

MCMPR 4 COMMUNIQUÉ

SUMMARY OF MINISTERIAL COUNCIL MEETING, 29/30 JULY 2004, ALICE SPRINGS

The 4th Session of the Ministerial Council on Mineral and Petroleum Resources (MCMPR) met in Alice Springs on 29-30 July 2004. The meeting was chaired by the Minister for Mineral Resources for New South Wales, the Hon Kerry Hickey MP. The Chair for the next session of the Council will be the Hon Paul Holloway MLC, Minister for Mineral Resources Development for South Australia.

The main outcomes are detailed below.

Resource Exploration

The Council participated in a dialogue on resource exploration issues in the light of the release of the Resources Exploration Strategy (RES) by the Australian Government on 2 July 2004. The RES forms the Australian Government's response to the Prosser Inquiry into Resources Exploration Impediments and has at its core the Minerals Exploration Action Agenda (MEAA). The MEAA Implementation Group, chaired by Mr John Dow, held its first meeting on 23 July 2004.

Council heard presentations on the key issues impacting on investment in resources exploration in Australia and globally. Dr Ian Gould (President of AusIMM and a member of the MEAA Implementation Group), Dr Agu Kantsler (Director Exploration, Woodside) and Dr Neil Williams (CEO Geoscience Australia) gave their perspectives on the structural factors influencing decisions on this investment. The provision of precompetitive geoscience, financial, land access, human resource, intellectual capital and other issues affecting the exploration sector were also discussed.

Council discussed the value of a share flow-through scheme in encouraging further mineral exploration in Australia and urged the Commonwealth to consider implementation of a share flow-through scheme.

Council also agreed that officials should examine and report to Council on:

- The fiscal environment in which Australia's resources industry operates (including direct and indirect taxes, royalties and utility prices) with a view to identifying possible reforms and advocating changes to Australia's fiscal attractiveness and recognising the impact on State budgets
- Implications of the net revenues received by jurisdictions from the resources sector on the financial incentive for jurisdictions to provide, or contribute to the provision of multi-user infrastructure that will facilitate the further growth of the sector.

The Council reaffirmed its willingness to work with the resources sector to ensure that Australia maintains a viable and efficient exploration industry.

Sustainability

Safety in the resources sector is a high priority for the Council. Today, the Council was pleased to note that one of its initiatives, the National Offshore Petroleum Safety Authority, was close to fruition and that another, the National Mine Safety Framework was well on the road to implementation.

National Offshore Petroleum Safety Authority

Council noted that the decisions taken at the September 2002 meeting in Perth to establish the National Offshore Petroleum Safety Authority (NOPSA) would come to fruition on 1 January 2005 when the Authority becomes operational. NOPSA will deliver a uniform, high quality level of regulation of safety on offshore petroleum facilities in Commonwealth waters and State and Northern Territory coastal waters. NOPSA can also regulate onshore activities should the States/NT so choose. The Authority's establishment will be the result of more than two years of cooperation and collaboration between the Australian, States and NT governments and demonstrates what can be achieved when governments work together for a common purpose.

The Council also dealt with a number of operational issues including agreement on the seven members of the first NOPSA Board. The development of operational level memoranda of understanding between NOPSA and Designated Authorities was also endorsed by the Council. Council noted the arrival of the Authority's inaugural CEO, Mr John Clegg who took office on 1 July 2004 and noted that recruitment of staff and securing of premises and infrastructure would present him with significant challenges for the remainder of the year.

National Mine Safety Framework

Council endorsed the Implementation Plan for the National Mine Safety Framework and the timetable for its introduction, noting particularly that each of its elements were to be progressed in close consultation with key stakeholders in industry and government. Council noted also that some elements would require further clearance through regulatory assessment processes instituted by the Council of Australian Governments.

Council reaffirmed the important role of government in setting standards in occupational health and safety.

The Implementation Plan is to be released forthwith, as a companion document to the National Mine Safety Framework.

Council has been conscious of the need for nationwide consistency in the development and application of legislation and administrative processes covering mine safety and health. It has agreed that the Council's Standing Committee of Officials manage the implementation process and report annually to Council on progress.

Carbon Dioxide Geosequestration

Council gave its in-principle support for nationally consistent regulatory principles for carbon dioxide geosequestration.

These regulatory guiding principles for carbon dioxide geosequestration were developed followed extensive consultation with industry and research organisations. They address the seven key issues that were seen as fundamental to any regulatory

framework for geosequestration: access and property rights; long term responsibilities; environmental issues; authorisation and compliance; monitoring and verification; transportation issues; and financial issues.

Council recommended broader consultation with the community, including non-government organisations, with a view to obtaining support for a launch of the regulatory principles later this year. Ministers agreed that, following these consultations, they would consider out-of-session the use of these principles when implementing regulatory frameworks in their respective jurisdictions.

Council also agreed to further work in a number of areas including legal issues surrounding liability; standards and definition of 'geosequestration gas'; and the use of financial instruments including insurance and performance bonds. In particular the matter of long term ownership of sequestered CO₂ after project closure is a critical issue to be resolved.

Council agreed to form a working group to examine various options (excluding carbon tax and emissions trading) for a national emissions abatement scheme associated with the resources sector which will consult with relevant working groups under the MCE.

Indigenous Employment Programs

Council noted the experience of the Northern Territory in seeking to bring the resources sector and Indigenous people together through its Indigenous Mining Enterprise Program to identify opportunities for community development. Mining is one of the few significant activities in remote and regional Australia that can offer opportunities for significant employment and business development to Indigenous people. A major challenge for all stakeholder groups is to build on the existing skills base in communities in order to take up available employment and other economic development opportunities.

As members of the MCMPPR, the Australian Government, the States and the Northern Territory have developed their own programs to facilitate and foster partnerships between the mining sector and Indigenous people. These programs assist with knowledge building, enabling Indigenous people to make informed and confident decisions and increase Indigenous participation in the resources sector. Information on these programs is promulgated through the Commonwealth's Working in Partnership Program.

East Timor

A discussion on East Timor being admitted as an observer to the MCMPPR was held and it was determined that this matter would be resolved out of session