# DRAFT INDUSTRY ACTION PLAN

## NSW MINERALS

Prepared by the NSW Minerals Industry Taskforce

OCTOBER 2014

# *Preamble*

The Minerals Industry Taskforce was established in May 2014 by the NSW Minister for Resources and Energy to deliver an Industry Action Plan with strategies to address the challenges being faced by the NSW minerals industry, and to drive growth, innovation and productivity in the industry.

The proposed strategies in this draft Action Plan seek to support long-term investment in, and the sustainability of, the industry, and to increase the value of mineral production by 30% by 2020, which is the target in the NSW 2021 state plan.

In the preparation of the draft Action Plan, the Taskforce has consulted with the minerals industry and researched the barriers to, and drivers of, growth in the industry. It has also commissioned reports to assess the economic contribution of mining to the NSW economy and to analyse the information needs and preferences of key groups in mine-affected communities. These draft reports have been released concurrently with this draft Industry Action Plan to inform consultation with all sections of the community.

Those interested in contributing to this discussion are requested to make a submission to inform the Taskforce's final Industry Action Plan by **5pm Friday, 19 December 2014**.

All submissions will be made public, unless confidentiality is specifically requested and the submission is clearly marked as confidential.

Submissions can be made via email to the Taskforce's secretariat (minerals.iap@trade.nsw.gov.au). Submissions can also be posted to Minerals Taskforce secretariat, GPO Box 5477, Sydney NSW 2001.

Your input and advice will help the Taskforce refine the recommendations for this key industry. Following submissions, the Taskforce will present the final Minerals Industry Action Plan to the NSW Government.

# *Terms of Reference*

**Objectives**

The NSW Minerals Industry Taskforce will deliver an action plan to set out an industry-government partnership to set out how the minerals industry will contribute to the *NSW 2021* goals of rebuilding the NSW economy including driving economic growth in regional NSW and increasing the competitiveness of doing business in NSW.

The NSW minerals industry makes a major contribution to the State's economy in terms of business activity, investment, regional development, job creation and export revenue. It covers familiar commodities such as gold, copper, silver, lead, zinc as well as the State's predominant energy source – coal.

**Functions**

The Taskforce is to develop an Industry Action Plan that:

1. Articulates a vision and 10-year strategy for the NSW minerals sector.
2. Identifies the key drivers for and barriers to innovation and export growth in the sector and across the entire supply chain.
3. Proposes ways to enhance community understanding of the role of the minerals industry in the NSW economy and particularly the regions.
4. Develops a list of priority actions to be undertaken by industry, education and research institutions and government to encourage sustainable sector growth, enhance productivity and innovation, improve export performance, increase investment and benefit the regions.
5. Identifies roles and responsibilities for the delivery of the Industry Action Plan's recommendations, and the longer-term framework of partnership between industry, education, research stakeholders, community, and the government.

The Industry Action Plan is being developed within a tight fiscal environment where there are budgetary pressures for both the government and for industry. Therefore, the Plan is not expected to commit industry or the NSW Government to the injection of large amounts of additional funding.

The Taskforce will take into account the work that has been undertaken and is currently in progress, including: the NSW Infrastructure Strategy; the NSW Economic Development Framework; and the International Engagement Strategy.

The Taskforce will also consider how industry, education, research, community and government can work together to support long-term investment in and sustainability of the minerals sector by: encouraging private investment in exploration in NSW; supporting sustainable development of the State's mineral resources, which provides social, employment and economic benefits to regional parts of the NSW and the State as a whole; growing NSW's share of Australia's mineral production and exports; increasing the value adding to mineral production in the State (minerals processing); and reducing regulatory burden to facilitate and encourage responsible mineral development.

**Timeframes:**

A draft report will be released for comment in September 2014. A final report is to be submitted in November 2014.

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# *Executive Summary*

The Taskforce's vision is:

***NSW is a globally competitive mining state benefiting local communities and the people of NSW.***

The Taskforce is seeking the NSW Government's commitment to this long-term (25 years) strategy to support the local mining industry and recognise that mining is a core industry in NSW.

The minerals industry is a significant provider of wealth and jobs for NSW and regional NSW in particular. While it directly represents 2.9% of NSW industry value added, it comprises 19.6% of the Central West's industry value added and 17.6% of the Hunter's industry value added. As the source of around 30% of our total exports, the industry is NSW's largest exporter and underpins some of the state's most important global trading relationships.

However, the industry is facing a number of challenges, which is reflected in declining investment. Analysis shows that NSW's coal production will fall without significant investment to expand existing mines, or develop new ones.

The production of non-coal resources will also fall sharply without an increase in exploration. Six of the state's 12 large-scale non-coal mines are expected to close between 2021 and 2027. With an average delay between discovery and development of 10 to 15 years, even with an increase in exploration and a more streamlined planning system, we could see significant gaps in activity and lost opportunities for employment and wealth creation, particularly in Central and Western NSW.

Increasing global demand for coal, minerals and associated technology and services is certain; whether this demand will be supplied from NSW is not. Encouraging greater investment, production and exports from NSW will be critical to the long-term sustainability of the industry, and the economy of NSW.

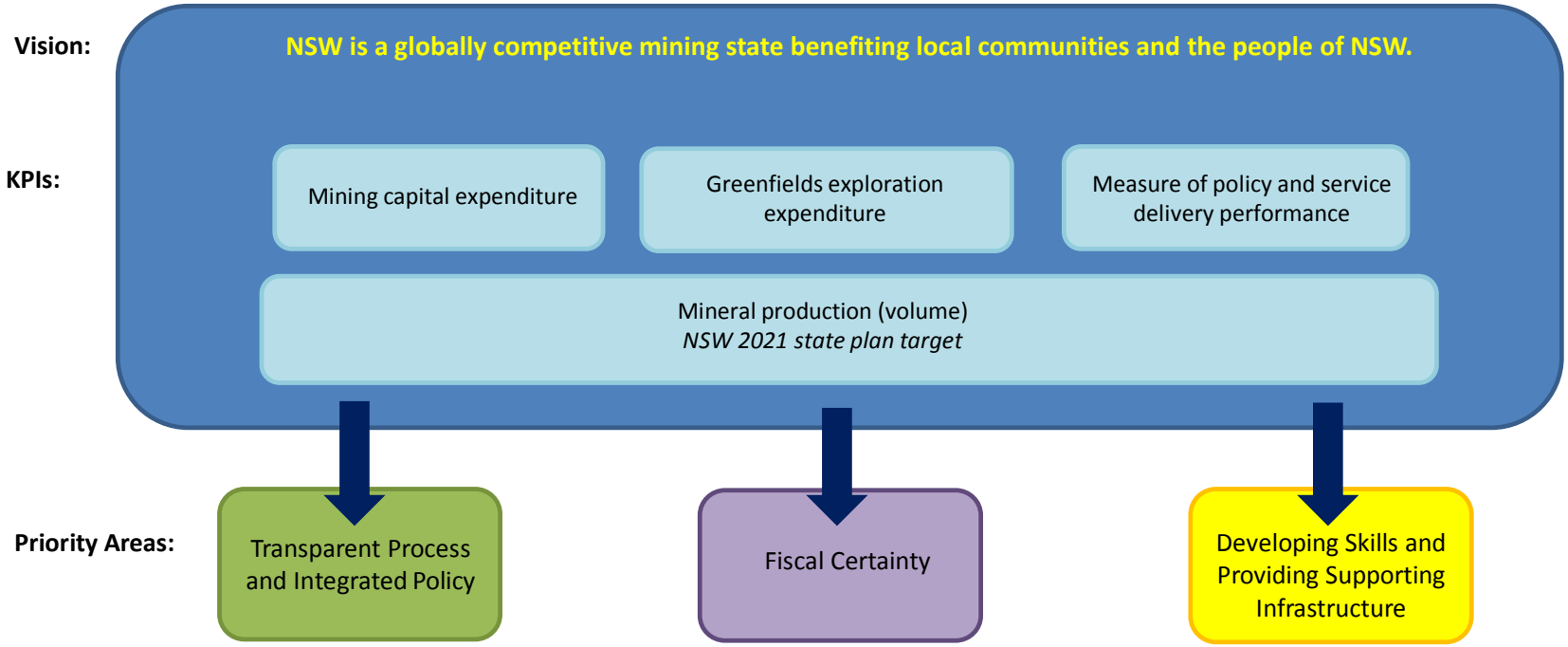
As part of this long-term strategy, the industry is seeking the NSW Government's commitment to:

