

MCMPR 9 COMMUNIQUÉ

SUMMARY OF MINISTERIAL COUNCIL MEETING, 9 JULY 2009, DARWIN

Australian Government, State and Northern Territory Ministers responsible for minerals and petroleum met in Darwin on 9 July 2009 for the 9th Meeting of the Ministerial Council on Mineral and Petroleum Resources (MCMPR). This meeting was chaired by the Hon Martin Ferguson MP, the Australian Government Minister for Resources and Energy who will also assume the Chair for the next session of the Council.

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

National Mine Safety Framework

The goal of a nationally consistent approach to mine safety took a major step forward today when Ministers agreed that the Commonwealth, state and territory governments would commit \$1.7 million in the first year to implement the National Mine Safety Framework. A further \$4.7 million will be committed over the next three years subject to a firm and agreed work program.

The Framework was endorsed by the Council of Australian Governments on 30 April 2009. The NMSF Implementation Framework outlines seven key strategies including a nationally consistent legislative framework, competency support, compliance support, a nationally coordinated protocol on enforcement, consistent and reliable data collection, effective consultation mechanisms, and a collaborative approach to research on mine safety issues.

These strategies will be implemented through the tripartite NMSF Steering Group, chaired by former Western Australian Minister the Hon Clive Brown, and comprising government, industry and union representatives.

Global Financial Crisis

Council noted that the global financial crisis has affected mining and resources companies largely through reduced demand and lower prices for commodities. In addition, companies have found it difficult to raise funds through either equity or debt financing. Operations have responded by cutting production, deferring projects and reducing operating costs, including labour costs. Some companies have been placed into voluntary administration or receivership.

Council noted that the current environment provides an impetus and an opportunity to think laterally and collectively to develop a national strategy for a resilient mining and petroleum industry that can weather downward trends and also take advantage of upward cycles.

Council agreed to develop a work program that will coincide with the development of the Commonwealth Government's Energy White Paper to address issues impacting Australia's competitiveness as an investment destination and position the Australian resources industry to take advantage of an upturn in global demand.

Productivity Commission Report

The Council noted that the Productivity Commission's final report into the Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector was released to the public on 30 April 2009, and sent to all Australian Governments for their consideration. Council agreed that an officials working group will develop a response to the report and that an implementation plan in response to the agreed recommendations will be reported through the Business Regulation and Competition Working Group (BRCWG), a working group under COAG by the end of 2009.

Offshore Petroleum Safety Regulatory Inquiry

Council noted the Commonwealth released two reports stemming from the Offshore Petroleum Safety Regulatory Inquiry. The reports titled *Better Practice and the effectiveness of the National Offshore Petroleum Safety Authority (NOPSA)* and *Marine Issues* are available to be downloaded from www.ret.gov.au. The MCMPR will now consult with the industry and respond to the detailed findings and recommendations of the inquiry by the end of November 2009.

Natural Gas Supply Issues

The Council noted the importance of a secure and reliable supply of natural gas to all jurisdictions. The Council thanked the Joint Working Group (JWG) on Natural Gas Supply for work on progressing issues relating to growing Australia's energy exports and ensuring the long term stability of supply for domestic users.

The Council affirmed its commitment to ensuring there was sufficient incentive to bring gas resources to market, noted progress in specific reviews of offshore petroleum retention leases and noted the release of the Retention Lease policy Review Options Paper on 12 June 2009.

Water

Council noted that work being undertaken by the MCMPR Resources Water Working Group was specifically aimed at ensuring that the resources sector was considered in the broader water policy arena. The Council noted the MCMPR Resources Water Working Group's Water Information Report and encouraged the Resources Water Working Group to be proactive on water issues impacting on the resources sector.

Asbestos Mine Register

The Council noted the recommendation by officials that the possible development of a National Asbestos Mines Register be absorbed within the work plan of the MCMPR Abandoned Mines Working Group. All jurisdictions will be consulted in assessing the feasibility of establishing a register, and in particular the identification of the benefits of the register will need to be determined before further work is undertaken.

A National Approach to Resource Reporting

The Council noted progress in developing a coordinated approach to resource reporting that provides a framework for ore reserve reporting requirements for all mining companies listed on the securities exchange or not. Listed companies report under the Joint Ore Resource Committee (JORC) Code. MCMPR member jurisdictions will agree to ensure that reserves are reported consistently with the nationally standardised reporting requirements, for example by amending tenement conditions or by a regular mandatory survey of tenement holders regarding individual tenements.

Mineral Exploration Advisory Group

The Council noted the recommendations in the Response to the Minerals Exploration Advisory Group (MEAG) Report Paper and noted that the response will be presented by SCO to the Chair of the MEAG, Mr Derek Carter.

The Minerals Exploration Advisory Group made six recommendations in four key areas: Access to Finance, Access to Land, Research & Development and Pre-Competitive Geoscience.

Council noted the Australian Government's election commitment to a flow through share scheme and agreed that such a scheme would be beneficial to resource exploration. Access to finance for exploration is even more challenging in the current economic and financial climate underlying the need for such a scheme.

Council noted that a flow through share scheme is under review by the Australian Government's Henry Review of Taxation.

Carbon Dioxide Capture and Storage (CCS)

The Council received presentations by Mr Dick Wells, Chair of the National Low Emissions Coal Council and Mr Keith Spence, Chair of the Carbon Storage Task Force.

The Council noted a number of CCS items including: the launch of the Global CCS Institute (GCCSI) by the Prime Minister on 15 April 2009; the significance of the reports being finalised under the National Low Emissions Coal Initiative (NLECI) by the National Low Emissions Coal Council and the Carbon Storage Task Force on a nationally coordinated low emissions coal strategy and a national carbon mapping and infrastructure plan; the need for the support of the states and territories in developing research nodes and; the timeframe which state and territory governments interested in submitting proposals for industrial scale CCS projects under the \$2 billion CCS Flagship Program are asked to meet.

Council also noted progress in: establishing the Australian National Low Emissions Coal - Research and Development Ltd (ANLEC R&D); developing nationally consistent greenhouse gas (GHG) regulations and the Clean Energy Initiative (CEI); and the release of ten offshore areas by the Commonwealth for CCS companies to bid for rights to explore for greenhouse gas storage.

Council agreed that the Commonwealth Government be requested to examine options to address financial penalties that may occur from operating CCS pilot and/or demonstration projects under the Carbon Pollution Reduction Scheme (CPRS) and that State and Territory Ministers would put their views to the Commonwealth.

Energy White Paper

Council welcomed the development of the national Energy White Paper looking out to 2030. The Council recognises that new, innovative and integrated energy policy solutions are required to ensure Australia's energy security, economic prosperity, and to reduce fossil fuel related greenhouse gas emissions.

Council agreed that the White Paper should emphasise demand side participation and energy efficiency; and examine the supply chain from exploration and development of Australia's energy resources through to energy consumption; and that it should set out a framework to ensure cleaner, adequate, reliable and affordable energy supplies that will meet Australia's energy consumption needs in the future and will increase Australia's international competitiveness.

Council agreed that community engagement is essential in developing the long term energy policy framework.

Council welcomed the opportunity to be extensively involved through its development.