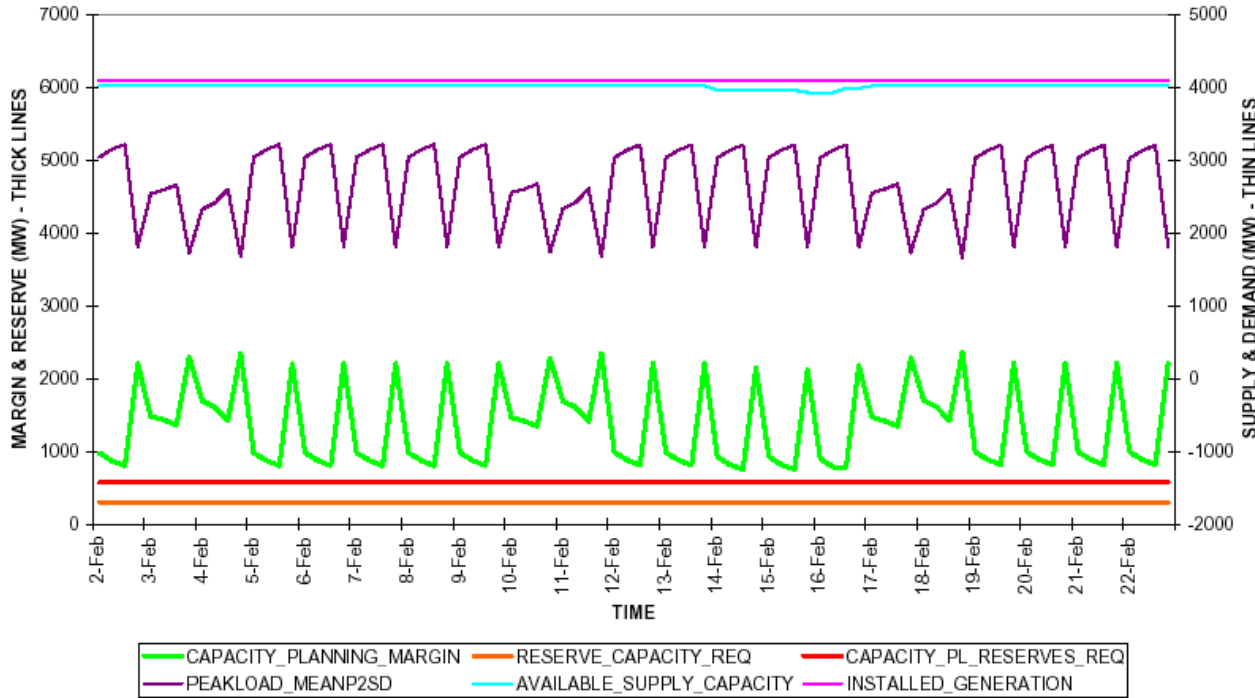
Michelle Mack, who was burnt to death after her car rolled as she tried to flee the blaze. The home she abandoned remained untouched by the flames. In the southwest, more than 40 residents were evacuated from the threatened town of Dwellingup. The town was without electricity after the fire, which police believe may have been deliberately lit, burnt power poles. Another 56,000 properties across Mandurah and Halls Head lost power, reported *The Age* (5/2/2007, p.5).

## 5 February: Western Power says lines could have started a blaze where 16 houses at Dwellingup were destroyed

Western Power has admitted that clashing power lines could have started a blaze that claimed the life of a young teacher and sparked one of many major fires now threatening homes on Perth's outskirts. As authorities slapped a total fire ban on the state's tinder-dry southwest last night, firefighters were battling to contain bushfires in the shires of Waroona and Murray after 16 houses at Dwellingup, 100km south of Perth, were destroyed over the past 72 hours.

**Apologies from Western Power:** Managing director Doug Aberle on 5 February expressed his condolences to the teacher's mother. The state's majority power utility said preliminary findings of an investigation into the cause of the Toodyay fire indicated extreme weather conditions may have caused power lines to touch, sparking the blaze. In 2003, a fire at Tenterden in the state's Great Southern region left two women dead and caused millions of dollars in property damage. A coroner's inquest subsequently found Western Power responsible because the fire was started by clashing power lines.