1. A **transparent process and integrated policy** that provides certainty for mining companies investing in NSW
2. Providing **fiscal certainty**. It will not increase royalties and it will consolidate fees and charges and work to reduce these in real terms over time.
3. **Developing skills and providing supporting infrastructure** to foster a vibrant mining sector.

Overall, the Taskforce has identified 12 key recommendations.

The single most important initiative that the NSW Government can take to support the development of the industry is to provide greater certainty, transparency and timeliness to the planning and regulatory decision-making regime.

NSW has a comprehensive planning and regulatory regime. The minerals industry is **not** seeking to reduce the current level of standards or outcomes, but rather to improve the system. The NSW Government has already started to take steps; the Taskforce is calling for these improvements to be fast-tracked.




**Recommendations:**

**1.** Address serious identified deficiencies in the way the Planning Assessment Commission (PAC) operates

**2.** Establish a lead agency with the power to drive cross agency decisions.

**3.** Streamline the decision-making processes and address policy gaps, emphasising: a) Implementing outcomes and risk based regulation, b) Providing greater certainty in approach.

**4.** NSW Government excellence in service delivery and regulation.

**5.** Clearly communicate NSW's robust regulatory regime.

**6.** Continue to provide information to, and engage with communities

**7.** Commit to no increases in royalties for the next 25 years.

**8.** Consolidate mining related fees and levies, and reduce the real cost to explorers and miners over the long term.

**9.** Provide a skilled workforce for a competitive and growing minerals industry.

**10.** Invest in the availability, accessibility and promotion of pre-competitive geosciences information.

**11.** Support research in :
a) Deep cover exploration.
b) Mining operations productivity.
c) Low emission energy technology.

**12.** Ensure and enhance the competitiveness and efficiency of the NSW freight network.

# What is at risk for NSW

### *How important is mining to NSW's prosperity?*

The NSW minerals industry is a major contributor to the wealth of our state. The minerals industry is our largest exporter; in 2012–13, it was the source of $17 billion in exports, making up 30% of our total exports and underpins some of the state's most important global trading relationships such as those with Japan, Korea, China, Taiwan, and India. The Centre for International Economics estimates the industry directly contributed about $12.5 billion (or 2.9%) of NSW industry value added and employed about 40,000 people, though this has declined recently.[1]

The Centre for International Economics estimates that the NSW minerals industry contributed about $3.9 billion to government revenue at all levels in 2013-14.[2] This included $1.6 billion in state revenue from industry-specific taxes such as mining royalties, fees and levies, and taxes charged on all NSW businesses such as payroll tax and land tax. The industry also contributed to Commonwealth Government taxation through corporate and income taxes, and to local government through land rates and voluntary planning agreements.

### *Mining is particularly important to regional NSW*

The industry is a significant provider of wealth and jobs in regional NSW, as shown below. For example, in the Hunter, NSW's second most populous region, the industry contributes $6.6 billion to the regional economy, which is about 17.6% of industry value added. One in every 13 jobs in the Hunter is directly supported by the minerals industry, including jobs at Macquarie Generation power station in Muswellbrook, Orica's Australian Centre of Excellence in Kurri Kurri, and consulting businesses, like GHD, in inner-city Newcastle.[3]

**Table 1:** Direct impact of the minerals industry to NSW

| | Value added | % of Industry value added | Jobs | | % of jobs in region in FTE terms |
|---|---|---|---|---|---|
| | | | Direct (Number) | Direct (FTE) [a] | |
| **Hunter** | $6.6 billion | 17.6% | 18,962 | 20,492 | 8.0% |
| **Illawarra** | $1.0 billion | 7.5% | 2,990 | 3,132 | 3.1% |
| **Central West** | $2.4 billion | 19.6% | 8,116 | 9,118 | 9.7% |
| **New England and North West** | $0.4 billion | 3.9% | 1,107 | 1,239 | 1.5% |
| **Rest of NSW** | $2.1 billion | 0.6% | 9,117 | 9,802 | 0.4% |
| **NSW Total** | **$12.5 billion** | **2.9%** | **40,291** | **43,782** | **1.4%** |

[a] Estimates have been converted into full-time equivalent terms. Due to the low number of part-time workers and long hours worked, the number of workers on a full-time equivalent (FTE) basis is higher than the total number of workers. FTE is based on 40 hours per week.

**Source:** The Centre for International Economics (The CIE)

The minerals industry is also a key source of high-paying jobs in regional NSW. The average wage of a miner in NSW is over $130,000 per year[4], compared to the average wage in regional NSW of about $51,000 per year.[5] This wealth effect is spread across the region as most minerals industry workers live locally and buy goods and services nearby.

[1] The CIE (2014) *Contribution of Mining to the NSW Economy*, Page 21 and Page 24

[2] The CIE (2014) *Contribution of Mining to the NSW economy*, Page 44

[3] Case studies, prepared by The Centre for International Economics (The CIE), on the economic importance of the minerals industry to the Hunter, New England, Illawarra and Central West are included in The CIE (2014) *Contribution of mining to NSW economy*.

[4] University of Wollongong Research, Lawrence Consulting, *NSW Mining Industry Economic Impact Assessment 2012/13,* October 2013,

[5] Based on ABS (2013) Catalogue 5673.0.55.003 – *Wage and Salary Earner Statistics for Small Areas*, Time Series, 2005-06 to 2010-11.

# Vision

The Taskforce vision is:

***NSW is a globally competitive mining state benefiting local communities and the people of NSW.***

The industry in NSW is facing strong challenges. Analysis shows that NSW's coal production will fall without significant investment to expand existing mines, or develop new ones. The production of other mineral (non-coal) resources will also fall sharply without an increase in exploration.

Encouraging greater investment, production and exports from NSW will be critical to the long-term sustainability of the industry, and the economy of NSW.

The Taskforce has made 12 recommendations across three priority areas:

1. A **transparent process and integrated policy** that provides certainty for mining companies investing in NSW
2. Providing **fiscal certainty**. It will not change the royalty regime and it will consolidate fees and charges and work to reduce these in real terms over time.
3. **Developing skills and providing supporting infrastructure** to foster a vibrant mining sector.

The NSW Government needs to act urgently on all recommendations to minimise adverse impact for the industry and NSW economy. For three recommendations, the Taskforce has identified an immediate action for the NSW Government. An overview of expected timeframes is outlined in Appendix 2.

# Priority Area 1: Transparent Process and Integrated Policy

Increasing global demand for coal, minerals and associated technology and services is certain; whether this demand will be supplied from NSW is not.

