

# ***MCMPR 2 COMMUNIQUÉ***

## **SUMMARY OF MINISTERIAL COUNCIL MEETING, 13 SEPTEMBER 2002, PERTH**

The 2nd Session of the Ministerial Council on Mineral and Petroleum Resources (MCMPR) met in Perth on 13 September 2002. The meeting was chaired by the Minister for State Development for Western Australia, the Hon Clive Brown MLA.

The main outcomes are detailed below.

### ***Sustainability - Safety***

#### **National Offshore Petroleum Safety Authority**

Ministers reconfirmed the priority they have for improving safety in Australia's offshore petroleum industry and seek to establish best practice, and a consistent approach across all jurisdictions. Ministers endorsed the way forward for the formation of an independent national offshore safety authority.

The national offshore safety authority will be a single agency covering both Commonwealth and State coastal waters and will be accountable to the Commonwealth, State and NT ministers. The authority will improve safety across the offshore petroleum industry and deliver world-best practice safety regulation for Australia.

A single authority will reduce the regulatory burden on industry operating across multiple jurisdictions. By delivering a consistent and comprehensive coverage of safety it will increase Australia's attractiveness as a destination for petroleum investment. It meets the needs of industry and the workforce for an independent safety regulator.

The offshore petroleum industry is strategically important to Australia's future economic performance. Australian consumers need secure supply at a competitive price - a strong local industry is essential for meeting this demand. Any serious disruption to this supply, for example through an accident on a production platform, could have major economic consequences. While such events are unlikely, the costs of such a disruption would be high.

A joint offshore safety authority will provide significant benefits, ensuring better safety outcomes for individuals working on offshore platforms and reducing risks to the environment.

The Council endorsed a set Recommendations (copy at **Attachment A**) which chart the way forward for the formation of a single statutory national offshore safety authority.

Ministers complimented the work of the Steering Committee and its working groups who presented reports on improving offshore safety through changes to:

- the institutional form of the safety regulator;
- the existing legislation to address deficiencies; and
- policies and procedures to improve technical aspects of safety regulation of petroleum activities in Commonwealth and State/NT offshore waters in Australia.

#### **Offshore Petroleum Fees**

Ministers acknowledged that State and Northern Territory petroleum administrations must be adequately resourced if the regulation of Australia's upstream petroleum industry is to meet world's best practice standards. Bearing in mind that offshore petroleum fees have not been raised since 1990, Ministers agreed in-principle to an increase in these fees based on cost recovery principles to be determined by end 2002.

## **A Vision for the Development of the Minerals and Petroleum Sector**

The development of sustainable industries is a major consideration for governments at all levels, including internationally. The World Summit on Sustainable Development provided a timely reminder of the issues and emotions generated in the sustainability debate. Against this background and recognising that the resources sector is fundamental to the future growth of the Australian economy, the Council agreed to develop a long term, strategic vision for the minerals and petroleum sector which might ensure that Australia continues to be recognised as a world class mineral and petroleum resource province and which would ensure its contribution to our national wellbeing is acknowledged.

- The vision document will encompass the three strategic priorities adopted by the Council (competitiveness, sustainability and Indigenous relations)

The Council also agreed to develop a strategy for community engagement by the sector. The Council will review community engagement strategies across jurisdictions with the aim of developing best practice guidelines. Industry will be consulted in the development of this strategy.

## ***Indigenous Relations***

### **Native Title & Indigenous Heritage**

Notwithstanding that there has been a growing acceptance by industry of the need to work cooperatively with Indigenous communities and the increasing recognition of the advantages of negotiation over litigation in reaching agreement with Indigenous stakeholders, industry still believes that processes are costly and time consuming. Furthermore the junior sector of the industry is concerned that current processes favour the larger companies. The Council believes it has a role in facilitating industry engagement with Indigenous stakeholders and will explore issues surrounding native title and cultural heritage to determine priorities for the Council including the scope for development of good practice frameworks for negotiated agreements. A number of jurisdictions are developing protocols or templates for negotiated agreements. These could particularly benefit small companies involved in greenfields exploration. At the next meeting of the Council a presentation on partnership between indigenous interests and industry will be given involving the Northern Territory's Indigenous Mining and Enterprise Taskforce and a key Aboriginal leader.