ST PASA OUTLOOK



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### Medical visits increase 52pc after bushfire; asthma a big risk

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The NSW Department of Environmental Health has reported measurable increases in hospital admissions for respiratory problems on days of fires, and for several days after, reported *The Australian* (20/01/07, p.20). In some cases admissions have even doubled.

**Symptoms persist even after smoke clears:** A study in the *Western Journal of Medicine* that looked at respiratory problems among

northern California residents following a major bushfire in 1999 found that medical visits increased by 52 per cent. More than 60 per cent of the 289 respondents reported more respiratory symptoms during the time the smoke was present. Two weeks after the smoke cleared, more than 20 per cent still had heightened symptoms.

**Asthma sufferers at most risk:** It's not always the people with the most severe problems who suffer most – in fact quite often the opposite is true, said professor John Wilson, chair of the National Asthma Council.

"One-third of asthma deaths are in people who believe they have mild asthma because they don't take appropriate preventative medication or have an updated management plan," Wilson said.

### WA's Kimberley rain started in October and has continued to fall; best season for years

While most areas of Australia are still experiencing drought conditions, WA's Kimberley region is enjoying one of its best ever wet seasons, said *Farm Weekly* (25/1/07, P. 21).

**Raining since October:** The rain started in October and has continued to fall, setting the area up for one of its best ever years and giving a bright outlook for cattle producers.

**Best for years:** Landmark livestock sales representative Tony Cooling, who is based at Broome, is into his sixth season in the area and said it is the best one he has seen. "There has been big wet seasons up here before, but this one is better because it started earlier than normal back in October-November," he said.

**Cattle prices good too:** Elders Kimberley livestock manager Kelvin Hancey said some stations in the Kimberley had six inches over four days last week. "Prices are good at the moment and there has been enquiry from a number of producers on forward contracting, and we have already locked cattle in," he said.

### 3 Feb: cyclone forecast to hit Northern Territory coast amid warnings of flooding between Port Roper and Karumba

**W**inds of up to 120km/h were expected to lash the Northern Territory coast on 3 February amid fears that a front in the Gulf of Carpentaria will strengthen into a tropical cyclone after causing severe flooding on 2 February in northern Queensland, reported *The Australian* (3/2/2007, p.5).

**Category one:** The weather bureau issued a cyclone alert, warning the low might become the gulf's first cyclone of the season by 1pm on 3 February. It was forecast to cross the coast at Port McArthur as a potential category-one cyclone.

**High tides to cause floods:** The bureau also warned that abnormally high tides would cause flooding between Port Roper and Karumba, including Mornington Island. Heavy rain was expected to cause flooding in the Arnhem district, extending further west into the Top End.

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**Wet season begins:** Strong rain over the Top End in the past week had brought the wet into full swing but Darwin has still received little more than half its average fall since the season's start.

**Rainfall almost halves:** Weather bureau acting climate manager Shaik Hakeem said

the capital had received 498.6mm from October 1 to 2 February, much lower than the average of 905.4mm for the period.

**El Nino link:** Hakeem said a late start to the wet was linked to El Nino "to some extent". "The El Nino is showing signs of weakening and we expect the rainfall to be close to the average for February, about 356mm," he said.

### \$60m CO2 dump subsidy in the kitty, and Chevron asks for more, this time for gas-to-liquids project on Barrow Is.

**C**hevron was trying again for subsidies for a gas-to-liquids plant on Barrow Island, WA, in harness with South Africa's Sasol, *The Australian* (5/2/07, p. 24) reported.

**Early stages:** The project, estimated to cost as much as \$10 billion, is in early stages of consideration but would be based on the 4 trillion cubic feet of gas estimated to be contained in the Wheatstone field northwest of Barrow Island.

**Sasol leads downstream:** "Chevron and Sasol Chevron are undertaking a feasibility study for a gas-to-liquids (clean diesel) project using gas from the Wheatstone field," a Chevron spokesperson confirmed on 4 February. "Chevron will be leading the upstream gas field development while Sasol Chevron will be responsible for the downstream element."

