

# press statement

Minister for Resources and Energy, Senator Peter Walsh

EMBARGOED UNTIL 10.30 AM, WEDNESDAY, 7 NOVEMBER 1984

ADDRESS BY THE MINISTER FOR RESOURCES AND ENERGY,  
SENATOR PETER WALSH, AT THE OPENING OF THE  
13TH ANNUAL BUREAU OF MINERAL RESOURCES (BMR) SYMPOSIUM,  
CANBERRA, WEDNESDAY, 7 NOVEMBER

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THE MAJOR FOCUS OF THIS SYMPOSIUM AND ITS ASSOCIATED ACTIVITIES IS ON THE FORMATION AND DISCOVERY OF HYDROCARBON RESERVES.

IN RECENT YEARS AND CONTRARY TO EXPECTATIONS FORMED IN THE LATE 1970s, NOMINAL AND REAL OIL PRICES HAVE FALLEN SUBSTANTIALLY. THAT TREND AT LEAST IN REAL TERMS SEEMS LIKELY TO CONTINUE FOR SOME TIME.

AGAINST THAT BACKGROUND THE GOVERNMENT NOTES WITH SOME SATISFACTION THAT OVERALL DRILLING ACTIVITY IN 1984 IS SET TO ESTABLISH A NEW RECORD. IF THE RATE ESTABLISHED IN THE FIRST THREE QUARTERS OF THIS YEAR IS MAINTAINED, 242 EXPLORATION WELLS AND 484,500 METRES WILL BE DRILLED - AN INCREASE OF 9.5% AND 7.1% RESPECTIVELY ON THE PREVIOUS RECORD.

THERE WILL BE A MAJOR INCREASE IN ONSHORE ACTIVITY. OFFSHORE EFFORT IS SET TO EQUAL THE RECORD LEVEL OF 1983.

NEITHER THE EXCISE ON NEW OIL ONSHORE NOR THE OFFSHORE GREENFIELDS RESOURCE RENT TAX POLICY HAVE INDUCED THE EXPLORATION DECLINE WHICH SOME HAD ASSERTED THEY WOULD.

IN JANUARY 1983 IT WAS PREDICTED THAT EXPLORATION ACTIVITY WOULD DECLINE SUBSTANTIALLY IN 1983 AND IN SUCCEEDING YEARS. IT WAS ALSO ASSERTED THAT THE DECLINE WOULD ACCELERATE IF ANY CHANGES WERE MADE TO COMMONWEALTH TAX POLICY. THE PREDICTION AND ASSERTION HAVE BEEN SHOWN TO BE QUITE WRONG. THE GOVERNMENT'S JUDGEMENT THAT THE NEW TAX ARRANGEMENTS ARE EFFICIENT AND REASONABLE - AND INDEED ABOUT WHAT THOUGHTFUL EXPLORERS HAD ALWAYS EXPECTED - HAS BEEN CONFIRMED BY EVENTS.

SOME, WHO HAVE SEEN THEIR PROPHECIES REFUTED, HAVE ARGUED THAT ONLY PERMIT OBLIGATIONS, ESPECIALLY IN OFFSHORE AREAS, HAVE SUSTAINED ACTIVITY. THIS IGNORES THE FACT THAT COMPANIES WOULD SURRENDER PERMITS IF THEY BELIEVED, ALL THINGS CONSIDERED, THAT FURTHER INVESTMENT WAS NOT WARRANTED.

IN THE LAST THREE YEARS VERY LITTLE NEW OFFSHORE ACREAGE HAS BEEN ALLOCATED. THIS COULD AFFECT ACTIVITY IN FUTURE YEARS, BUT PLANS ARE ON HAND TO AWARD NEW PERMIT AREAS EARLY NEXT YEAR.

CLEARLY THE ASSERTION THAT THE GOVERNMENT'S TAXATION POLICIES FOR NEW OIL HAVE DETERRED EXPLORATION CANNOT BE SUSTAINED.

IN REGARD TO OLD OIL, THE OLD OIL EXCISE SYSTEM PRECLUDED THE DEVELOPMENT OF SEVERAL MINOR FIELDS IN BASS STRAIT.

I AM PLEASED THAT, FOLLOWING CONSULTATIONS WITH THE PERMIT HOLDERS, A CONCESSIONAL EXCISE SYSTEM HAS BEEN DETERMINED AND WAS ANNOUNCED BY ME LAST MONTH.

THIS WILL RESULT IN A NEW MULTI-BILLION DOLLAR DEVELOPMENT PROGRAM IN BASS STRAIT, WITH A FURTHER BOOST TO OIL SELF-SUFFICIENCY OVER THE NEXT FEW YEARS. MORE THAN 1,000 JOBS WILL BE CREATED BY THE INVESTMENT PROGRAM.

THE BMR'S PRIMARY ROLE DURING THE NEAR FORTY YEARS IT HAS EXISTED HAS BEEN TO PROVIDE THE FRAMEWORK OF KNOWLEDGE AND THE BROAD GEOLOGICAL ASSESSMENT WITHIN WHICH MORE SPECIFIC EXPLORATION TARGETS CAN BE IDENTIFIED AND TESTED, USUALLY BY THE PRIVATE SECTOR.

