

MCMPR 6 COMMUNIQUÉ

SUMMARY OF MINISTERIAL COUNCIL MEETING, 1 SEPTEMBER 2006, BRISBANE

The 6th Session of the Ministerial Council on Mineral and Petroleum Resources (MCMPR) met in Brisbane on 1 September 2006. The meeting was chaired by the Hon Ian Macfarlane MP, Commonwealth Minister for Industry, Tourism and Resources. The Chair for the next session of the Council will be the Hon Theo Theophanous MLC, Minister for Energy Industries and Resources for Victoria.

The main outcomes are detailed below.

Resource Exploration Issues

Council welcomed the Prime Minister's announcement of a \$134 million energy security package to provide new impetus for exploration activity across Australia and noted the considerable expenditure by the States and the Northern Territory on innovative pre-competitive programs.

Council affirmed that the long term energy security of Australia is dependent on additional, and substantial, oil discoveries. Encouragement of exploration in frontier areas was considered fundamental to achieving national energy security objectives.

Council welcomed that \$76.4 million of the package will be used by Geoscience Australia to expand its "Big New Oil" program of pre-competitive data acquisition, covering more than three times the area covered by the last program. Council acknowledged the importance of extensive promotion of the new data to exploration industry decision-makers in Australia and abroad.

Council endorsed the intention of the Australian Government to enhance the policy framework for offshore exploration, including frontier areas, and the importance of reducing the regulatory compliance requirements for the exploration industry.

Council also welcomed the Prime Minister's announcement that \$58.9 million will be provided to allow Geoscience Australia to pioneer innovative, integrated geoscientific research to better understand the geological potential of onshore Australia for both minerals and petroleum.

Council heard a presentation by Geoscience Australia and noted that the Australian market share of the pool of global exploration capital can be enhanced through innovation in the government geoscience sector as a means to lower exploration risk, thereby making Australia a more attractive destination for exploration investment.

Council noted the increased level of mineral exploration activity was predominately due to the continuing trend towards brownfields exploration and that a greater focus was needed to encourage more high risk greenfields exploration.

Strategic Framework for Water Management

Water management is a priority issue for governments and the mining industry. The Council is pleased to announce that the Strategic Framework for Water Management in the Minerals Industry, released today will be officially launched by the Western Australian Minister for Resources, on behalf of the MCMPR at the Minerals Council of Australia's Sustainable Development Conference in Perth on 23-27 October 2006.

The Ministerial Council thanked the ad-hoc working group for their efforts in developing the framework which is 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 came from the Minerals Council of Australia and establishes strategic principles for water management and use at minesites and the impact of water use on downstream users.

National Mine Safety Framework

Council re-endorsed its support for a National Safety Framework. The Framework is an initiative aimed at improving the consistency and efficiency of mine health and safety regimes across Australia. Council noted the outcomes of the 1st meeting of the National Mine Safety Framework Steering Group, Chaired by the Hon Clive Brown and comprising representatives of governments, industry and unions. The Steering Group is tasked with developing an agreed set of overarching principles to guide the further development of the National Mine Safety Framework.

Natural Gas Supply Issues

The role of gas as a domestic energy source and as an export commodity has grown in importance. The future demand and supply of gas for domestic use has emerged as a higher priority issue for the Council with the rapid growth of the LNG export market and moves by governments to increase Australia's percentage of gas fired power generation as part of the national greenhouse response. Governments have recently highlighted the importance of reliable, competitively priced gas supplies to ensure industry investment and economic growth continue. The upstream petroleum industry has assured consumers that there will be gas available at the market price. Council agreed that it needed to further examine how domestic demand might be met in the light of higher rates of return available to gas projects developed to service the LNG boom. Accordingly, Council endorsed the formation of a Joint Working Group (JWG) of senior officials from the Ministerial Council on Energy and the MCMPR to consider issues surrounding domestic gas supplies for existing and future markets, including new gas industries and specifically addressing the issue of balancing the exploitation of resources for export with the supply of domestic natural gas for Australia's long term needs..

Carbon Dioxide Capture and Storage (CCS)

A legislative model for CO₂ storage access and property rights to bring forward the use of low emissions technology for a sustainable energy industry is an essential first step. Legislation for access and property rights for Commonwealth waters is currently being developed within the MCMPR CCS Working Group. This legislation will be incorporated in the *Offshore Petroleum Act 2006* and modelled on current petroleum acreage release processes. The legislation will provide investors with the confidence to participate in CCS activity relating to Commonwealth offshore waters. MCMPR has given in principle

agreement to the model and future work plan to underpin the legislative model. Western Australia supports the direction being pursued by the Commonwealth. It has several issues that it wants resolved and understands that these will be the subject of bilateral discussions over the next fortnight.

Future work includes streamlining environmental regulation; interaction between the petroleum and carbon capture and storage industries, incorporating technical and administrative options for risk mitigation; development of objective monitoring and verification techniques; national protocols and guidelines for CCS; cross jurisdictional and boundary issues; long-term responsibility management options; use of financial instruments including insurance and performance bonds; CO2 stream access and property rights issues; deployment of technology; and, third party access issues.

Skill Shortages

Australia's booming resources sector has created strong competition for skilled labour both within and beyond the resources sector. This situation is not unique to Australia and is also being experienced in countries such as Canada and the US. Governments and industry have been active on a number of fronts in putting in place a range of initiatives to address this barrier to further expansion of this sector.

Training participation in the minerals sector has risen in recent years and industry has been successful in working with high schools to promote apprenticeship and traineeship pathways. Many companies are now placing a renewed emphasis on training Indigenous people to take on roles in the resources sector.

Council noted that the National Skills Shortage Strategy Mining Sub-Group was in the process of finalising a report that aims to gain an appreciation of the Australian minerals sector labour force to 2015. The report will provide a detailed analysis of the labour requirements relating to trade and semi-professionals in the minerals sector.

Despite a wide range of initiatives, including those aimed at skilled migration, vocational education and training, and promoting the uptake of higher education studies in engineering and earth sciences, impediments remain around the aging of the workforce, attracting graduates to a career in the sector as well as the capacity of the skilled migration program to address specific skills shortages within a reasonable time frame.

Council noted the wide range of initiatives currently being undertaken to address skills shortages in Australia's resources sector and to ensure that actions are taken to reduce the impediments on the resources sectors from a shortage of skilled workers. Council noted there was also a long term opportunity for Australia to supply skilled labour for the global industry.

Council agreed to seek a joint response to skill shortages with the Ministerial Council on Vocational and Technical Education and the Ministerial Council for Employment, Education and Youth Affairs linking in with the integrated work already agreed to with these councils and the Ministerial Council on Energy. This work will focus on attracting to and retaining people in the resources sector.