

MCMPR 5 COMMUNIQUÉ

SUMMARY OF MINISTERIAL COUNCIL MEETING, 25 NOVEMBER 2005, ADELAIDE

The 5th Session of the Ministerial Council on Mineral and Petroleum Resources (MCMPR) met in Adelaide on 25 November 2005. The meeting was chaired by the Hon Paul Holloway MLC, Minister for Mineral Resources Development for South Australia. The Chair for the next session of the Council will be the Hon Henry Palaszczuk MP, Minister for Natural Resources and Minister for Mines for Queensland.

The main outcomes are detailed below.

State of the Industry

The meeting was conducted against the background of highly favourable market conditions for Australian exports of minerals and energy. Global economic conditions and, in particular, buoyant demand from China have seen record levels of exports of Australian resources. Council noted that emerging industrialised economies such as China, India, Russia and Brazil suggest that a structural shift in global demand for resources has emerged with the prospect of a sustainable, long term global minerals market at a higher plateau. There is every prospect that the resources sector will continue to make its substantial contribution to Australia's balance of payments and our economic wellbeing. The industry in Australia has done much to position itself to take advantage of the new opportunities through consolidations and rationalisations and a commitment to continuous technological and financial improvement.

However, Council noted that the report of the Implementation Group for the Minerals Exploration Action Agenda (MEAA IG) identified continuing low discovery rates and a continuing decline in Australia's share of global mineral exploration. Council noted that despite the recent increase in domestic exploration expenditure, Australia's share of global exploration budgets for the year fell to a new record low of 13%. This represents a 30% fall from around 19% in 1999 and is well below the 19-20% historic average. This suggests that further effort is necessary to ensure that Australia can sustain its broadly based mineral export earnings. Over 80% of current production is based on deposits discovered pre-1980. These are long term strategic issues for minerals exploration in Australia.

Council noted that a number of jurisdictions had established targeted programs to encourage exploration within their borders and that these appeared to be yielding dividends. However, junior companies continued to face impediments to raising capital and, at the same time, greenfields exploration as a proportion of total exploration activity continues to decline. Council again strongly urged the Commonwealth to consider implementation of a flow-through share scheme and an enhanced national pre-competitive geoscience program as means of encouraging further mineral exploration in Australia. For its part the Council is driving the MEAA Land Access Strategy focusing primarily on Indigenous issues as they impact on access to land for mineral explorers. The Council's Land Access Subcommittee is preparing a submission on technical amendments for practical reform of the native title system as part of the reform initiative announced by the Commonwealth Attorney-General. This Subcommittee is also examining the scope for removing duplication between Commonwealth and State/NT heritage legislation. In recognition that the industry faces supply capacity challenges,

Ministers have asked officials to undertake a stocktake of research and development activities in Australia relevant to the resources sector.

Sustainability

National Mine Safety Framework

Council has long been conscious of the need for nationwide consistency in the development and application of legislation and administrative processes covering mine safety and health. The National Mine Safety Framework (NMSF) was an initiative of the Council to address these issues. Council has since endorsed the Implementation Plan for the Framework developed by the Chief Inspectors of Mines Subcommittee which is pursuing seven identified strategies to give effect to improving the consistency and efficiency of mine health and safety regimes across Council jurisdictions. Since its endorsement of the Framework and its accompanying Implementation Plan, there have been a number of initiatives driven by the industry and by a number of States which have potential to impact on the NMSF. In light of these developments, Council has requested officials to recommend a process for involving the workforce, industry and government to examine potential initiatives to contribute to a long term strategy for mine health and safety by the next Ministerial Council meeting.

Carbon Dioxide Capture and Storage

Council endorsed a set of regulatory guiding principles for carbon dioxide capture and geological storage (CCS). This is the first step toward the adoption of appropriate regulatory regimes for CCS in Australia. The principles will provide industry with an investment climate conducive to the uptake of CCS and enhance community confidence in the technology to ensure integrity of abatement through long term storage of CO₂. It is not intended that Council endorsement of the principles requires jurisdictions to implement legislation. The principles are to be used as a guide in the event jurisdictions adopt CCS. There are a few demonstration CCS projects that are now progressing in Australia and the principles are already being used as a guide to the development of regulation in Queensland. Further work to be undertaken within the Council will promote consistency in forward decision making across jurisdictions in relation to CCS.

CCS is a major technology that potentially can make significant reductions in greenhouse gas emissions. The Council wishes to thank officials, industry, research and environmental non-government organisation participation in the development of the principles.

Community Engagement Principles

Council endorsed the *Principles for Engagement with Communities and Stakeholders* which outlines a strategy for effective engagement by the minerals, petroleum and pipeline industries with the community. This recognises that effective and timely community engagement is essential if resource industries are to continue to be able to access land and to do so in a manner that does not lead to unnecessary difficulties and delays. Effective engagement is vital for securing access to resources, an essential precondition for increased resource exploration in Australia. It is also essential in ensuring development is achieved in accordance with principles of sustainability.

The principles address five key themes: communication, transparency, collaboration, inclusiveness and integrity. The process for their development included a four month period for public comment and they were developed with the assistance of key resources sector associations (Minerals Council of Australia, Australian Petroleum Production and Exploration Association, Australian Coal Association, and Australian Pipeline Industry association) and the Australian Local Government Association and WWF Australia. The Council thanks these associations for their input.

The principles will be available on the MCMPR and relevant government and industry websites and in limited numbers in hard copy.

Strategy for Water Management at Minesites

Council endorsed a collaborative approach with the mining industry to develop a set of principles to guide water management by the minerals industry. The initiative for the framework which came from the Minerals Council of Australia will establish strategic principles for water management and use at minesites and the impact of water use on downstream users. The framework will not address water access issues. However, it will aim to complement the National Water Initiative and set a standard for responsible water management by other industry sectors. Water management is a priority issue for governments and the mining industry. It is an essential input for sustainable mining operations. The framework will be developed for release mid-2006.

Competitiveness

Uranium Industry Framework

Council noted the Australian Government's report on the progress of its Uranium Industry Framework.

APEC 2007

Council welcomed Australia's hosting of the APEC mining ministerial meeting in 2007. The meeting will provide an opportunity for Australia to showcase itself as a destination for mining investment, supply of resources and mining services and technology and to pursue important regional issues with our major trading partners. Council members will engage with the Australian Government and resource companies and associations to take advantage of the opportunities presented. The APEC Mining Ministerial Meeting will be held in Western Australia in February 2007. The agenda will be built around APEC's '3 Pillars':

- Trade and investment liberalisation and facilitation
- Business facilitation
- Economic and technical cooperation

Skills Shortages

Council noted skills shortages as a major impediment to existing and future expansion of the resource sector in Australia and emphasised the importance in addressing this issue as a priority.

Council has agreed to examine skill shortages in the resources sector and prepare a report. Council also recognised jurisdictions are pursuing initiatives to address shortages. These initiatives are directed at developing the existing skills base of Australians and expanding this base through immigration

India

Council noted the Australian Government initiative for an India-Australia coal and mining forum in New Delhi in February 2006. The forum will focus on trade and investment, regulation, sustainable development in mining, mining technology services and equipment, clean coal technologies, coal seam gas and skills and training. Council supported broad participation by government, the research community and the private sector.