

is used in further treatment or is removed from the site without sale. Using the previous example, when bauxite only is to be used for royalty purposes, the secretary will be able to declare the value of the bauxite that is used in the alumina process for royalty purposes.

The third issue relates to the allowable deduction for royalty purposes of mine pre-development expenditure. Currently, the act allows for expenditure up to 4 years prior to the commencement of production of the mine as an allowable deduction for royalty purposes. In some cases, companies have spent a considerable sum on the project development of a mine over a period greater than 4 years. This legislation will give the minister the discretion to allow for pre-development expenditure on a mine that occurred prior to this 4-year period. This discretion will apply only to new mines or to existing mines that are already under the Mineral Royalty Act. Clearly, double-dipping will not be permitted and any exploration expenses claimed for eligible exploration expenditure will not be permitted under this category. I commend the bill to honourable members.

Debate adjourned.

THE McARTHUR RIVER PROJECT AGREEMENT RATIFICATION BILL (Serial 190)

Bill presented, by leave, and read a first time.

Mr COULTER (Mines and Energy): Mr Speaker, I move that the bill be now read a second time.

Today, I wish to commence an historical process. I have much pleasure and satisfaction in introducing a bill for an act to set the McArthur River zinc, lead and silver project on the path to production. The small bill before us is the result of years of anticipation and a significant amount of initiative by the government spent in encouraging Mt Isa Mines Ltd to get into action. This action is historical, firstly, because of the size and metallurgical complexity of the McArthur River deposit and the innovative techniques needed to get it into production and, secondly, because this is the first time the Territory government has initiated a mining project by way of franchise agreement.

Franchise agreements have been used extensively in the states, particularly by Western Australia, to assist with the development of major resource industries. They spell out the rights and obligations of both the government and the company, ensure stability of tenure and clarify the operating and financial parameters of projects before large financial commitments are made. The agreements are traditionally set in place by ratifying legislation which, in some cases, gives the agreement the force of law. The McArthur River project agreement, which is scheduled to this legislation, is traditional in that respect.

Let me review briefly the story of the discovery of the McArthur River development and the subsequent saga of research and development that has led to this day. From as early as 1948, MIM has been interested in the McArthur River region which had been known for many years to be mineralised. It was in 1955 that geologists discovered an outcrop of gossan in the vicinity of the present project area. While musing about the significance of the outcrop, one geologist said to his mate that geologists who discovered ore bodies never had the chance to name them. 'Well', said his mate, 'here is your chance'. The name HYC Prospect went on to the maps as the name of the mineral prospect which was found subsequently to contain one of the world's