The degree to which NSW benefits will depend on whether we can provide an internationally competitive product (in terms of quality and price). We live in a period of strong economic growth with a large proportion of the world's population gaining improvements in income and living standards. Analysis of the demand for metals and minerals shows that as per capita income in a country reaches US$5,000–US$10,000 per year, the demand for metal accelerates.[6]

For example:

- Copper is an essential component of modern life; it is a core component of modern electronics and construction. While there is currently an oversupply of copper, this is forecast to be short-lived with a supply deficit predicted by 2020.[7]
- The consumer demand for gold is particularly strong, with China and India the dominant consumer gold markets. Gold is also expected to remain an important global investment asset.[8]
- Coal, which is the largest component of NSW's resources industry by weight and value, is expected to remain a major energy source in the future. Recent projections from the International Energy Agency (IEA) forecast coal demand to grow by 2.3% per annum to 2018, with seaborne thermal coal exports growing by 3.6% per annum, a total increase of 175 million tonnes. The IEA forecasts that growth in seaborne thermal coal demand will originate from India, Malaysia, Thailand and the Philippines.[9]

However there has been a worrying trend of continuing decline in NSW's share of Australian mining capital expenditure. In the first 5 years of the 1990s, NSW received 13.8% of mining capital expenditure in Australia. In the last five years (2009-13), NSW's share fell to 7.2%. During the same timeframes, Queensland's share rose from 21.0% to 27.5%.[10] In 2013, Queensland received $29 billion *more* in mining capital expenditure than NSW.

Without further investment in the expansion or development of new coal mines, NSW coal production is expected to peak within two to three years, before declining by approximately 5% per annum**.** This will put at risk the ability of the NSW Government to achieve the NSW 2021 State Plan targets for the NSW economy and the mining industry in particular, including its targets to: increase the value of primary industries by 30% by 2020; and grow exports for NSW.

The impact of declining production on the NSW economy, and regional NSW economies in particular, will be significant. The Centre for International Economics has estimated the economic impact of a decline in production:[11]

[6] International Council on Mining and Minerals (2012) *Trends in the mining and metals industry* Page 3. Accessed on 25 July 2014 from: http://www.icmm.com/document/4441

[7] Xan Rice, *Copper miners look past present pain to future gain,* Financial Times, London, 14 April 2014.

[8] Ansuya Harjani, *It's official: China overtakes India as top consumer of gold,* CNBC, Edgewood Cliffs, 18 February 2014

[9] International Energy Agency, *Coal – Medium-Term Market Report 2013*, December 2013, pp 97-98

[10] ABS (2014) Private New Capital Expenditure and Expected Expenditure, Australia, March 2014. ABS Cat. 5625.0. Sourced from: http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5625.0March%202014?OpenDocument

[11] The CIE (2014) *Contribution of Mining to the NSW economy*, Page 44

- A $100 million decline in NSW's coal production – which is less than a 1% decline in a single year – would lead to an overall decline of $131 million to NSW GSP and a loss of 472 full-time equivalent (FTE) jobs. Most of this impact would be felt in the Hunter region, which would lose 309 FTE jobs.
- A $100 million decline in NSW's non-coal (minerals) production – which is less than a 5% decline in a single year – would lead to an overall decline of $99 million to NSW GSP and a loss of 396 FTE jobs. Most of these (201 FTE jobs) would be lost from the Central West.

Historically, NSW has created an attractive environment for minerals investors, both foreign and domestic. Our state has significant mineral resources, and has been perceived as an investment destination with low sovereign risk and a sound regulatory framework.

However, perceptions of the timeliness and efficiency of our planning and regulatory decision-making process have fallen over the past five years.[12] The industry recognises that not all applications will be approved, or approved without conditions; but it sees the approvals process as overly complex, uncertain, lacking transparency, and long (the process often takes many years to complete).

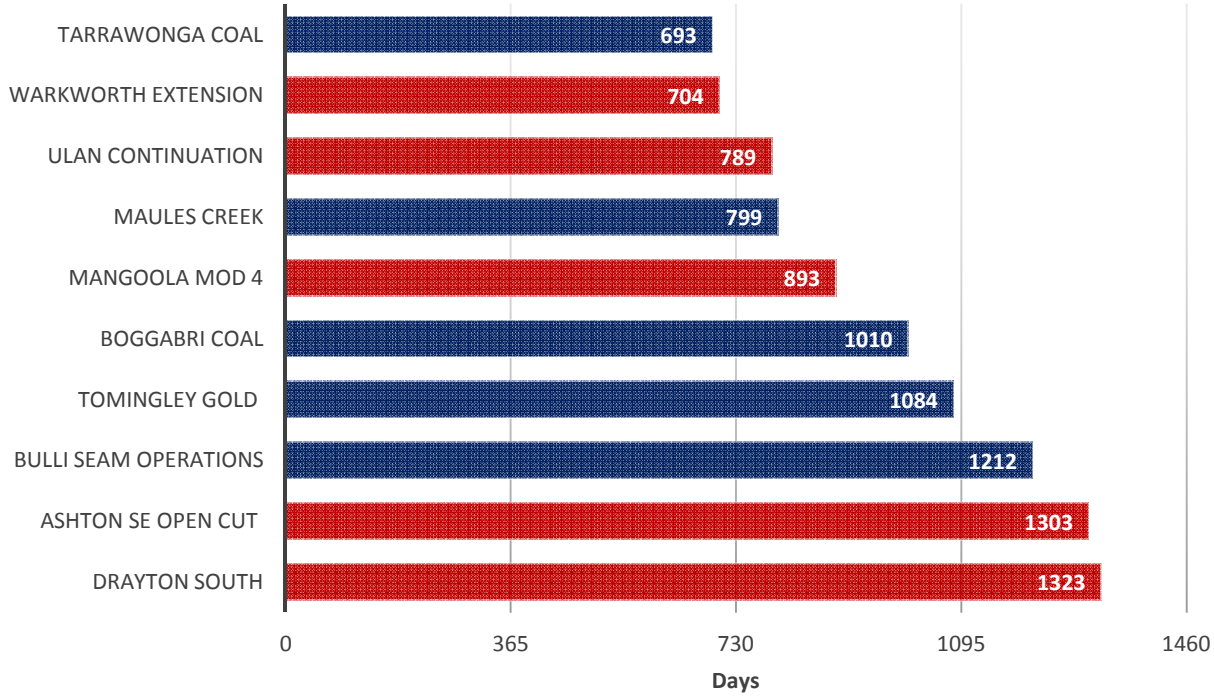
The figure below shows the timeframes from submitting an application to develop a mine to the time final development consent was awarded. The planning system is complicated and there are multiple steps in the process to ensure that risks are appropriately addressed. These steps include:

- Request for an environmental assessment report.
- Preparation of environmental assessment requirements.
- Preparation of an environmental impact statement.
- Exhibition.
- Response to submissions.
- Assessment and determination.

These timeframes include the time taken for the applicant to provide information to the Department as part of the assessment process – a proponent takes between 400-500 days on average to prepare an environmental impact statement - but exclude the work the NSW Government requires from applicants before they submit an application for development consent. The timeframes also include the time taken for other NSW agencies to respond to the Department of Planning in relation to issues raised in the assessment process (for example, the Department of Trade and Investment, the Environment Protection Authority and the Office of Environment and Heritage).

[12] Fraser Institute, *Survey of Mining Companies 2013,* p 7.

**Figure 1: Days from development consent application to final determination**




**Note:** Blue bars indicate new projects; red bars indicate mine extensions and modifications.
The above is a sample of projects that have been chosen to identify how long the process can take.
**Source:** Department of Planning and Environment

The cost to business of this uncertainty and time delay is substantial and risks the future of the industry.