**South African origins:** Sasol is the South African synthetic oil operation spawned during the apartheid years to help overcome an international oil embargo. The two companies have a 50-50 joint venture in Qatar which is expected to begin deliveries of clean diesel next month from a 34,000 barrels a day GTL (gas-to-liquids) plant representing an investment of more than \$US6 billion (\$7.7 billion).

**Tax relief refused for earlier plan:** It is understood the Federal and West Australian governments have been briefed on the latest plan. In 2001, Chevron and Sasol proposed a 30,000 barrels a day plant to be built on Barrow Island using Gorgon gas reserves. But in November the following year Federal Resources Minister Ian Macfarlane effectively stopped the project by resisting a bid from Sasol-Chevron for hundreds of millions of dollars in tax relief.

**Energy imbalance:** The current pitch to the governments is understood to be based on the need for Australia to overcome its energy imbalance. During several months last year, for the first time the costs of Australia's energy imports were higher than the value of energy exports. But in the past year or so, world gas prices have not followed the surge in oil prices while the international LNG market has not expanded as rapidly as expected.

**Woodside Pinto hopes dashed:** Wheatstone was discovered in August 2004 in Chevron's 100 per cent owned retention lease, WA-17-R, about 180km from Dampier and about 70km

southwest of the Goodwyn gas platform on the North West Shelf. Chevron and Sasol have yet to complete an agreement covering development of the field but the GTL proposal dashes Woodside's hopes that the Wheatstone reservoir might be exploited as part of its Pinto LNG development.

world's largest companies - BHP Billiton and Rio Tinto - are digging out ribs of gold, and the blackfellas live in the miserable shadows of spacious wounds, Noel Pearson, director of the Cape York Institute for Policy and Leadership, wrote in *The Australian* (3/2/07, p.29).

**BHP does not try:** Yes, Rio Tinto under former chief executive Leon Davis took steps to ameliorate this unjust situation, but the company has since tended to bank on presentation and less on substance, he said. BHP Billiton does not even try.

**Views as to reasons:** If there is no doubt that we have the astounding situation where indigenous communities are not engaged in and enjoying the benefits of a mining boom in their backyards, there will be disputes as to the reasons for this. My views on the reasons for this failure are as follows:

**Law allows "beads and mirrors":** First, the legal framework that applies to mining and native title severely disadvantages indigenous landowners. Section 38 of the *Native Title Act* explicitly says that in arbitrating an application for mining, the National Native Title Tribunal "must not determine a condition ... that has the effect that native title parties are to be entitled to payments worked out by reference to: (a) the amount of profits made; or (b) any income derived; or (c) any things produced." You might as well make clear in the law that the tribunal can only determine beads and mirrors as acceptable outcomes from arbitration, because that is in effect what it has been doing.

**Miners quiet on land rights:** The mining lobby has been quiet on land rights for the past decade. Having secured an advantageous legal framework through the bitter conflicts over the *Native Title Act* in the 1900s, they have learned that ideological opposition to land rights is unproductive for its members. As long as member companies are winning hands-down through the so-called agreement-making process, they have had no interest in conflict.

**Canberra weakens position:** The Federal Government has continued to legislate to weaken the indigenous position, both in terms of the procedural rights of landowners and the institutional support they receive from land councils. They are now proposing another round of amendments that further threaten the capacity of indigenous people to deal with developers.

**Title problem:** Second, we have yet to work out how best to deal with the clash between communal land title and the demands of modern development, of which mining is the most obvious. There is often conflict and contradiction.

**"Fistful of dollars":** Third, and related to this last point is the "fistful of dollars" mentality that predominates, both in the minds of indigenous individuals and groups and those of developers who exploit febrile expectations of short-term gain. The idea that royalty agreements should automatically result in cash distributions to individuals is a powerful animator of disputations and conflicts, within landowner groups and between them.



## 5 "Blackfellas" of the ore-rich Pilbara live in the miserable shadows of spacious mining wounds: Aboriginal leader

If you want to see the starkest contrast of benefit and burden, no place is as egregious as the Pilbara, where two of the

**Overlapping claims:** Land councils seeking good outcomes invariably face an enormous native cat-herding challenge as fragmentation and overlapping claims are the order of the day, with unscrupulous lawyers picking off individual cats like marauding dingoes.

