



SUSTAINING GROWTH

Last year I reported successful changes in the nature, operations and strategic direction of the Minerals Council of Australia. This, to ensure a dynamic and progressive national representative body capable of advocating policies and practices in the interests of the Australian exploration, mining and minerals processing industry. The modernisation of the MCA and the improved strategic planning of its agenda was in direct response to restructuring in the industry along global lines, changes in the industry's requirements for operational practice and public policy advocacy, and the Council's drive for continuous improvement in its efficiency and effectiveness.

These changes proved to be a solid foundation for an extraordinary year of achievement in the MCA's mandate to promote good public policy and practice in the relentless pursuit of international competitiveness, growth and improvements in environmental and social stewardship.

2004 was a significant year for the MCA and the industry we represent. Indeed, history will record it as a pivotal year in the industry's fortunes. We were witness to a confluence of events that will shape the industry's future.

The Howard Government was re-elected for a fourth consecutive term, laying foundation to consistency and certainty in economic and social policy.

The MCA launched *Enduring Value – The Australian Minerals Industry Framework for Sustainable Development*. An outstanding, comprehensive public policy advocacy and best practice tool, *Enduring Value* captures the industry's commitment to the pursuit of global sustainable development; provides operational guidance for the implementation of sustainable development at mine sites; and provides a strategic framework to inform future pre-competitive public policy and capacity building requirements.

2004 also marked the start of a period of underlying structural change in the global market, driven by the extraordinary growth in North Asia, notably China,

with corresponding structural reform implications for the Australian economy.

The Council's agenda and activities in 2004 were strongly oriented towards, and informed by, these profound changes, and we anticipate they will do so for some considerable time.

Our Pre-Budget Submission to the Australian Government proved to be a foundation policy platform in advocating reforms to address structural constraints that threaten to limit the scale and longevity of the current expansion. The Australian minerals industry, we argued, is primed for a period of sustained growth, potentially generating wealth for all Australians at levels not seen since Australia supplied the post-war demand for minerals to the rapidly growing economies of Japan, Taiwan and South Korea. However, supply capacity constraints in inadequate infrastructure, skills shortages, and a declining inventory of known mineral reserves, pose serious opportunity costs.

The MCA was successful in focussing the public debate on both 'soft' and 'hard' infrastructure constraints. We drew public attention to the consequences of these limitations to the minerals industry's expansion in production and exports, and to the underlying threats to Australia's macro-economic position, and potentially, a tightening of monetary policy. This increased focus was, in itself, quite an achievement given the difficulties in a Federal election year, in advocating that tax cuts beyond the restoration of bracket creep was second order to investment in, and competition policy reform governing, essential public infrastructure.

Notwithstanding, we were buoyed by the Government's response to our advocacy on energy and climate change policy in the Energy White Paper; transport infrastructure investment and planning in the *AusLink* initiative; environmental considerations of, and access to, water through the National Water Initiative; and a focus on building, attracting and retaining skills through the National Skills Shortages Strategy.

We also made considerable progress in a raft of minerals industry-specific taxation reforms. This is an area of core business for the MCA, which, often unheralded, is vital to the bottom line of member companies.

Though the dire state of minerals exploration in this country has successfully registered with the Government through the establishment of the Minerals Exploration Action Agenda, we are disappointed the Government is yet to act on two key fiscal measures in the broader package of proposed reforms – a flow through shares scheme and funding for pre-competitive geoscientific data.

Critical to a global industry is unfettered access to markets and capital. While committed to multilateral trade reform through the Doha 'development round' of multilateral trade negotiations, we have strongly supported the Government's emphasis on bilateral trade agreements as a vital adjunct. Through consistent advocacy and effective engagement with Australia's trade negotiators we were able to realise our objectives in the Australia-US Free Trade Agreement in further liberalising cross-border investment and thwarting any attempts to restrict trade for non-trade objectives. The MCA strongly supports the Government's determination to negotiate a Free Trade Agreement with China, recognising opportunities to reduce the cost of doing business, and removing impediments to market access and two way investment by eliminating tariffs, reforming non-tariff barriers, and addressing beyond border measures.

In this vein, the MCA critically analysed the proposed new chemicals policy in Europe known as REACH – the Registration, Evaluation and Authorisation of Chemicals. We canvassed key amendments that would remove the unintended distortionary and anti-competitive trade effects to the global minerals industry, yet preserve the laudable objectives of protecting environmental and public health.

In addition to an impressive track record of engaging with Government, the MCA has continued its outstanding leadership in key areas of environmental and social stewardship where the industry can determine its own destiny collectively, including engaging with external stakeholders – the development of *Enduring Value* principal among them. Also warranting special recognition was our work on:

- > fatigue management and the production of the resource document *Work Design, Fatigue and Sleep*, and the pilot study on fatigue and sleep in fly-in-fly-out operations
- > the production of several guidelines centred on risk management aimed at reducing workplace accidents and adverse health impacts

- > the establishment of a National Indigenous Leaders Dialogue with the MCA Board of Directors to complement specific initiatives in reaching agreements and to give greater effect to the industry's commitment to mutually beneficial relationships with Indigenous Australians
- > initiated a national dialogue on women and mining to rectify impediments to participation of women in the workforce and to remedy any adverse impacts on women in communities in which the industry operates
- > the development of a careers website, an innovative, interactive web-based secondary education material under the MCA's National Education Program, and a widening of the Minerals Tertiary Education Council program to facilitate the development of a new national school of mining engineering
- > restructuring of the Australian Centre for Minerals Extension and Research and the Minerals Industry Cooperative Initiative through the University of Queensland, improving capacity building in support of the extension of sustainable development practices and the implementation of *Enduring Value*.

From an institutional operational perspective, perhaps the most significant and rewarding feature of 2004 was our successful merger with the former Victorian Minerals and Energy Council. Establishing the Victorian Division has reaped benefits beyond what even the instigators of this merger envisaged. The industry's representational advocacy in Victoria is improved for the national input, and there is no question that the MCA's national agenda is better for our improved understanding of regional considerations.

I suspect 2005 will be characterised by the challenges in the complexity of economic and structural reforms and the politics of State/Federal relations. The reforms of the 1980s and 90s were largely incontestable for their economic direction and the politics centred more on the pace of reform, assistance in structural adjustment and wealth distribution. The reform imperatives of today are arguably not as clear-cut in their economic direction and particularly Government's role in responding to market failure. And, the emerging politics are largely founded in the intersection between State and Federal constitutional and fiscal responsibilities.

At such a critical time, I suspect the minerals industry has rarely been better positioned commercially and in the capacity of its public policy advocacy through the Minerals Council of Australia.

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