THERE DOES NOT APPEAR TO HAVE BEEN SIGNIFICANT DISSENT FROM THE BASIC PRESUMPTION THAT BROAD ASSESSMENTS ARE BEST CONDUCTED BY A GOVERNMENT AGENCY OR AGENCIES, OR THE CONCLUSION THAT THE BMR HAS DISCHARGED ITS DUTIES WELL.

IT IS ALSO AGREED, I BELIEVE, THAT THE BUREAU MUST CONTINUALLY REVIEW ITS ACTIVITIES AGAINST A BACKGROUND OF ACCUMULATING KNOWLEDGE AND CHANGING TECHNOLOGY AND OBJECTIVES.

SUBSTANTIAL CHANGES RECOMMENDED BY THE ASTEC REPORT IN 1979 ARE BEING IMPLEMENTED.

PROBABLY THE MOST SIGNIFICANT OF THE CHANGES IS THE INCREASING EMPHASIS ON PETROLEUM ASSESSMENT. IN 1983 THE GOVERNMENT ENDORSED THE CONTINENTAL MARGINS PROGRAM - MORE PRECISELY KNOWN, I UNDERSTAND, AS FRAMEWORK STUDIES OF AUSTRALIAN OFFSHORE AREAS - A PROJECT CLOSELY RELATED TO THE THEME OF THIS SEMINAR.

THE GEOSCIENCE RESEARCH VESSEL RIG SEISMIC HAS BEEN CHARTERED AND ARRIVED IN AUSTRALIA LAST MONTH. COMMITMENTS HAVE BEEN MADE TO PURCHASE THE SCIENTIFIC APPLICATIONS COMPUTER WHICH COMPLEMENTS THE SEISMIC AND GEOSCIENCE PROGRAM AND THE COMPREHENSIVE DATABASE. FUNDS HAVE ALSO BEEN SECURED FOR CONTRACT DRILLING AT CONSIDERABLE DEPTH OF PREVIOUSLY UNTESTED AREAS ONSHORE.

THE NEW PROGRAMS HAVE REQUIRED A VERY LARGE INCREASE IN FUNDS FROM THE LOW LEVELS TO WHICH FUNDING HAD SUNK IN THE 1978-1982 PERIOD. THIS YEAR \$31.1 MILLION HAS BEEN APPROPRIATED - A 48% INCREASE ON THE \$21 MILLION SPENT IN 1982-83.

GIVEN THE FINANCIAL DISCIPLINE TO WHICH THE PRESENT GOVERNMENT COMMITTED ITSELF FROM THE OUTSET, THERE WAS A PRIMA FACIE CASE AGAINST EXPENDITURE INCREASES OF THAT MAGNITUDE. INDEED ONE INFLUENTIAL GOVERNMENT DEPARTMENT OFFERED THE OPINION THAT THE PROPOSED EXPENDITURE WAS AN EMBARRASSMENT, COMING AS IT DID FROM A MEMBER OF THE GOVERNMENT'S EXPENDITURE REVIEW COMMITTEE.

NORMALLY I WOULD BE RECEPTIVE TO THAT SORT OF VIEW, BUT BELIEVE THE GEOSCIENCE AND SEISMIC EXPENDITURES SHOULD BE REGARDED AS INVESTMENT FOR THE FUTURE, NOT CONSUMPTION IN THE PRESENT. THE ERC AND CABINET AGREED - A TRIBUTE I BELIEVE TO THE COMMONSENSE OF MY COLLEAGUES, RATHER THAN TO MY UNIQUE SKILLS AS AN ADVOCATE.

THE STRONG COMMERCIAL INTEREST TOUCHED OFF BY THE BUREAU'S DEEPER SEISMIC SURVEY OF THE PREVIOUSLY ABANDONED BASS BASIN IS A SIGNIFICANT EXAMPLE OF THE VALUE OF SUCH WORK.

BEFORE CLOSING I WISH TO MENTION TWO RECENT INITIATIVES INVOLVING THE BUREAU.

FIRSTLY, THE PROVISION IN THE 1984 BUDGET OF STAFF AND EQUIPMENT TO MONITOR NUCLEAR EXPLOSIONS AND CONTRIBUTE TO AN INTERNATIONAL DATA CENTRE.

SECONDLY, PURSUANT TO THE MEMORANDUM OF UNDERSTANDING SIGNED BY ME LAST YEAR, AN AUSTRALIAN SCIENTIFIC PARTY WILL VISIT CHINA NEXT YEAR TO SELECT AN AREA FOR A DETAILED JOINT GEOSCIENTIFIC

STUDY. THIS FURTHER STRENGTHENS THE DEVELOPING RELATIONSHIP WITH CHINA, PROVIDES OPPORTUNITIES FOR INVOLVEMENT BY AUSTRALIAN FIRMS IN CHINESE MINERAL DEVELOPMENT, AND REINFORCES AUSTRALIA'S ALREADY FAVOURABLE POSITION TO PARTICIPATE IN THE INTERNATIONAL TRADE OPPORTUNITIES ASSOCIATED WITH CHINA'S ECONOMIC GROWTH.

FINALLY IT IS MY PLEASURE TO DECLARE THIS SYMPOSIUM OPEN.