**Lawyers limited:** Fourth, there is limited commercial and financial capacity within land councils charged with supporting landowners. The typical lawyer acting for indigenous groups is a master of pedantic, Geoff Boycottish back-and-front-foot defence, but the drive or the pull or the hook is simply not in their repertoire.

**More burden than benefit:** Meanwhile the mining companies have Adam Gilchrist flashing the blade for them, and there is no contest. The present situation is that the terms upon which mining takes place in Australia wreak more burden than benefit to indigenous peoples, most of whom live in the dust of the development.

**All benefit from mining:** If these issues seem too far removed from the average Australian in Sydney or Melbourne, or indeed Brisbane and Perth, then we should consider that we all take benefit from mining: in no small way the billions of dollars of tax cuts to Australia's middle and high income earners come courtesy of the ransacking by the impious hands of Mammon's most primary industry, Pearson concluded.

## WA one of most expensive places in the world for a major resource project; but ideal place for tradespeople

**G**lobal mining group Rio Tinto has singled out Western Australia as one of the most expensive places in the world in which to run a major resource project, in a strong statement of how skills shortages and capacity constraints are affecting the economy, *The Australian Financial Review* (3/2/07, p.3) reported.

**Huge cost increases:** Chief executive Leigh Clifford said that input costs of a typical mining project in WA had risen by between 40 per cent and 53 per cent over the past three years. At the release of Rio Tinto's record 2006 profit of \$7.4 billion on 1 February, Clifford revealed for the first time the huge cost increases in WA for equipment, materials and labour.

**Ideal for tradies:** Clifford's comments about the cost of doing business in WA came amid further evidence that the western state is the ideal place for tradespeople. Those in Perth experienced an 11.5 per cent pay rise in the final quarter of last year, the latest Housing Industry Association-Austral Bricks Trades report indicates.

**SA a contrast:** In contrast, the charge-out rate for subcontractors fell by 10.5 per cent in Adelaide in the December quarter of 2006,

which was accompanied by a 1.8 per cent drop in regional South Australia. Prices rose by 3.5 per cent for the whole of Australia.

## MEO Australia's Timor Sea LNG Project has Fed Govt major project facilitation status

**A** recently revitalised Methanol Australia, now called MEO Australia, is pursuing gas projects planned for the Australian waters of the Timor Sea, *The Australian* (3/2/07, p.11) reported.

**Former Timor Sea Petroleum:** The company was formed in 1994 and listed on the stock exchange under the name of Timor Sea Petroleum and, despite several excursions, has for the past five years concentrated on progressing high-CO2 gas reserves at Tassie Shoals, and finding more gas to supply an LNG development.

**Major project status:** The Federal Government has awarded major project facilitation (MPF) status to MEO Australia's Timor Sea LNG Project and the 5000 tonnes-a-day Tassie Shoal methanol project which already have environmental approvals. The Tassie Shoal announcement is a piece of *deja vu* because it received MPF status in December 2001 at a time when the Australian Government believed there would be a rush to develop Timor Sea gas reserves in the aftermath of East Timor achieving independence.

**Expanded goals:** MEO's managing director, Chris Hart, noted that while methanol was originally the prime focus for the company, MEO had expanded its goals to include the exploration and appraisal of its 100 per cent owned exploration permit, NT/ P68, as well as the development of an offshore 3-million-tonne-a-year LNG plant.

**Condensate prospect:** MEO believes the permit could contain significant reserves of liquids-rich gas. Based on the Heron-1 well drilled in 1972 (almost out of the Ark in terms of modern exploration technology) which encountered a 50m gas-bearing zone, MEO has acquired new 2-D and 3-D seismic which is now being processed. MEO calls the discovery Epenarra and believes it could contain significant quantities of condensate.

**Drilling commitment:** Hart said MEO Australia had committed to drill up to three wells in the permit beginning in the third quarter of this year. The brief said NT/P68 could provide a resolution to the gas supply issue with drilling success likely to go a long way to confirming the viability of the projects.

