

**HON. BILL MARMION MLA
MINISTER FOR MINES AND PETROLEUM**



EVENT:

2014 AUSTRALIAN RESOURCE PEOPLE SUMMIT

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Acknowledgments:

- AMMA CEO Steve Knott;
- Keynote speaker and former Australian Prime Minister John Howard; and
- All the expert speakers and leaders in Australia's resources industry that have come together for this event.

Good morning ladies and gentlemen.

It is an absolute pleasure to be here today to officially open the 2014 Australian Resource People Summit.

For more than 90 years the Australian Mines and Metals Association, or AMMA, has been faithfully serving the resources industry in Australia.

More than most organisations, AMMA understands the importance of Australia's resources industry.

Having a strong, sustainable Australian resources industry is not just good for your members - it is good for the nation.

And as the country's premier producer of minerals and energy, it is an industry fundamentally linked to the prosperity of Western Australia.

For AMMA, this understanding has been built on more than 90 years of experience.

For Western Australia, it has been built on almost 170 years of experience.

Since the first mining shaft was sunk in Western Australian soil in the 1840s, the growth of the State has been closely tied to the strength of our resources industry.

It took the discovery of gold in Kalgoorlie in 1893 to truly put Western Australia's resources industry on the international map.

And subsequent nickel, iron ore and gas discoveries have only reinforced the enviable reputation of our resources industry.

Today, Western Australia produces over 50 different minerals from more than 500 projects.

The value of these mineral and energy resources is truly extraordinary.

Last year, Western Australia produced more than \$113 billion worth of resources.

Iron ore sales alone were worth \$68 billion, or 76% of the State's mineral and energy sales.

To put this into context, this one commodity, in one year, was worth more than the total sales of Western Australia's resources industry in 2004 and 2005 – less than 10 years ago.

By 2016, the total value of mineral and petroleum sales in Western Australia since the start of the 21st century will have eclipsed one trillion dollars.

However, it is not just sales that are indicative of the value of Western Australia's resources industry.

The industry is also one of the major employers in the State.

Last year more than 107 000 men and women were employed in Western Australia's resources industry.

And this figure does not include the tens of thousands employed thanks to resource-related construction and manufacturing, or the flow-through benefits the industry provides across other sectors such as transport and hospitality.

The resources industry was also the largest private sector employer of Indigenous Australians.

Ensuring the first Australians are able to realise the opportunities presented by the resources sector has been an important focus for industry.

AMMA's partnership with the Australian Employment Covenant is an indication of the priority that you and your members place on ensuring Indigenous Australians benefit from a strong resources industry.

(Pause)

Despite the recent strength of Australia's resources industry, it is important to acknowledge some of the difficulties facing the sector.

While there is no doubt that Western Australia, and indeed Australia, is richly endowed with minerals – in a modern, globalised world having mineral wealth it is just the tip of the iceberg.

Increasing competition for global capital means that without the right business and commercial environment, companies will simply look elsewhere to develop resource projects.

This is why the State Government is committed to innovative policies that encourage continued investment in the resources industry.

In just the past 12 months I have been fortunate enough to open new gold, copper, iron ore and petroleum projects in Western Australia.

These projects come almost 130 years since the gold discoveries that announced the potential of Western Australia's resources industry to the world.

They are also indicative of the mineral wealth still to be discovered.

But these discoveries cannot be made without continued investment in exploration.

This is why the State Government has contributed \$131 million towards the Exploration Incentive Scheme - managed by the Department of Mines and Petroleum.

This is funding that is helping increase our geological knowledge of Western Australia.

Particularly popular is the scheme's co-funded drilling program.

The program has offered \$40 million in co-funding for more than 360 projects across Western Australia.

This continued investment in exploration is crucial in establishing the mines of tomorrow.

Just as important as continued exploration is having an approvals process that is clear, consistent and timely, and one that encourages exploration discoveries to be turned into working mines.

