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**SPEECH TO THE MINERALS COUNCIL OF AUSTRALIA**

**MINERALS WEEK CONFERENCE**

**HYATT HOTEL CANBERRA**

**THE HON MARTIN FERGUSON MP**

**MINISTER FOR RESOURCES AND ENERGY**

**MINISTER FOR TOURISM**

**28 MAY 2008**

**TIME: 9.00-9.30AM**

Introduction: The 2020 Summit

I acknowledge the Nunnagwal People, on whose land we meet this morning and pay my respects to their Elders.

I thank the MCA for the invitation to speak at this conference today and also for your interest in the *Australia 2020 Summit*.

Minerals Week is well established as an important event on the political calendar, as can be seen by the participation of the Prime Minister and Cabinet Ministers.

The theme of Minerals Week this year, *Building Capacity for Global Expansion*, reflects the focus on planning for Australia's future which was evident at the 2020 Summit.

The vision put at the Summit was to make Australia the best place in the world to live and work, with strong and stable economic growth and employment, and low inflation.

This will require urgent action to increase economic capacity through the creation of a truly national, efficient, sustainable, innovative and inclusive economy supported by seamless regulation.

Ideas to achieve this were wide-ranging and included:

- Creating an independent Federation Commission to drive fundamental and sustainable improvements to Federalism

- Conducting a comprehensive tax review
- Regulatory reform to reduce regulation overlaps and complexity and to create incentives for timely infrastructure investment
- Creating national infrastructure priorities (and a priority-setting body)
- Re-establishing annual budgets as the primary priority-setting mechanism for Government policies

The Government is now giving full consideration to these very useful suggestions and ideas generated by the Summit and which are very relevant to the mining industry.

### Booming Sector

As you all know, we are in the midst of one of the strongest resources booms since the 1960s.

Some analysts think the whole world is in a super cycle for resources.

Whatever term is used it is clear the economic growth in China, and increasingly India, is having enormous impacts across the entire minerals industry.

Surging demand is opening up enormous possibilities for Australia and one cannot help but be excited about the future for Australian resources sector.

### The outlook

I look forward to hearing the findings of Chris Richardson's 'The 2020 Project' designed to research global demand for the top 10 commodities in 2020 and Australia's market share of those commodities by 2020.

It is very relevant and crucial work for the sector.

According to ABARE, robust world economic growth will provide a strong foundation for energy and mineral commodity demand.

But it is important we do not become complacent.

Australia's success in markets like Japan and Korea has rested not only on the *quantity* of our resources, but on the *quality* of our value-added product and the infrastructure through which we deliver it.

This Government's task is to work with industry and other stakeholders to sustain the performance of the resources industry for the long term.

This will include addressing constraints on the sector.

We cannot rest on our laurels just because times are good.

### The Budget

The Budget brought down by the Treasurer on 13 May 2008 was a good Budget for the resources sector.

It recognised the need to address skills shortages by rebuilding capacity in the education system, and the importance of renovating critical social and physical infrastructure in export corridors including in regional and remote Australia.

The Budget signalled a shift in focus towards building new supply capacity in the Australian economy while noting policy constraints such as climate change.

Let me outline a few highlights from a resources sector viewpoint.

### *Skills, Training and Labour Shortages*

We know that the current skills shortage is a constraint on the resources industry and we are working across a range of fronts together with industry to address this issue, recognising that the shortages are global.

In relation to better resourcing of schools, the vocational and higher education sectors, budget announcements included the \$11B education investment fund and a commitment to a major expansion of vocational training places and schools-based Trade Training Centres.

### *Temporary Skilled Migration*

The Rudd Government has committed \$19.6 million to improve the processing and compliance of the temporary skilled migration program, which includes the uncapped 457 visa scheme.

A key measure will be the establishment in Sydney, Melbourne and Perth of specialised teams or 'Centres of Excellence' to facilitate and process 457 visa applications from July.

This is the first stage of a series of reforms aimed at restoring integrity and public confidence in the 457 program.

Rudd Government is committed to ensuring the 457 visa scheme operates as effectively as possible in contributing to the supply of skilled labour while protecting the employment and training opportunities of Australians, as well as the rights of overseas workers.

#### *Permanent Skilled Migration Program*

We are adding an extra 31,000 skilled migrants to the 2008-09 Migration Program, representing a record 30 per cent increase on the 2007-08 Program.

Overall, permanent skilled migration will make up 133 500 places in the Migration Program, which totals 190 300 for 2008-09.

This is the largest migration program in Australia's modern history.

#### Infrastructure Constraints

The Government recognises that there is no one model for tackling the nation's infrastructure challenges.

But the objective is the same – to deliver an efficient logistics chain to get Australian resources to our customers.

Several major features of the Budget addressed this important issue.

First the Government announced the \$20 Billion Building Australia Fund.

Second the Government established Infrastructure Australia which will provide advice on nationally significant infrastructure, including transport, energy, communications and water infrastructure where further investment will improve national productivity.