**Demand strong:** "We believe securing long-term LNG offtake agreements should be less challenging than investors appear to believe, as the demand for LNG in the Asian markets continues unabated, and the scale of the LNG project - while very material to MEO Australia - is modest enough to be readily absorbed."

## Western Power and the Water Corporation demand funding increases of \$1.9bn and \$1.3bn over four years

**W**estern Power and the Water Corporation have demanded funding increases of \$1.9 billion and \$1.3 billion, respectively, over four years to meet demand from the fast-growing population, reported *The Australian Financial Review* (31/1/2007, p.3).

**WA Govt cuts public services' funding:** In total, WA's public service chiefs have asked West Australian Treasurer Eric Ripper to allocate an extra \$8 billion over four years on recurrent and capital spending in the May budget. Treasury officials have already trimmed that figure to \$6 billion and have been told to slash it to less than \$3 billion.

**No more requests, please:** Ripper said the scale of the requests was "regrettable" as he had told the public service and ministries last year not to send him requests for major new initiatives as part of a bid to rein in government spending.

**What are the requests for:** *The Australian Financial Review* understands Western Power has asked Ripper's office for an extra \$1.9 billion over four years to upgrade its electricity network in the state's southwest and to connect new customers to the grid. The Water Corporation has requested \$600 million to maintain services and develop wastewater

treatment plants, as well as a further \$700 million to develop the yet-to-be-approved Yarragadee aquifer.

**Billions allocated, but not enough:** The requests are in addition to their forward spending estimates in the most recent budget - and come despite the combined billions of dollars allocated to Western Power and the Water Corporation since 2004.

## Water Corporation of WA seeks final go-ahead for its South West Yarragadee aquifer extraction; planned for 2009

**A**fter four years of thorough scientific investigations, the Water Corporation of Western Australia is seeking final environmental and government approvals for its South West Yarragadee proposal to extend the Integrated Water Supply Scheme to the southwest of the state and extract 45 gegalitres per year from the Yarragadee aquifer, according to a notice in *Farm Weekly* (25/1/2007, p.10).

**2009 target for new supply:** While final approvals have not yet been granted, the corporation aims to bring the new water source on line by the end of 2009 to provide for rapid growth in population and industry, and to ensure dependable water supply in the face of variable climate.

**Pipelines to cross water courses:** To meet this timetable, it has applied for permits under s17 for the installation of pipeline infrastructure. The application requests that permits be issued to interfere with the beds and banks of irrigation channels, wetlands, water courses and their tributaries.

**Spanning six shires:** The water courses include the Brunswick River, Capel River, Collie River, Ferguson River and the Preston River and locations in the Harvey and Collie River Irrigation Districts. The proposed works are within the Shires of Busselton, Capel, Donnybrook-Balingup, Dardanup, Harvey and Nannup.

**Submissions sought:** Details of the application (including maps) are available on the Water Corporation's website <http://www.watercorporation.com.au> Any person may make a written submission regarding the application within 21 days of this publication to the Department of Water at PO Box K822 Perth WA 6842, quoting reference WT0093.

**Reference:** General enquiries can be made to Steven O'Brien (phone 08 6364 6865) or Ron Counce (phone 08 6364 6857) at the Department of Water. Specific enquires can be made to Stuart Hawkins at the Water Corporation (phone 08 9420 3266).

## WA Water Corp plans waste treatment plant ahead of suburb development north-west of Perth; 160 ML/day

The Water Corporation of WA is proposing to build a new sewage treatment plant to serve a projected urban development at Alkimos, in the northwest coastal corridor of the Perth metropolitan area.

### The proposal includes:

- Installation of an advanced secondary wastewater treatment plant for the receipt and treatment of up to 160 ML/day sewage;
- disposal of the treated wastewater (TWW) 3.5km offshore via an ocean outlet
- advanced treatment and re-use of up to 75 per cent of the TWW as soon as social licence, environmental approvals, policy settings, health issues and technology permit.

**New suburb 40km from Perth:** The proposed Alkimos Wastewater Treatment Plant (AWWTP) is located approximately 40km northwest of the Perth CBD, north of Quinns Rock beach and south of Yanchep beach, in the city of Wanneroo. Currently, two sites are under consideration for the proposed plant. A launch site for the ocean outlet will also be developed.