Other Commonwealth and State Government actions – such as increased regulatory and tax uncertainty – have raised investor questions about the relative attractiveness of NSW mining as an area for investment. This has been exacerbated by the negative public perception of coal seam gas activities being confused as broader anti-mining sentiment.[13]

Meanwhile, other Australian mining jurisdictions, such as Queensland[14] and Western Australia,[15] have been introducing reforms to streamline their approvals process. They have also sought to make it easier for investors to navigate their way through these processes, such as adopting a lead agency model approach[16] and developing online application processes.[17]

On top of this domestic competition for investment, NSW's competitive advantage as a low-risk location for minerals has been further diminished by improving conditions in other countries. Nations in Asia, Latin America and Africa have been working to reduce their sovereign risk profiles and support the minerals industry by increasing the transparency and certainty of assessment criteria in their approvals processes.[18] This has increased the number of viable alternative

[13] NSW Minerals Council has tracked public perception of mining in NSW over a number of years and has found that overall it is not a major concern for the broader community. Two thirds of people surveyed supported the mining industry.
[14] Queensland Government, *Streamlining the permits approval process in Queensland* accessed 20 August 2014: http://mines.industry.qld.gov.au/mining/streamlining-project.htm ,
[15] Alex Heber, *WA moves to streamline environmental approvals*, Australian mining, 31 October 2013, http://www.miningaustralia.com.au/news/wa-moves-to-streamline-environmental-approvals
[16] As advocated by the World Bank in *Mining Royalties A Global Study of Their Impact on Investors, Government and Civil Society*
[17] Minister Tom Koutsantonis, *New online tool to streamline mineral applications*, Government of South Australia. 15 February 2013. http://www.minerals.dmitre.sa.gov.au/press_and_events/news_releases/New_online_tool_to_streamline_mineral_applications
[18] According to the Fraser Institute, in the past 5 years developing jurisdictions such as Botswana, Namibia, Burkina Faso and Salta in Argentina, have made significant progress in improving their policy perceptions.

locations to NSW for global minerals investment, which is reflected in declining exploration and mining investment in our state (see next sections).

## Address serious deficiencies in the way the PAC operates

**1. Address serious identified deficiencies in the way the Planning Assessment Commission (PAC) operates.**

**Immediate steps include:**

- **i. Remove the PAC, or at the very least reform the PAC, to return decision-making to the elected Government.**
- **ii. Ensure that projects undergo only one rigorous and thorough review process and are not subject to further merits-based review.**
- **iii. If the PAC is to be retained, the comprehensive package of vital reforms is to include;**
  - **a. Return of decision-making authority to the elected government.**
  - **b. Finalisation of clear policy parameters for project assessment.**
  - **c. Tighten the scope for any PAC assessment**
  - **d. Introduction of clear timeframes for PAC processes.**
  - **e. Reform of the PAC referral and hearing processes.**

Identification of the need for improvements to planning processes and the need for Ministerial accountability is not new. The Productivity Commission has highlighted a nationwide need to reform planning systems to support economic activity and growth.[19]

The timeframes and complexity of the current NSW Planning System has led to a decline in investor confidence in NSW and is placing future mining investment at risk. Taskforce consultation and discussions with companies, as well as independent global analysis by the Fraser Institute, indicates that mining companies have an increasing strong preference for investing in States other than NSW, or in foreign jurisdictions.[20]

The Taskforce commissioned the Centre for International Economics (the CIE) to investigate the impacts of falling investment in mining in NSW. The CIE estimated that compared to a growth as usual case, falling investment in mining could cost the NSW economy $46.8 billion per year by 2030.[21]

### *Priorities for an effective NSW Planning Process*

In line with the Productivity Commission's report, the Taskforce considers that an effective planning process has the following priorities:

- The process is timely.
- The responsibilities for agencies need to be clearly defined.
- Government policy guiding the process needs to be complete.

The NSW Planning System is not meeting these priorities. The Taskforce has found that:

[19] http://www.pc.gov.au/__data/assets/pdf_file/0015/130353/major-projects.pdf
[20] Fraser Institute, *Survey of Mining Companies 2013*, March 2014, http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/mining-survey-2013.pdf
[21] The CIE (2014) *Contribution of Mining to the NSW Economy*, Page 2

- The PAC is not accountable.
- The planning process and the PAC lack a clear policy framework to operate in.
- Outcome of PAC determinations are highly uncertain.
- Assessments are increasingly protracted and the timing uncertain
- Processes for PAC referrals and hearings are open to manipulation and abuse.

In particular, the Taskforce found widespread and strongly held concern across the industry and beyond in relation to the current PAC process within the planning system. NSW is the only jurisdiction in Australia where major projects are often approved by an independent body, not the relevant minister or elected government. It is clear to the Taskforce that in NSW urgent reform of the PAC process is needed.

***The PAC is not accountable***

The current PAC process distorts decision-making authority and responsibility away from the elected government of the day in favour of unelected officials who are far less accountable and also far less able to publicly articulate and defend the reasons and values behind their decisions. In the most recent example, the PAC recommended against approval of the Drayton South project, affecting the jobs of 500 workers. Following the release of this decision, neither the PAC nor the Government made any further public comment on the decision to justify it, defend it, or explain it to those affected.

NSW is the only jurisdiction in Australia where major projects are often approved by an independent body, not the relevant minister. State significant project development approvals, by their very nature, can be publicly controversial. It is important in these instances that the decision-maker is held accountable to the public. Returning decision-making power to the Minister would also bring NSW back in line with other Australian States and international mining jurisdictions.

There are also significant concerns about the quality of evidence being provided by objectors to the PAC, and the lack of opportunity given to proponents to respond. An example of this is the PAC's acceptance of advice on forecasts of royalty revenue from the Australia Institute.[22] The Australia Institute has publicly conceded that their evidence on royalty revenue was wrong in at least four submissions.[23]

***The planning process and the PAC lack a clear policy framework***

Investment in exploration and mining is at risk when transparent and predictable policy is not available. Communities are adversely affected, as future jobs growth and asset values often rely on the outcome of development applications. This hurts economic development and certainty.

The PAC process suffers from a lack of formalised, clear government policy in a number of key areas of assessment of mining policies in NSW. This has led to departure from precedent and convention and the advice of the Department of Planning and Environment by the PAC on a number of projects.

[22] Wallarah 2 Coal Project PAC Review Report, June 2014, pp64-65 https://majorprojects.affinitylive.com/public/623c9054986c0218b603279ed92a7e06/Wallarah%202%20Coal%20Project%20PAC%20Review%20Report%20June%202014%20Main%20Report%20and%20App%201-4.pdf

[23] Rod Campbell, Newcastle Herald Opinion Piece, 15 September 2014, http://www.theherald.com.au/story/2561092/opinion-digging-up-the-real-value-of-coal-royalties/

The PAC has diverged from the existing standards set by the Department of Planning and Environment and other agencies, leading to inconsistent and unexpected outcomes for proponents. This was demonstrated in the approval of the Boggabri Coal Project, where the PAC diverged from the existing practice and precedent of the Department of Planning and Environment by applying lower noise thresholds to property acquisition criteria, thereby expanding the number of properties the mine may need to purchase.[24]

The PAC's ability to make arbitrary decisions outside of existing Government policy creates uncertainty for miners seeking development approval or modifications. In the 2013 Fraser Institute Annual Survey of Mining Companies, NSW was ranked last among Australian states and 64th out of 112 jurisdictions in the survey for "uncertainty concerning the administration, interpretation, and enforcement of existing regulations".[25]

The PAC has also strayed beyond assessment of individual projects to comment on matters of broad government policy. A recent example is the PAC report on the Watermark Coal Project. This project does not propose to mine the 'black soil plains', and therefore any consideration of mining in those areas is irrelevant to the review. Despite this, and despite the fact that there is very recent settled NSW government policy on mining of agricultural land in the region, the PAC made recommendations about policy to prohibit mining in these areas.[26]

***Outcome of PAC determinations are highly uncertain***

The PAC's broad scope and delegated determination powers allows it to make decisions contrary to the advice of assessing agencies. This was demonstrated recently by the Drayton South Coal Project in the Hunter Valley. The PAC notes in its decision to refuse the Drayton South development application that "the proposal is likely to meet the relevant regulatory environmental criteria".[27] When projects have been assessed and recommended for approval by the Department of Planning and Environment and other relevant agencies, over a long and rigorous process, it should be unlikely that the determination will diverge from those recommendations. Decisions made by the PAC against the advice of agencies, as in the Drayton South example, result in highly uncertain outcomes.

