

NEW SOUTH WALES MINERALS COUNCIL LTD

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Mr Mike Woods
Presiding Commissioner
Productivity Commission
Mineral and Energy Resource Exploration

12 July 2013

By email: resourceexploration@pc.gov.au

Response to Productivity Commission Draft Report Mineral and Energy Resource Exploration



Dear Mr Woods

The NSW Minerals Council (NSWMC) welcomes the opportunity to comment on the Draft Report on the Productivity Commission's Inquiry into non financial barriers to mineral exploration. We commend you on a detailed and well researched draft report that contains many sound recommendations and we appreciate the consultation you have undertaken to date. NSWMC supports the detailed submissions by the Minerals Council of Australia on the inquiry, and offers the following specific comments relating directly to NSW.

Cost recovery for pre-competitive geosciences information

NSWMC does not support draft recommendation 7.1 relating to the possible broad application of the cost recovery funding model in NSW for the provision of pre-competitive geosciences information.

NSWMC has strongly advocated that pre-competitive geosciences information should be government funded. South Australia's successful Plan for Accelerating Exploration (PACE) has raised international interest in prospectivity and produced a \$300 million return on a \$30.9 million investment within its first three years¹. In NSW, between 2008 and 2010, the \$11 million government expenditure through the *New Frontiers* program generated \$308 million investment on exploration expenditure². Research by ACIL Tasman found that a \$1 million increase in government-funded pre-competitive geoscience generates \$14 million in annual private exploration expenditure – and that a \$1 million increase in private exploration expenditure generates \$4.3 million in annual minerals production³.

The recent Fraser Institute lead ranking⁴ for NSW in the provision of geological database information should not be attributed to the government levy which was brought in only three to six months before the survey was conducted. This lead ranking of geoscience information for NSW does show it is possible to achieve world class information with government funding.

¹ Department of Primary Industries and Resources South Australia, *Monitoring and Evaluation of the Plan for Accelerating Exploration*, 2007

² ABS 8412.0 Mineral and Petroleum Exploration December 2010

³ ACIL Tasman, *New Frontiers Initiative: Financial and economic assessment*, September 2010. Prepared for the Department of Trade, Investment, Regional Infrastructure and Services

⁴ The Fraser Institute, *Survey of Mining Companies 2012/2013*, released 28 February 2013

We believe that in consideration of the significant returns for investment in exploration, both financially and in terms of future job creation, funding of pre-competitive geoscience information should be critical for any government.

Clarification that the NSW Minerals Council does not represent the coal seam gas industry

In your final report, we would also appreciate your correction of a reference in Section 4.4 on page 125 of the draft report. As noted in our original submission for this inquiry, NSWMC does not represent the coal seam gas industry. Clarification is required that the example quoted from our submission does not relate to coal seam gas. As this example is also quoted in Section 3.3 on page 86, alternatively it could be deleted from page 125.

Issues of intra-state regulatory duplication

In response to your recent query regarding issues with intra-NSW duplication, some examples for exploration in NSW include:

- Duplication of information required in the Agricultural Impact Statements and Reviews of Environmental Factors, both of which are required to be submitted as part of the assessment for certain exploration programs.
- Until recently, annual reports for a group of exploration licences (where the licences are managed by the same company and in the same geographical area) could be submitted. Separate reports are now required, which necessitates duplication of information as usually these groups of licences have a common exploration program.

We look forward to your final report and if you have any queries on this matter, please contact Lucy McClean, Manager Exploration and Environment



Yours sincerely

Stephen Galilee
CHIEF EXECUTIVE OFFICER