**Infrastructure footprint:** The AWWTP and associated infrastructure will consist of the treatment plant, the ocean outlet launch site, access and haul roads and Quinns main sewer. The plant and associated infrastructure's environmental footprint should be viewed in the context of the area of more than 1,300ha which is to be cleared for urban development in the immediate area.

**Buffer to serve environment:** An odour buffer surrounding the site will be required to ensure adequate separation distance from residential development. This area of approximately 100ha will provide opportunity for conservation initiatives (geoheritage, flora and fauna) in the area in close to the plant to complement other reserves identified by the Environmental Protection Authority of WA (EPA).

**Reference: Address:** Water Corporation of Western Australia, PO Box 100, LELDERVILLE WA 6009.  
**Contact officer:** Andrew Baker, Principal Environmental Scientist, Environment Branch, Business Services Division. Phone: (08) 9420 2114. Email: [andrew.baker@watercorporation.com.au](mailto:andrew.baker@watercorporation.com.au)

## Western Australia's Water Corporation becomes the latest utility to halve water pressure, with Perth trial

Western Australia's Water Corporation on 28 January became the latest utility to halve water pressure in capital cities, a move aimed at protecting

infrastructure and reducing wastage, according to *The Australian* (29/1/2007, p.2).

**Low-pressure trial to cut waste:** Residents in Perth's riverside suburbs of Shelley, Waterford and Rossmoyne will today receive letters from the corporation advising them of a 12-month trial to reduce the water pressure from 700 to 350 kilopascals. Water Corp said the pilot, which would address "higher leakage rates, consumption and ... bursts in the network", would not affect garden reticulation, dishwashers, washing machines, hot water systems or toilets, all of which needed between 150 and 250 kilopascals to function, if properly fitted and installed.

**Fire safety fears addressed:** A similar move by Sydney Water last week prompted the Insurance Council of Australia to raise concerns about the impact of reduced water pressure on firefighting preparedness, especially if water needed to be delivered to high-rise or large residential complexes. But Water Corp spokesperson Phil Kneebone said the state's Fire and Emergency Services Authority had given an assurance that a single fire hydrant needed 25 metres of head or 250 hectapascals to deliver adequate fire flows. The corporation's letter advises that while business operators with a mains pressure fire system should not be concerned, they should contact FESA or their fire systems manager with any questions.

**Negotiation for big users:** Large water users, such as laundromats and kitchens, would be contacted by the corporation to have their

water needs discussed. Brisbane City Council has just introduced a pressure reduction program that it claims will save 13 million litres of water a day, with similar schemes in place or under way for the Gold Coast, Wide Bay and Central Highlands areas.

## NW Shelf may delay signing new supply contracts because prices are expected to rise

**T**he North West Shelf Venture, Australia's biggest liquefied natural gas project, said it may delay signing new fuel supply contracts with customers because it expects prices to rise, said *The Australian Financial Review* (2/2/07, p.73).

**Two accords go ahead:** The project operated by Woodside Petroleum is halting further agreements until closer to the start-up of its fifth production line, scheduled for the fourth quarter of 2008, said Peter Cleary, head of the venture's marketing arm. Two accords poised to be signed with existing Japanese customers will go ahead, Cleary said, declining to name them.

**Soaring prices:** The \$19 billion venture is increasing output to benefit from soaring demand in Japan, South Korea and China. The price of Australian LNG shipped to Japan has gained 89 per cent since April 2002. Prices have jumped further in the market for individual cargoes as demand outpaces additional supply in countries including Qatar and Nigeria.

**Customers want more:** "There is a growing spot market but there's also a strong relationship with our existing customer base who have expressed interest in more tonnes too," Cleary said. "We may decide that there's a better chance for us if we wait until the last moment ... rather than if we put them away on a longer-term basis."

**Purchases extended:** Earlier this month, Korea Gas Corp, the world's biggest LNG buyer, agreed to extend an Australian sale contract until 2016. Tokyo Electric Power Co, Osaka Gas Co, Toho Gas Co, Chugoku Electric Power Co, Kansai Electric Power Co and Chubu Electric Power Co have since 2005 all agreed to extend purchases.