

## ***MCMPR 8 COMMUNIQUÉ***

### **SUMMARY OF MINISTERIAL COUNCIL MEETING, 16 JULY 2008, DARWIN**

Australian Government, State and Northern Territory Ministers responsible for minerals and petroleum met in Darwin on 16 July 2008 for the 8<sup>th</sup> Meeting of the Ministerial Council on Mineral and Petroleum Resources (MCMPR). The meeting was chaired by the Hon Christopher Natt MLA, Minister for Mines and Energy and Minister for Primary Industry and Fisheries for the Northern Territory. Tasmania has agreed to assume the Chair for the next session of the Council. The Council welcomed His Excellency the Hon Alfredo Pires, Secretary of State for Natural Resources Timor Leste as an observer to this meeting

The main outcomes from today's meeting are detailed below.

#### **National Mine Safety Framework**

Ministers acknowledged the important contribution made by the National Mine Safety Steering Group chaired by the Hon Clive Brown and agreed that getting improved safety outcomes was an important part of their agenda.

The first three strategies of the National Mine Safety Framework were delivered to Council via an out of session paper in November 2007. Public consultations will shortly be undertaken on the four remaining strategies (including competency support, compliance support, enforcement and research). Council will meet in early November to finalise its decisions and recommendations on the National Mine Safety Framework to COAG by December 2008.

Council noted the COAG Inter-Governmental Agreement for Regulatory and Operational Reform in Occupational Health & Safety, and the National Occupational Health and Safety Model Legislation Review currently underway to fulfil this Agreement. Ministers will consider any recommendations from this Review which will improve mine health and safety legislation. The legislative framework is one of seven key strategies of the National Mine Safety Framework

#### **Carbon Dioxide Capture and Storage (CCS)**

Through the work of its CCS Working Group and interaction between members, the Council has been actively involved in the development of a regulatory framework for carbon capture and storage. Continuation of this work is considered essential, as early introduction of enabling legislation for geological storage underpins timely deployment of CCS in Australia in order for Australia to move towards a lower carbon emissions economy as also set out today in the Australian Government's Carbon Pollution Reduction Scheme Green Paper.

Council noted a report provided by the CCS Working Group on progress in jurisdictions in developing a framework for the regulation and management of onshore and offshore CCS. Ministers agreed that the CCS Working Group should continue as a forum for discussions between jurisdictions within Australia on CCS policy, in order to support consistency in regulatory frameworks.

The Working Group could also continue to act as a conduit for involvement in international CCS regulatory forums such as the International Energy Agency (IEA) CCS Regulators' Network. Council also noted the CCS Working Group's consideration of the infrastructure requirements for carbon dioxide transport in Australia, and supported its conclusion that this work is more appropriately dealt with as part of the National Carbon Mapping and Infrastructure Plan announced by the Australian Government under the National Low Emissions Coal Initiative.

## **Energy White Paper**

The Council recognises that new, innovative and integrated energy policy solutions are required to ensure Australia's energy security and reduce fossil fuel related greenhouse gas emissions. Ministers welcomed the development of the National Energy Security Assessment by the Australian Government, which will provide the basis for a new Energy White Paper.

Minister's agreed that a future Energy White Paper would need to consider the entire supply chain from exploration and development of Australia's oil, gas, coal and uranium to energy conversion (from both fossil and renewable energy resources) through to energy consumption; and that it should set out a framework to ensure adequate, reliable and affordable energy supplies that will meet Australia's energy consumption needs in the future and will secure energy resources export growth opportunities.

Ministers welcomed the opportunity to be extensively involved throughout its development.

## **Resource Exploration Issues**

The Council was addressed by Mr Derek Carter, Chair of the Minerals Exploration Advisory Group (MEAG) and Ms Jennifer Parks on mineral exploration and discovery of mineral deposits in Australia.

MEAG advised that global demand for resources is forecast to continue well into the future and that while Australia's current record level of mineral exploration expenditure is commendable Australia has slipped from second to fifth in its share of global exploration investment. This pointed to potential negative long-term impacts. Greenfields expenditure has almost halved in the last five years due to a significant decline in exploration effort per dollar over the last decade as a result of increasing costs, more than 80 per cent of production is from deposits discovered more than 20 years ago, and the current focus on proving up already known deposits.

Council noted MEAG's report outlining the key trends impacting on minerals discovery in Australia and the Group's recommendations for action in four key areas: Access to Finance, Access to Land, Research and Development and Pre-Competitive Geoscience Data.