The role of Infrastructure Australia will be to advise the Government as well as investors and owners of infrastructure on:

- nationally significant infrastructure priorities;
- policy and regulatory reforms desirable to improve the efficient utilisation of national infrastructure networks;
- options to address impediments to the development and provision of efficient national infrastructure;
- the needs of users; and
- possible financing mechanisms.

But the Government's approach to dealing with the challenges faced by the resources sector are not restricted to actions and policies set out in the federal budget.

### Safety and Health

I share your goal for an Australian minerals industry that is safe for all workers – without workplace fatalities, injuries or disease.

Good regulations and quality implementation of those regulations is essential if that goal is to be achieved.

A Legislative Framework has been developed by the National Mine Safety Framework Steering Group, which will adopt a safety management systems approach.

The National Mine Safety Framework aims to provide consistency in health and safety in the mining industry across Australia.

The final package of recommendations for the Framework is due to be submitted to the Ministerial Council on Mineral and Petroleum Resources in October 2008 – and I look forward to considering these recommendations with my State and Territory colleagues.

### Energy Market Reform

The mining industry is both a major producer and user of energy.

The industry therefore has a critical interest in the efficient operation of Australia's energy market and the ongoing availability of competitively-priced and reliable energy supplies.

Australia needs significant investment in energy infrastructure to meet the needs of our growing economy.

To enhance the investment climate, Australian governments are working on a continuing reform program to improve the operations of our gas and electricity markets.

A significant milestone will occur in the middle of this year when the regulation of Australia's gas transmission and distribution pipelines are brought under national regulatory and institutional arrangements.

We are also working towards a single market operator for electricity and gas by the middle of next year.

### Climate Change

Another challenge that crosses almost all Government portfolios, but has special significance in my own, is climate change.

The Rudd Government is committed to addressing climate change and reducing Australia's emissions by 60 per cent on 2000 levels by 2050.

The emissions trading scheme will be the principle method through which this target is achieved.

The Rudd Government is committed to introducing a domestic emission trading scheme that is effective, fair, economically responsible and internationally consistent.

The Government has said that the emissions trading scheme will address the competitive challenges facing emission-intensive trade-exposed industries in Australia.

The Government is also committed to ensuring that the emissions trading scheme addresses the impact on strongly affected emission intensive industries like power generators.

### Clean Coal

Clean coal technologies, including carbon capture and storage are also a vital part of the Government's climate change response.

A concerted, national effort is needed to accelerate the commercial availability of these technologies.

This is why the Government is committing \$500M to the National Clean Coal Fund.

I am developing the Government's National Clean Coal Initiative (NCCI) that will deliver a national, coordinated strategy to support the development and demonstration of clean coal technologies.

The Clean Coal Fund will support a National Carbon Mapping and Infrastructure Plan, a National Clean Coal Research Program and the demonstration of low emission technologies.

This will be the Australian Government's contribution to a partnership with industry that will invest \$1.5 billion in clean coal technologies.

### Supporting Indigenous Communities

Let me say that it is not only in the economic arena that the mining industry has a major role to play.

It holds the key to Australia's greatest social challenge and national shame – the poverty and disenfranchisement of Indigenous communities.

The resources sector is to be congratulated for its efforts to more effectively engage with Indigenous communities on a range of fronts; however, much remains to be done.

While the industry now generally regards Indigenous engagement as core business, and is developing trust and mutually respectful relationships that go beyond regulatory obligations, there is still a large gap to be bridged for Indigenous Australians to be in a position to enjoy the same benefits from resources development activity as non-Indigenous Australians.

This is an issue that was thoroughly canvassed in the sustainable Indigenous communities forum yesterday.

The Government is committed to seeing improved economic opportunities for Indigenous people in key mining regions.

But while Government can facilitate these outcomes it is the actions of locally based business operations – and not just mining operations – that will make the real difference.

Industry involvement and support for initiatives which address key elements like work-readiness and improved social infrastructure is desperately needed.

In relation to Native Title issues I am aware of long-standing industry concerns regarding the level of funding received by Native Title representative bodies.

I can report that the Attorney General's Department is currently coordinating a comprehensive review of Commonwealth native title funding to be completed by July 2008 to make sure the system is funded adequately into the future.

The Government is also considering tax issues relating to Native Title.

### Conclusion

I would like to conclude today by focusing on the Leading Practice Sustainable Development Program for the Mining Industry that has been under way for the last two years.

Since its launch, the program has gained momentum both domestically and internationally.

To date eight handbooks providing guidance on best practice mining have been produced and delivered to every mine site in Australia.

Today I am happy to officially launch three new handbooks in the series covering the topics of *Water Management*, *Cyanide Management*, and *Risk Assessment and Management*.

These three handbooks have been developed over the last year by working groups comprising government, industry and NGOs.

These groups have worked together to collect and present information to illustrate and explain leading practice sustainable development in Australia's mining industry.

The handbooks could not have been completed without the active participation of all members of the working groups and their employers who agreed to make their time and expertise available to the program.

They are a high quality source of guidance to industry and government, and information for the community at large and I congratulate all those involved in their production.

Thank you.