***Assessments are increasingly protracted and timing uncertain***

PAC processes are increasingly lengthy. These processes, the review, public hearing, public meeting and determination take place in the period after the application is exhibited. Recent analysis conducted by PwC for the NSW Minerals Council has found that since the Government delegated decision-making powers to the PAC in 2011, the average time taken for a new project to be determined from the end of exhibition has increased from 8 months to 13 months[28]. This average increase in delay of nearly half a year adds cost and uncertainty to an already lengthy process.

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[24] Boggabri Coal Project PAC Determination Report, July 2012, http://www.pac.nsw.gov.au/Projects/tabid/77/ctl/viewreview/mid/462/pac/215/view/readonly/myctl/rev/Default.aspx

[25] Fraser Institute, Survey of Mining Companies 2013, March 2014, http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/mining-survey-2013.pdf

[26] Watermark Coal Project PAC Review Report, August 2014, page i https://majorprojects.affinitylive.com/public/bfbc8bbf7617082e17084b9a2654d0a8/2.%20Watermark%20Coal%20Project%20-%20PAC%20Review%20Report.pdf

[27] Planning Assessment Commission, *NSW Planning Assessment Commission Determination Report Drayton South Coal Project, Muswellbrook LGA*, 17 October 2014, p 1. https://majorprojects.affinitylive.com/public/6a6d2a300c94efc78ea433551b9c922f/01.%20Drayton%20South%20-%20PAC%20Determination%20Report.pdf

[28] PwC (2014) *NSW Minerals Council: Quantifying delays in the planning approvals process*, page 6 http://www.nswmining.com.au/NSWMining/media/NSW-Mining/Publications/141107-NSWMC-Quantifying-delays-in-the-planning-approvals-process.pdf

For example, the terms of reference for the Maules Creek PAC Review were issued on 16 August 2011, with an original deadline for the Review report of 16 December 2011. The actual report was completed in mid-March 2012, meaning that a four month process took seven months, almost twice as long as expected, with no mention of why it was not completed on time.[29]

In another example, the PAC provided its Review Report on the Moorlaben Stage 2 project on May 2014, with the Proponent providing its response in July 2014. The project is still under assessment by the Department for Planning and Environment and has not yet been delegated to the PAC for determination[30]. When the project is finally delegated to the PAC, it likely will be delayed by a further month if the PAC calls a public meeting and provides 30 days notice, as is its policy.

***Processes for PAC referrals and hearings are open to manipulation and abuse***

Major projects and modifications with 25 or more objections to the application are required to be referred to the PAC. The 25 objection threshold is arbitrary; it applies regardless of the quality or source of those objections. It can potentially be used to slow down the decision-making process by those ideologically opposed to mining to disrupt and delay mine approvals, increasing the risk and costs to investors. In one recent case, 38 almost identical objections to a relatively minor project modification were received from the same fax machine, prompting an automatic PAC referral, and adding cost and delay to the proponent.

With no discretion to ignore vexatious objections, the current referral criteria are therefore inappropriate and costly to industry, communities and government.

Further, meetings and public hearings of the PAC have in many cases become public spectacles that are stage-managed by activist groups, frustrating the PAC's ability to hear and consider genuine project related issues. An example is the recent PAC public hearing on the Newcastle Port Terminal 4 project. Opponents and activists trivialised proceedings with musical performances, and even hand puppets, then used footage of this to promote their cause on social media.[31]

### *Removal of the PAC*

The Taskforce recommends the PAC and its associated processes be abolished, and decision-making authority for mining and mining-related projects be returned to the elected government.

In instances where the Minister for Planning considers it would be inappropriate for him or her to make a decision, due to political donations or pecuniary interests, the decision should be elevated to the Premier or the Cabinet. This would address potential probity concerns about a single Minister exercising decision-making power on such applications.

The PAC process adds some value through the identification of possible mistakes in the Department of Planning & Environment's assessment and proposed conditioning of the development application. This function can be easily and quickly replicated by making a minor alteration to the current Department of Planning & Environment's assessment. When the Department of Planning & Environment's assessment and, if the project is being recommended, draft conditions are completed, these should be released for a short public exhibition period that

[29] https://majorprojects.affinitylive.com/public/202c1afeec853816d447c920221b81bb/Maules%20Creek%20Coal%20Project%20-%20PAC%20Independant%20Review%20Report.pdf
[30] http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=2371
[31] https://www.youtube.com/watch?v=1vczuXAvtn0, http://www.pac.nsw.gov.au/Projects/tabid/77/ctl/viewreview/mid/462/pac/371/view/readonly/myctl/rev/Default.aspx

would allow the community and the proponent to comment on any concerns about the application of government policy.

This process would take far less time than the existing PAC process and ensure recommendations are not outside of the existing Government policy framework. There is precedent for this type of review in more modern environmental legislation. The *Commonwealth Environmental Protection and Biodiversity Conservation Act 1999*, (EPBC Act) provides that the Minister provide his draft recommendations to the proponent for response before finalisation. This process should also extinguish any opportunity for further merit review. The EPBC Act does not provide for merit review.

Removing the PAC would make the elected Government fully accountable for decisions in relation to state significant projects, rather than an unelected body with no real accountability to the public. It would also mean the Government of the day would need to be prepared to justify and defend these decisions, and not hand off this important accountability to an unelected third party.

The NSW Government already excludes itself from PAC scrutiny in relation to its own state significant infrastructure projects. These are determined directly by the Government, and not the PAC. The Government should also be directly accountable for all state significant development projects.

### *Reform of the PAC*

If removal of the PAC is not achievable and the PAC is to be retained, then the PAC process should be reformed to address the serious identified deficiencies in its operation, and to ensure the PAC acts as a review body only.

Project assessment should be conducted by appropriately skilled and qualified personnel within government agencies, with the assessment process then reviewed by the PAC. Final decision-making authority should rest with the elected government of the day, either through the Minister, or elevated to the Premier or the Cabinet.

A PAC review and public hearing would only be directed by the Minister where it is warranted by the circumstances of the project, or requested by the proponent, and then in accordance with specific terms of reference based on the advice of the Department of Planning and Environment, and only against clear criteria articulated in a finalised Integrated Mining Policy.

If the PAC is to be retained, clear timeframes and KPIs should be introduced to ensure the PAC review process is completed as quickly as possible, and does not continue to add time and cost to an already planning lengthy process.

Any changes to the current planning process will need to be done carefully to ensure that rigorous and thorough assessments continue to be applied during transition, while avoiding increased legal uncertainty through the courts and other merit appeals mechanisms.