## ***Competitiveness***

### **Mineral Exploration**

The Council remains concerned at the current outlook for mineral exploration. While there are many factors influencing the level of exploration - access to land, availability of risk capital and industry consolidations - any sustained upturn will largely depend on the prospects for global economic growth. However, governments can play an important role in the exploration cycle by addressing some of these issues and through their funding of pre-competitive geoscience. The Commonwealth has announced a Minerals Exploration Action Agenda which will allow for industry, in partnership with government to propose possible mechanisms for addressing the issues. The Council will also monitor the outcomes from a number of parliamentary inquiries to determine what lessons it can take in its approach.

End

## Recommendation

It is recommended that the Ministerial Council:

1. note that reviews of Australia's offshore safety regulatory regime have called for improvements;
2. note the work conducted by the Steering Committee working groups in response to the Terms of Reference agreed by the Standing Committee of Officials; namely on institutional form, legislative improvement and technical improvement;
3. endorse the recommendations of the Standing Committee of Officials namely:
  - i. That safety of offshore petroleum activities in Commonwealth and State/NT coastal waters should be regulated by a single national authority.
  - ii. That this authority be formed under legislation so that:
    - it is an independent statutory authority with a board, accountable to Commonwealth and State/NT Ministers either jointly and/or separately as individual jurisdictions require;
    - decisions on Board composition and membership, and the initial CEO to the authority are undertaken by all participating governments;
    - Ministers' responsibilities are to be met by statutory requirement for their review of the Authority's performance.
  - iii. That the authority is set up so that it may, if jurisdictions wish to provide it with appropriate regulatory powers, undertake safety regulatory activities in other areas of State/NT jurisdiction.
  - iv. Consideration be given to including environment regulation [as required under the Commonwealth and State/NT P(SL)A] if agreeable to jurisdictions, and if this does not delay the commencement of the safety authority, and to progress this the Council give a direction to the Steering Committee to develop a process and a timetable to establish how this will be done. The Steering Committee to provide a report by 20 December 2002.
  - v. That effective and efficient coordination is established between the safety authority and other regulatory agencies.
  - vi. That the legislative Drafting Instructions to support the above be developed by the Steering Committee for Ministerial Council approval by end June 2003.
  - vii. That the authority's operations are fully funded on a cost recovery basis by an industry safety fee.
  - viii. That a new fees agreement be developed by the Commonwealth and States/NT ensuring the amount DAs receive in revised industry fees, once the safety regulation function is transferred to the safety authority, is no less than they received during 2001-02 and determined on the basis of cost recovery principles.
  - ix. That an appropriate transitional plan which maintains the integrity of the current regime is implemented after agreement by all jurisdictions which minimises adverse impacts on staff, industry and regulatory responsibilities and liabilities to the DAs. The Commonwealth/States/NT agree to jointly take responsibility for managing the transition and any costs incurred by the States/NT on a cost sharing basis.
  - x. That the recommended priorities for improving the existing legislation and technical aspects of safety regulation as provided in the Working Group Reports be implemented as soon as practicable in parallel with the development of the statutory authority.
  - xi. That SCO provide six monthly reports to Ministerial Council on progress on implementing the technical and legislative improvements, and on the development of the statutory authority;
4. endorse the recommendations proposed by the Working Groups, including the proposed process for establishing the single national offshore safety authority by the end of 2004;
5. endorse the formation of the national safety authority as a statutory authority under new provisions of the P(SL)A; and
6. request the Standing Committee of Officials to provide a report to Ministerial Council by 15 October 2002 so that Council can decide, out of session, on the residual issue of whether the legal entity of the joint statutory authority should be established under

Commonwealth legislation or under each of the Commonwealth/States/NT legislation.