Council noted the importance of quantity and quality in exploration effort and discussed the increasing difficulties in raising capital for new discovery by junior explorers for higher risk exploration in Greenfield areas. Council also discussed the range of existing initiatives, and the potential for new initiatives to improve research and development, and the provision of pre-competitive geoscience data and the removal of impediments to accessing land.

Council agreed that new discoveries are vital for a long term vibrant mining industry. Council suggested that the recommendation regarding a taxation incentive model be submitted to the Australian Government's review of taxation. Council also asked the SCO to bring forward a report on the breadth of issues raised by the MEAG with responses.

## **Capacity Constraints**

The Council noted the importance of addressing the capacity constraints that are impacting the resources sector. The provision of adequate port and rail infrastructure and human capital are essential for the continued strength of Australia's minerals and petroleum sector.

Ministers discussed some of the major factors influencing infrastructure investment, such as access and infrastructure user pricing arrangements and potential investment returns for infrastructure providers, regulatory planning approval processes, and lack of coordination across supply chains. It was agreed that the work being undertaken by COAG's Infrastructure Working Group and the Infrastructure Australia audit of nationally significant infrastructure will be important for the resources sector.

Council agreed that it is important that jurisdictions should emphasise the value of infrastructure reform to increasing the productivity of the resources sector as part of their contribution to the audit to be conducted by Infrastructure Australia.

Ministers noted that the skills shortages currently being experienced by most industries across Australia poses challenges as the minerals and petroleum sector attempts to expand to meet growing global demand. Council noted Commonwealth initiatives in this year's Budget targeting increased participation, labour supply (population) and increasing the productivity of the workforce.

It was emphasised that addressing capacity constraints require strong partnerships between Commonwealth, State and Territory Governments, and Industry. Ministers noted that progress has been made through COAG's national approach to alleviate skill shortages and that investment in the social infrastructure of regions supporting the minerals and petroleum sector by Governments must continue in partnership with industry.

## **Natural Gas Supply Issues**

In recognition of the importance of a secure and reliable supply of natural gas to all jurisdictions, the Ministers progressed a number of issues arising from the Joint Working Group (JWG) on Natural Gas Supply. In conjunction with the Ministerial Council on Energy, the JWG had reported last year on a range of issues relating to growing Australia's energy exports and ensuring long term stability of supply for domestic users. The Ministers affirmed their commitment to ensuring there was sufficient incentive to bring gas resources to market and noted progress in developing policies and specific reviews of offshore petroleum retention leases.

Ministers also noted that there were a number of significant issues emerging in gas markets, including the proposed east coast LNG developments and increased use of gas as a transport fuel, which should be given further analysis. They also agreed to work with other reviews which would have implications for gas supply and gas utilisation, including the Treasurer's review of the Australian tax system.

## **Water**

The Council thanked the Water Working Group members for the report on the work of the Group and endorsed the engagement strategy for the areas identified by the Group as being of direct importance to the resources sector, and requiring additional work on a national basis.

The Council welcomed the reports consideration of some of the complexities of the National Water Initiative reforms and water use in the resources sector. Council noted that the resources sector can make an important contribution to both water use and infrastructure development in the areas in which they operate, and can be the single largest user of water in some catchments.

Council noted that, whilst the water use by the resources and energy industries is growing, the sector's overall share of total water consumption remains low at around 4 per cent compared to agriculture at around 65 per cent and households at 11 per cent. The Council noted that access to water is critical to the development of the sector and the companies are implementing extensive water efficiency measures, to further reduce their water consumption.

Council acknowledged that many of the key areas of reform which are of interest to the resources sector will be addressed at the later stages of water reform. Council encouraged the Group to continue to engage with National Water Commission, the Council of Australian Governments and individual State jurisdictions, Geoscience Australia, Minerals Council of Australia and Australian Petroleum Production & Exploration Association and has asked that the Water Working Group report in 2009 on progress on the agreed areas.

## **A National Approach to Resource Reporting**

The Council recognises that the ability of the Federal, State and Northern Territory governments to access resource data is fundamental to sustaining a strong minerals sector. As such, the Council has established a forum to review resource reporting processes in Australia and consider how resource reporting in a comprehensive and consistent manner can be improved.

The new ad hoc Resource Reporting Group within the Council's Standing Committee of Officials will have representation from all jurisdictions. The Group will establish a procedure for obtaining data on mineral resources, ore reserves and production relating to Australian mineral deposits and mines that are owned by non-listed, private equity and foreign companies, consistent with privacy and legal issues. The Group will report to Ministers in 2009.