



PRIME MINISTER

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SPEECH BY THE PRIME MINISTER
ANNUAL DINNER OF THE
AUSTRALIAN MINING INDUSTRY COUNCIL
CANBERRA - 3 MAY 1990

This is my seventh address to the annual dinner of the Australian Mining Industry Council. The first, delivered just two months after coming to office, focussed on domestic economic conditions and mining taxation policy. The second, third and fourth addresses - from 1984 to 1986 - dealt with the international trading cycle and the progressively gloomier prospects for world mineral prices.

In 1987 signs of a recovery in mineral prices began to emerge and I introduced a further consideration into my speech to you: the relationship between mining and the environment.

I did not appear in 1988. I have had the records checked, and I did receive an invitation - so my 1987 speech must not have gone down too badly.

I have been able to ascertain that on the night of May 5, 1988 I was toiling away in a meeting of the Government's Structural Adjustment Committee. That series of SAC meetings and meetings of the Expenditure Review Committee culminated in the 1988 May Statement - a statement which announced the most far reaching micro-economic reforms ever undertaken by an Australian Government. These included sweeping tariff reductions, business tax reforms and a range of other reforms in telecommunications, primary industry, grain handling and government business enterprises.

So you can see I was heavily pre-occupied on May 5, 1988.

Last year the Government delivered an Economic Statement in April. I was able to attend the AMIC dinner and more than half of my address was devoted to the concept of ecologically sustainable development.

So what can we learn from this brief review of my addresses to AMIC?

First, my strike rate in attending AMIC dinners is 87.5 per cent.

Second, arising from the first lesson, we obviously have found each other's company congenial, the food is always good and I suspect - but I do not know - that the wine, too, is of high quality.

And third, the issues confronting AMIC and the Government in earlier years - in spite of substantial progress made - remain important issues of today: the international trading system as it affects commodity prices, and micro-economic reform and its implications for the minerals industries. Yet the newer issue of the environment is coming to overlay these more conventional concerns.

That is not to say that AMIC and the Government should pay less attention to global economic conditions, the international trading system, and economic management and micro-economic reform at home. To the contrary. These are of paramount importance to the viability of the Australian mining industries and to the health of the Australian economy.

And here let me reaffirm, in the face of some possible doubts, that my Government recognises the indispensable contribution of the Australian mining industries to the nation's economic prosperity: most particularly, its contribution to easing the current account deficit.

But recognition and applause are not, of themselves, enough - just as the continuation of past practices by some mining industries would not constitute an adequate response to today's demands for high environmental standards. And let me say that, judging from its discussions with members of my Government, AMIC is responsive to the higher environmental standards nowadays expected of the mining industries. I readily acknowledge that and am greatly encouraged by it.

For economic development in Australia and in particular, mineral development, is sustainable in the long term only if it is ecologically sustainable.

You may be aware that one of the major commitments of my Government is to formulate strategies which give practical effect to the concept of ecologically sustainable development.

This is not, of course, a new concept. It underpins many existing government policies and programs. But it now needs to be applied systematically across all our industry sectors: agriculture, mining, forestry, fisheries, energy and manufacturing.

A discussion paper on the concept of sustainable development is now being finalised by a Government Interdepartmental Committee, for consideration by the special new Cabinet sub-committee on sustainable development.

When finalised, the discussion paper will be circulated within the community for comment.

Once that initial process is completed I envisage that working groups comprising representatives of industry, unions and the conservation movement will identify and propose solutions to the most pressing problems in each major industry sector. I have also invited the State and Territory Governments to be involved.

We must move our renewable resource industries towards sustainable yields - from forests, from the soils, from the oceans.

The utilisation of our non-renewable resources needs to satisfy different criteria. They must be used more efficiently and recycled to the extent that is feasible. Industries must find ways to use energy, water and materials more efficiently and meet appropriate standards of environmental protection.

Recently there has been some revival of support for negative economic growth as a way of protecting the environment. But a world experiencing negative growth would be a world in which poverty was even more endemic - and therefore a world which would be even more prone to ecological and other disasters.

So I categorically reject the negative growth thesis as a solution to environmental degradation.

But if we are to achieve sustainable development, several conditions need to be met.

First, it is essential for governments to get the economic and environmental policy frameworks right.

Second, people in industry and the consuming public need to be well informed about environmental issues and be given the right price signals.