It is also why the State Government is committed to driving down the financial cost to industry associated with the approvals process.

This is being done by increasing efficiencies and reducing duplication.

More and more of the Department of Mines and Petroleum's approvals and reporting requirements are shifting away from paper-based applications to online.

This has helped improve the quality of applications, and the efficiency and timeliness of the approvals process, all helping to bring down costs for industry.

We have also been working with industry and other stakeholders to reform environmental bonds and environmental regulation.

The Mining Rehabilitation Fund, or MRF, is an important part of these reforms.

Not only does the MRF free up capital, especially important for juniors and mid-tier companies, it also ensures environmental outcomes aren't compromised.

Once the transition to the MRF is completed, it is expected that more than \$1 billion in environmental bonds will have been returned to companies.

These reforms aim to provide clarity, efficiency and certainty for industry.

The question is how do we measure whether these initiatives are having an impact on the cost and ease of doing business in Western Australia?

One way is by looking at the internationally respected Fraser Institute Survey of Mining Companies.

The survey's Policy Perception Index provides what the Institute calls "a report card to governments on the attractiveness of their mining policies".

If the index is a report card, then you could class Western Australia as a model pupil.

According to the most recent survey released in March this year, Western Australia was ranked the number one Australian state and sixth out of 113 global mining jurisdictions in the policy perception index.

This result is an indication that our reforms are making a difference.

We were also ranked number one in the world in the survey's Investment attractiveness index.

This is further evidence that we are on the right track.

Despite these positive results, we know our work is not finished.

Last year, I asked the Department of Mines and Petroleum to conduct a review of its activities, policies and guidelines.

This will help further reduce the cost of doing business in Western Australia. Once the review is finalised, the State Government will be working with industry and the department to implement the key reforms of this review.

The ultimate goal of these reforms is to ensure Western Australia continues to be cost-competitive in a global market.

At the same time, we also need to ensure community expectations around the responsible development of the industry are met.

Innovation also plays a vital role in reducing costs, improving production and protecting workers and the environment.

In fact, innovation is a key theme of this conference – “Innovation through people, policy and production”.

From a policy perspective, the State Government and the Department of Mines and Petroleum are both committed to innovation.

The reforms I have already mentioned today are an indication of this commitment – so too is our investment into research and development.

Earlier this month I officially relaunched the Minerals Research Institute of Western Australia.

The institute, through its previous incarnations, has conducted some truly ground breaking research in Western Australia.

Since it was established more than 30 years ago, the institute has published more than 300 research reports, and the State Government and industry have invested more than \$50 million towards its research goals.

Under the new institute, this level of funding will not only continue but will increase.

Last year we announced that the State Government would provide an additional \$7.5 million in funding.

This recognises the importance of the institute and its role in driving innovation in Western Australia's resources industry.

The institute also highlights the importance of collaboration.

Western Australia's reputation as a world class centre for research and development has been built on collaboration.

The University of Western Australia's Energy and Minerals Institute provides a striking example of universities, industry and government coming together to drive innovation.

These partnerships recognise just how crucial it is to work together to develop solutions to the challenges that face the industry.

And they are crucial to the future development of the industry – not just in Western Australia, or Australia, but across the globe.

(Pause)

It is easy to underestimate the importance of the resources industry and its contribution to creating the world in which we live.

And I'm not just talking about jobs, royalties, dividends and taxes.

The resources industry impacts positively on the lives of virtually every single human on this planet in one way or another.

For most, this role is invisible, but it is there never-the-less.

It is in the power that lights our cities and towns.

It is in the tools of medical research and development.

It is in the clothes we wear, the roads we travel and the water we drink.

Quite simply, the world in which we live has been made possible due to the development of our resources.

It is not a destructive industry – it is a creative one.

I don't think this is a fact that is well understood, which is why we need to continue to highlight the ubiquitous role our minerals and energy play in creating the world around us.

It is also why we must continue to innovate to ensure a sustainable resources industry now – and in the future.

Thank you.

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