## Establish a lead agency model

**2. Establish a lead agency that has the authority, capability and sufficient powers to drive cross agency decisions within agreed timeframes. This includes any powers required to ensure administrative processes are undertaken and decisions made within agreed timeframes.**

According to the World Bank, governments with a lead mining agency are seen to be better informed about the minerals industry.[32] The Western Australian Government has, for example, established a lead agency model which makes their Department of State Development the lead agency and single point of contact for major resource and industry infrastructure projects[33]. The lead agency needs to have the authority, capability and sufficient powers to drive cross agency decisions within agreed timeframes. Another benefit of a lead agency approach is that it will align internal government incentives to ensure streamlined processes, and develop a knowledge base with experience of working through the whole decision-making process.

Individual case managers within a lead agency are a valuable single point of contact for proponents and give one manager responsibility for maintaining momentum for reviews within government. This can facilitate parallel processing of some government functions, which would further streamline the process. The Integrated Mining Policy would also help assist this process by clearly setting out roles and responsibilities and looking for opportunities to reduce duplication and streamline regulatory processes, with no negative impact on environmental protection.

## Streamline our decision-making process

**3. Streamline the decision-making processes for exploration and mining activity and address policy gaps, with long-term emphasis on:**
   **a. Implementing outcomes and risk based regulation.**
   **b. Providing greater certainty in approach.**

**Immediate steps include:**

   **i. Implementation of the Integrated Mining Policy including all supporting policy materials in particular, guidelines for economic assessment, voluntary planning agreements and biodiversity offset.**
   **ii. Re-introducing a broad based modification power for State significant development into the Environmental Planning and Assessment Act 1979.**

NSW is considered to have one of the more complicated and lengthy mining decision-making processes in Australia. This has created a barrier to investment. The process is governed by numerous acts of parliament and regulations, and requires interactions with various government agencies and much duplication. New investors to NSW would be unable to easily identify the full decision-making process, the information and documentation required. Further, the total time between the first step and the timing of the final decision is not able to be predicted.

Streamlining the decision-making process would send a clear and positive signal to the industry.

[32] James Otto, et al, *Mining Royalties – A Global Study of Their Impact on Investors, Government, and Civil Society,* The World Bank, 2006, pp 79-80
[33] http://www.dmp.wa.gov.au/documents/Lead_Agency_Guidance_Document_March_2011.pdf

The roles and responsibilities of different departments in the decision-making process lead to regulatory duplication and inefficiencies in processing applications. In addition, legislation and policy are not consistent and are updated on an ad hoc basis.

As a result of this cumbersome process it takes an unacceptably long time to receive development approval in NSW. Projects in South Australia and Western Australia are less protracted.[34]

This is not limited to mine production:

- Explorers also face a complicated regime. For example, they need to notify or seek approval for land access from a number of government agencies, offices or departments. This can be a complicated process[35].
- Newcastle's Port Waratah Coal Terminal 4 is currently undergoing a planning review. Terminal 4 is not immediately required to be built. However, given the uncertainty and time delays due to the planning system, Port Waratah Coal Service is proactively seeking development approval in advance to ensure it has the ability to proceed with its investment when required.

More broadly, the government needs to ensure that it moves NSW's decision-making and ongoing regulatory regime towards one that is founded on the importance of outcomes, risk-based regulation of the industry. These regulatory principles should allow easier approval of low impact proposals (such as mine modifications that do not impact a mine's footprint or the environment), which would free up public resources to review more complicated proposals.

### *Integrated Mining Policy*

There are significant gaps in NSW's mining policies. These provide a lack of clarity on the criteria against which a project will be assessed (and therefore the information a proponent must provide in an application) and can lead to differing interpretations between agencies, the Planning Assessment Commission (PAC) and Land and Environment Court.[36]

This lack of clarity creates an opaque system where proponents cannot be sure on what grounds their applications will be reviewed. It is deterring investment in NSW, costing NSW jobs and economic growth.[37] This situation is to the detriment of confidence in the decision-making process, the proponent and the general community.

To address this issue, the NSW Government is developing an Integrated Mining Policy. There is little detail available on this framework and a streamlined, clear statement on policy details and regulatory responsibilities is urgently required to restore investor confidence in NSW, and its development and implementation should be considered as the highest order priority.

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[34] Government of South Australia, *Guidelines for miner: mining approval processes in South Australia,* Minerals Regulatory Guidelines, Version 1.9, February 2009, p14
Government of Western Australia Department of Mines and Petroleum, *How long does it take to get a mine approved in Western Australia,* December 2012.

[35] NSW Minerals Council Submission 2013, *Productivity Commission Inquiry – Barriers to Resource Exploration* http://www.pc.gov.au/__data/assets/pdf_file/0014/122441/sub011-resource-exploration.pdf Page 8 last accessed 10 September 2014

[36] NSW Minerals Council (2013) *NSW Planning System Review: White Paper and Draft Legislation Submission*

[37] The Fraser Institute's 2013 Survey highlights declining investor confidence in NSW while showing that investors remain attracted to the geological potential of NSW.

### *Re-introducing a broad based modification power for State significant development*

Mining is a complex and dynamic activity. When planning a mine, it is impossible to perfectly understand the geology, technological innovation or changes to environmental legislation that may occur over the life of a mine. Accordingly, mines frequently require modification from the original development applications. Mining requires a flexible planning system that enables assessment of modification that is proportionate to the risks imposed by that modification. Modifications under Part 3A of the Environmental Planning and Assessment Act 1979 (EPA Act) largely achieved this.

The removal of the broad based modification powers, such as those from Part 3A of the EPA Act, inhibits the productive and efficient operations of the minerals industry. Requiring an unnecessarily rigorous review processes for low risk modifications creates excessive costs to the industry (through delays and preparing expensive application documents) and excessive cost to Government (through requiring additional staff and resources). This results in inefficient mine operations and reduced productivity.

While the changes may take some time to implement, an immediate opportunity to streamline processes and reduce red tape is to amend of the State Environmental Planning Policy (State and Regional Development) 2011 to exempt modifications to mines and infrastructure that do not significantly increase environmental impacts or footprint from 'state significant infrastructure' assessments. This would allow low environmental impact productivity improvements and expansions to proceed more quickly, reducing system rigidity that constrains the efficient operation of mines.

## Government excellence in service delivery and regulation

**4. The NSW Government to demonstrate excellence in service delivery for and regulation of the resource sector.**

**Immediate steps include:**

i. **Establish and publish robust key performance indicators for all agency and independent approvals processes with a commitment to improve timeliness of decision-making.**
ii. **Develop an online system to enable titles application lodgement and tracking of exploration permits and mining leases, to simplify the application process and increase transparency for everyone in the community.**
iii. **NSW Government to re-affirm its commitment to continued consultation with the industry on potential changes to policy or regulation that would have the potential to materially affect the mining sector.**

NSW is in a globally competitive market for exploration and mining investment. All government agencies need to ensure they provide quality services expected of modern day regulators. In its NSW 2021 state plan, the NSW Government states that "we want the NSW public sector to be the best in the nation and a leader in the world".[38]

To achieve this, NSW needs to commit to demonstrating excellence in service delivery. While some steps have been taken, more needs to be done.

[38] NSW Government, *NSW 2021: A plan to make NSW number one*, Page 55

Industry is concerned about the increase in time needed to review development and other applications associated with resource projects. NSW Trade & Investment has recently moved to improve transparency by publishing key performance indicators (KPIs) or service delivery standards on its website.[39] However, the use of stop-the-clock mechanisms (including for times when proponents are responding to potentially unpredictable additional information requirements) will not be captured in the KPIs.[40] A more transparent system needs to be established.