And third, environmental values need to be built into economic decisions at all levels in the community.

My Government has already taken steps to ensure a better integration of environmental considerations in its own economic decision making. The Environment Minister is a member of the Structural Adjustment Committee of Cabinet, and environmental impacts are addressed in Cabinet submissions.

The newly established special Cabinet sub-committee on sustainable development will oversee the Commonwealth's part in formulating the sustainable development strategy. You will appreciate that that is a very high level committee reflecting a very serious determination on our part to ensure reason, balance and consistency in our consideration of resource development issues. We believe in growth, we believe in the environment; we are determined to have both.

Rational, well-informed decisions require good information and analytical bases. Over the last two years my Government has progressively increased funding for resource and environmental data bases and information systems. And in establishing the Resource Assessment Commission we have set up a major, open inquiry mechanism.

The Government has also made more funds available for public education, because without adequate information consumers will not be able to make environmentally sound choices. A good deal more still remains to be done in this area.

The new Minister for the Environment, Ros Kelly, has signalled her interest in environmental programs in schools and a closer linking with science education.

It is necessarily the responsibility of governments - at both the Commonwealth and State levels - to set the basic framework for sustainable development. Governments must set acceptable standards, and do what they can to ensure the standards are met. They must also try to ensure that market prices, which are the key to the way we all use resources, better reflect the environmental costs of our actions and the environmental values of the community.

The root cause of much environmental degradation has been market failure. Many environmental resources, like the atmosphere and our rivers and oceans, are overused and abused because they are free or underpriced.

We would therefore expect the working groups to look closely at the full range of regulatory and market-based mechanisms to see which current measures are encouraging or impeding our reaching the environmental standards we want, and to propose a new mix of measures that better and more effectively meet our environmental goals.

The achievement of sustainable development will require changes in various industry practices. There is also an expectation that industry will make a continuing effort to develop and implement new, cleaner, more efficient technologies.

I was pleased to see the recent statement by the Business Council of Australia acknowledging that industry has a duty to observe high standards, though I do not believe that industry self-regulation will be enough in itself to achieve them.

Fundamental shifts in attitude and behaviour are required. I invite the mining industries to join with us in designing the mix of measures that will ensure that these changes occur.

Ladies and gentlemen,

In the past, sustainable development for the minerals sector has focussed on concerns about the rate of resource depletion and the availability of mineral resources for future development. Today, sustainable development is concerned with other and much wider matters, including access to land for exploration and development, resource taxation, and the implementation of environmental assessment, protection and rehabilitation policies.

Appropriate access to land for mineral exploration and development has been at the top of the industry's agenda for some time. Clearly there are going to be continuing differences of view on this issue between the industry, conservation and many community groups.

For its part, the Government has already laid down a number of guiding principles for the resolution of land use conflicts.

But I readily acknowledge that the mining industries are entitled to a greater degree of certainty in relation to access to potential mineral deposits than they have received to date.

This does not mean open slather. High conservation areas will remain closed to mining.

And where access is contemplated by government, the normal EIS processes will apply.

But through the participation of all parties in the mining industry working group on sustainable development, I hope that we can achieve together guaranteed protection for high conservation areas, greater assuredness of access for the mining industries to lower conservation areas, more consistent and transparent approval procedures for major resource projects, and the adoption of high environmental standards in the development of mineral deposits.

I am confident we can achieve these ambitious goals - if we have the full co-operation of AMIC and the mining industries, together with the conservation movement and other interest groups.

An equally important area of industry concern is the question of the level of resource taxation. Over the last year this concern has centred on the Government's review of petroleum taxation. Nevertheless, it is a crucial issue to all our natural resource based industries.

The Government strongly believes that the community is entitled to an appropriate return in exchange for the right to exploit a community owned resource.

At the same time the Government fully appreciates the need to provide companies with sufficient financial incentives to explore and develop these valuable resources.

Inevitably the structure and level of this taxation will be the subject of some disagreement. In this context I hope that the present Industry Commission inquiry into mining and mineral processing will provide some further analysis of the various options. The draft report is due to be released next month and could provide a valuable input for the sustainable development working group's discussions.

In this context, you will be aware that I recently announced that the Government will be reviewing the current taxation policies as they relate to minesite rehabilitation and the removal of offshore oil and gas platforms.