A new investor seeking to develop a mineral deposit in NSW would have great difficulty finding a detailed and comprehensive outline of the stages and overall timeframes to obtain approvals. The lack of transparency and certainty creates risks and costs to investors. The Taskforce has made recommendations to streamline the system. However initiatives such as establishing and publishing overall timeframes for approvals, and committing to publish data on performance are also needed to improve transparency and accountability.

The Taskforce recommends that an online application lodgement and tracking capability be developed. While this is a valuable improvement, the purpose of this recommendation is more strategic. The establishment of a comprehensive system will require a detailed mapping of the stages, processes and documents needed. It only allows proponents to submit completed submissions at the outset, reducing the need for government to seek missing information at a later time.

## Improving communication and engagement

5. **The NSW Government to clearly communicate the comprehensiveness of its regulatory regime and the high regulatory and safety standards and strong environmental protection it provides.**

   **Immediate steps include:**
   - i. **Enhance stakeholder accessibility to clear factual information, with options to access this either directly or via subscription.**
   - ii. **Improve availability of environmental information, including through an online environmental database.**

6. **The Industry and NSW Government to continue to improve community engagement, including through public information available on how exploration and mining activities are being managed to minimise impacts, and actions being taken to address community concerns.**

   **Immediate steps include:**
   - i. **The ongoing deployment of community liaison officers by NSW Trade & Investment, and wider utilisation of other source of public information from the NSW Government.**
   - ii. **Continued focus by industry on enhanced community engagement, particularly in mining regions, through forums like the Upper Hunter Mining Dialogue.**

[39] http://www.resourcesandenergy.nsw.gov.au/miners-and-explorers/programs-and-initiatives/service-delivery

[40] In advice to the Taskforce the NSW Trade & Investment (Resources and Energy) noted that many stop-the-clock events are due to litigation, proponent request or delays external to its control, such as delays receiving development consent.

The community's overall attitude to mining is driven by a number of factors, including mining's impact on people's lifestyle, their prosperity and their environment.

The NSW Government needs to play a leading role with the community, industry and other levels of government to increase confidence and transparency. Importantly, the government has a critical role in taking a risk based and outcomes regulatory approach to applying the comprehensive safety and environmental protections in place, and articulating, promoting and enforcing these standards to the local community and landholders. In this regard, NSW has a strong message; NSW is currently viewed as having among the world's best safety standards and environmental protections.

The Taskforce, in support of its work, commissioned research[41] to understand the quality of current information provision and consultation, and to recommend suggestions for improvement.

The research found that land holders and community participants were seeking factual and balanced information about water quality and environmental impacts of mining and reassurance that regulatory checks and balances are in place. The preference is for information provided by government or other independent trusted agencies, such the NSW Environment Protection Authority.

In particular, participants sought more information on health and environmental impacts and reassurance from reputable sources that comprehensive protections are in place (priority issues in mine-affected areas are dust and water quality). In addition, there was an expectation that mining activity needs to generate positive economic benefit for the local community and that the mine site will be rehabilitated. Participants also sought impartial information on land and leaseholder rights when it comes to mineral exploration on their property.

Consultations with landholders and lease-holders identified a number of areas for improved information and consultation by:

- Engaging with affected owners at the earliest stages of the project planning phase, and
- Ensuring information is directly provided to affected owners of new exploration licences, and clear information on the implications as well as their rights and obligations.

There was broad support from all participants for the use of NSW Government Community Liaison Officers (CLOs) as a way of providing information, gathering feedback and assisting affected people to deal with government and mining companies.

[41] Newgate Research (2014) *Attitudes to the minerals industry and information requirements amongst NSW regional stakeholders*, Research report prepared for the NSW Minerals Taskforce.

# Priority Area 2: Fiscal Certainty

The minerals industry is levied industry-specific taxes by the NSW Government including mining royalties, fees and levies as well as taxes charged on all NSW businesses such as payroll tax and land tax. The major fees and levies charged in NSW are shown in the table below.

**Table 2: Major taxes, fees and levies charged by the NSW Government (and statutory authorities) to the NSW minerals industry**

| Tax, fee or levy | Revenue | Charging basis |
|---|---|---|
| Mine safety levy | $28.8m[a] | Charged to workers compensation insurers, based on wages data |
| Administrative levy | $13m[a] | 1% of rehabilitation security deposit |
| Annual rental fee | Exploration Lease holders: $2.8m<br>Assessment Lease holders: $0.4m<br>Mining Lease holders: $2.5m[b] | Charge is based on the area of land covered by a title. |
| Mine rescue levy | $8m from mining company contributions[c] | Fair value of the consideration received |
| Mine subsidence board colliery fee | $18m[d] | Fee is based on land value and the rate of contribution set out by regulation |
| Coal washery rejects levy | $16m[e] | $16.20 per tonne of reject material |
| Development applications | $0.8m for a 12Mtpa coal mine | $5,660 + $0.06/t of extracted material<br>$2,830 for making an environmental impact statement publicly available<br>Up to $113,200 for PAC public hearing[f] |
| Royalties | $1,318m[g] | 8.2% ad valorem for open cut coal<br>7.2% ad valorem for underground coal<br>6.2% ad valorem for deep underground coal<br>4% ad valorem for metals and other minerals |
| Payroll tax | $134.5m[g]<br>$7,650 per average employee[c] | 5.45% of payroll expense for businesses with payroll exceeding $750,000 |
| Land tax | $145.8m[g] | $33,812 for the first $2,519,000 of unimproved land value, then 2% on the value above that |

Source: [a]NSW Trade & Investment Annual report 2012-13, [b]State Revenue and Other Legislation Amendment (Budget Measures) Act 2012 No 46 p 55, [c]Coal Service Annual Report 2013, [d]Mine Subsidence Board Annual Report 2012, [e]NSW Minerals Council, 2013-14 Pre-Budget Submission To The NSW Government p 17, [f]Environmental Planning And Assessment Regulation 2000, [g]Calculated by the CIE in The Contribution of Mining to the New South Wales Economy, September 2014.

The above summary hides a wide range of different fee categories and types. For example, there are 80 different fee categories across 62 different fee types for the NSW minerals industry under the Mining Act 1992. This covers a range of activities from application of exploration licences,

application of mining leases, claims and permits. This is in addition to the other levies, royalties and taxes listed in Table 2 above.

## Certainty in royalties

### 7. The NSW Government is committed to not increasing the ad valorem royalty rate for the next 25 years.

Volatility in royalty, fees and levies is a potential source of investor risk. Stable and predictable fees and levies benefit industry as they provide reliable signals for efficient investment decisions.

The government's role is critical in addressing concerns about NSW's rising sovereign risk. NSW is competing with states and nations around the world for minerals investment. Those governments that can demonstrate support for, and understand the unique risks facing the industry are likely to be seen as a more attractive investment location.[42] So, it is very important that state government provides positive signals to the investors. When assessing projects in other jurisdictions, 57% of companies will add a sovereign risk premium to their required rates of return.[43] With the global perception of NSW's public policy environment declining,[44] anecdotal evidence from industry is that NSW's sovereign risk premium has increased.

Changes in royalties during the life of a project will have a significant and direct impact on profits. Changes in royalties undermine the investment perception of stability which in turn would raise the perceived risk of investment.[45]

The NSW Government should commit to enhance investor confidence by ensuring certainty that royalties will not increase for 25 years. This would promote certainty for investors, industry and foster a competitive and attractive environment.