Ladies and gentlemen,

In my Environment Statement last year I made a commitment that Australia would play its part in reducing global greenhouse gas emissions, both domestically and internationally.

The first phase of the Government's investigations into reducing emissions domestically was the preparation of a discussion paper prepared by a special working group of Commonwealth departments.

This is an issue fundamental to Australian industry's competitiveness, particularly in the minerals sector. We are all aware of the spotlight that has been turned on coal, and on carbon dioxide emissions more generally. I would urge you all to respond to what we have proposed in the discussion paper, either directly or through AMIC.

We will continue to work with other countries in developing solutions to the global problems arising from the greenhouse effect, as well as funding our own greenhouse research program.

Australia is working hard, especially within the Intergovernmental Panel on Climate Change, to develop an international framework convention on climate change that will bind all countries to a program of reducing greenhouse gas emissions and taking other measures to ameliorate or respond to the greenhouse effect.

As I indicated in my Environment Statement, it may be that the sensible global strategy is for some energy-intensive activities to be relocated to efficient energy-producing countries such as Australia. Total world greenhouse gas emissions could be lowered in the process - so long as industry in Australia is prepared to collaborate with government in raising energy efficiency to yield a lower level of greenhouse gas emissions for a given level of production.

Ladies and gentlemen,

Our desire to meet the environmental challenges facing Australia, while sustaining economic growth, is another reason why the vigorous pursuit of microeconomic reform is an imperative for my Government.

Continuing the Government's already strong performance on microeconomic reform is crucial to the economy as a whole but it will also contribute a great deal to the competitive position of the Australian mining industries. Lower protection and greater competition will improve the performance of those feeder industries which supply the goods and services on which the mining industries rely.

And a more efficient allocation of resources between sectors will assist the mining industry as it vies with other industries for vital land, labour and capital.

In February this year I outlined ten central elements of my Government's ambitious but achievable fourth term microeconomic policy agenda. Further reforms in the fields of aviation, telecommunications, industry, shipping, electricity generation, railways and the labour market are all of critical importance to Australia's economic future.

Reforms of particular relevance to the mining industry are those affecting the transport sector. In rail, my Government's pursuit of a national rail freight initiative will be a priority. Already several reviews are underway, including a feasibility study on a national rail freight organisation and the Industry Commission inquiry into the efficiency of the rail sector.

We recognise mining's dependence on an efficient rail system and will be looking towards making that sector much more effective and responsive to customer needs. I trust that all State Governments will work with us in that task: without their co-operation little can be achieved.

Shipping reforms already set in place will progressively put operating costs and manning levels of Australian flag shipping on a par with those of our major trading partners.

The program for waterfront reform will be pursued vigorously and we expect that the major enterprise agreements will be concluded this year.

Obviously the mining industries are also set to benefit from the Government's broader reform agenda which will tackle inefficiencies throughout the economy.

Ladies and gentlemen,

On the international front, I want to report to you briefly on progress in the GATT Uruguay Round.

After a lengthy stalemate, there has been recent progress in the negotiations on natural resource based products in the Round. Agreement on procedures in February has opened the way for substantive negotiations to begin. In addition, after considerable pressure from Australia and others, the European Community has agreed to negotiate on a key product, coal, in the Round.

Our challenge now is to tackle subsidies and other measures that seriously distort trade, notably in coal but also in other natural resource based products. These trade distortions also contribute to major problems of land and atmospheric degradation.

We are working to build support for our efforts to secure comprehensive reform of the trade in coal. But while we have taken a couple of steps forward, we recognise the most difficult stages lie ahead.

Ladies and gentlemen,

This is a very important time for the Government, the mining industries and the nation. It is a time for accelerated reform to make our economy more competitive, more flexible and more resilient.

It is a time when our industries must achieve environmental sustainability while at the same time raising their productivity and increasing their contribution to Australia's current account.

These are not easily achievable ambitions - either for government or for AMIC.

But through your co-operation in the sustainable development working groups and through the normal channels open to you for making your views known to my Government, I invite you to join with us in achieving together our very important - our very ambitious - goals.

In meeting these challenges I am confident that AMIC and its members will come to enjoy under my Government an increasingly predictable and coherent framework of policies and processes - a framework which will allow the mining industries to invest with greater confidence in the environmentally sustainable development of this country's great mineral resources.

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