## Certainty in fees and levies

### 8. The NSW Government to commit to consolidating the overall number of fees and levies charged to companies in NSW that undertake (a) exploration activities, and/or (b) mine production, and reducing these fees and levies in real terms over the long term.

Rapid and continued increases in these charges add to the uncertainty and decrease confidence in making decisions to invest in NSW. Between 2012–13 and 2013–14, the revenue from the mine safety levy increased by 12.5%[46], doubling over seven years.[47] The industry has previously raised its concerns with the NSW Government that such increases are being implemented without sufficient justification or accountability on expenditure.[48]

Rehabilitation bonds are held for a significant period of time, and given the high costs of raising funds for explorers and high hurdle rates for miners, they are effectively another mining tax in net

[42] Otto, J., Andrews, C., et al, Mining Royalties – A Global Study of Their Impact on Investors, Government and Civil Society, The World Bank, 2006, pp 79-80.
[43] KPMG, Valuation Practices Survey, 2013, p 8.
[44] According to the 2013 Fraser Institute Survey, NSW has fallen from the 28th in 2009/10 to the 35th percentile in 2013 of perceived attractive investment locations for mining companies based on public policy.
[45] James Otto, et al, *Mining Royalties – A Global Study of Their Impact on Investors, Government, and Civil Society,* The World Bank, 2006 – page 13
[46] Data supplied by DRE
[47] NSW Minerals Council, *2014-15 Pre-Budget Submission to NSW Government,* April 2014, p 15
[48] NSW Minerals Council, *2014-15 Pre-Budget Submission to NSW Government,* April 2014, p 15

present value terms. The NSW Government is currently holding over $1.4 billion in rehabilitation bonds.[49] The Western Australian Government has developed a centralised fund that reduces the cost to explorers and miners. It has effectively implemented an insurance scheme, where all explorers and miners with a rehabilitation liability greater than $50,000 are required to make annual contributions. This fund is only used when every other method to recover rehabilitation costs from the operator have been exhausted. This reduces the effective cost of operating in WA and frees up money for investment in exploration or new mines.

The NSW Government should send a strong signal that it intends to enhance investor confidence by committing to consolidating the overall number of fees and levies (and other costs) to both exploration as well as mine production companies operating in NSW.

It is important that the NSW Government carries out its functions in the most efficient and cost effective means possible, without jeopardising regulatory outcomes and protections. In the long run fees and levies should decrease, in real terms, to reflect productivity and efficiency gains in the operation of NSW Government departments.

[49] NSW Trade & Investment Annual report 2012-13, p 64

# *Priority Area 3: Developing Skills and Providing Supporting Infrastructure*

## Ensuring NSW has a skilled workforce

9. **Industry, NSW Government, and skills and training sectors work together to provide the skilled workforce for a competitive and growing minerals industry through:**
   a. **Direct industry engagement and input into the NSW skills and training system.**
   b. **A shared view of current and future skills and training needs of the minerals industry.**
   c. **NSW Government and training sector continued commitment to quality skills and training.**

From exploration to mine construction and operation, the activities of today's minerals industry and its suppliers are built on a vast knowledge and skills base. It includes surveyors, electricians, truck drivers, IT experts, geologists, geophysicists, machine operators, health and safety specialists, communications professionals and engineers. It also includes the researchers and innovators that develop new technologies and the employees of the businesses that form part of the supply chain.

The minerals industry's demand for employment is highly dependent on the investment cycle and fluctuates due to commodity prices and other market factors.[50] The recent price boom saw a significant increase in demand for skills to both increase the output of existing mines and to construct new mines. This increase in demand has led to labour shortages and increased wages (the average salary of a mining company employee in NSW is over $130,000,[51] significantly more than the state average of about $74,000[52]).

While the immediate pressures have eased, there are still expected to be shortages in technicians and trades workers, managers and professionals (engineers, geologists, geophysicists,) to 2016 and machinery operators and drivers from 2015 to 2017. This is in part due to the different skills required as mining construction projects move into the operational phase.[53] However, in the longer term, skills shortages are expected to increase and will be exacerbated by the ageing workforce as the baby boomer generation reaches retirement.

The NSW Government, industry, and educators need to strategically manage skills. In NSW, Industry Training Advisory Bodies (ITAB) have been contracted to provide strategic advice to the NSW Government on the training and skill needs to support industry. The NSW minerals industry needs an ITAB that can provide the government with the strategic advice necessary to ensure the skills and training needs for minerals businesses are reached

The minerals industry requires workers with science, technology, engineering and mathematics (STEM) skills; a necessary skill used by many other industries in the economy. The Australian

[50] Australian Mines & Metals Association 2014, *Temporary Work (Skilled) Visa (Subclass 457) Program* http://www.immi.gov.au/pubres/Documents/reviews/amma.pdf page 2
[51] University of Wollongong Research, Lawrence Consulting, *NSW Mining Industry Economic Impact Assessment 2012/13,* October 2013,
[52] Australian Bureau of Statistics, *6302.0 Average Weekly Earnings, Australia,* November 2013
[53] Australia Workforce and Productivity Agency, 2013, Resources sector skills needs 2013 http://www.awpa.gov.au/publications/Documents/Resources%20sector%20skills%20needs%202013%20final.pdf page pg. 127

Industry Group states that there is already an economy wide shortage of STEM skills within the workforce. It is forecasted by Accenture that employment within STEM occupations is projected to grow rapidly this decade.[54] The need to improve numeracy skills was also identified as part of the NSW Legislative Assembly's Economic Development Committee's recent inquiry into skills shortages in NSW.[55] The critical need for these skills is not limited to the mining industry. These skills are transferable across a number of industry sectors, making it imperative that we act to improve the capabilities of NSW's students for our future prosperity.

## Improved pre-competitive geoscience information

**10. The NSW Government commit to invest in the availability, accessibility and promotion of, pre-competitive geosciences information to current and potential explorers in Australia and overseas.**

Greenfield exploration activity is integral to the ongoing viability and long-term success of the minerals industry. While greenfield exploration attracts approximately one quarter to one third of the total exploration investment in NSW, its role in identifying and determining the commercial viability of new mineral deposits is critical for a long-term sustainable mining industry.[56]

NSW has world-class minerals deposits. Broken Hill in far western NSW is one of the world's largest base metal deposits. The Central West and Orana regions (which includes Cobar) have well known copper and gold deposits such as Northparkes and Cadia, and gold deposits at Cowal. The New England region is also rich in coal and has a diverse range of minerals such as precious gems. And while large areas of western and northern NSW have not been extensively explored, the geological setting suggests potential for significant gold- and copper-rich mineral fields.[57]

In addition to the known deposits, NSW is likely to have vast mineral wealth at greater depths. The Australian Academy of Science's UNCOVER group states that most of Australia's minerals are being extracted from 20% of the exposed or near exposed crust while the remaining 80% (an area more than 7.5 million $km^2$) is potentially as well endowed.[58] The industry believes this situation also applies to NSW.

However, NSW is losing the competition for exploration expenditure to other Australian jurisdictions as shown in the graph 1. This is happening at a time when Australia's total share of global expenditure has also been falling. As a result, NSW's share of global mineral exploration expenditure fell from about 2% in the mid-1990s to about 0.5% in 2011.[59]

[54] Elizabeth Craig, et al, *No Shortage of Talent: How the Global Market is Producing the STEM Skills needed for Growth,* Accenture Institute for High Performance, September 2011, p 3

[55] The NSW Parliament held an inquiry into skills shortages in 2013. The report identified the teaching of STEM as a key issue http://www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/EF8A635BE9F5B23BCA257CA7000EE0FC?open&refnavid=CO4_1

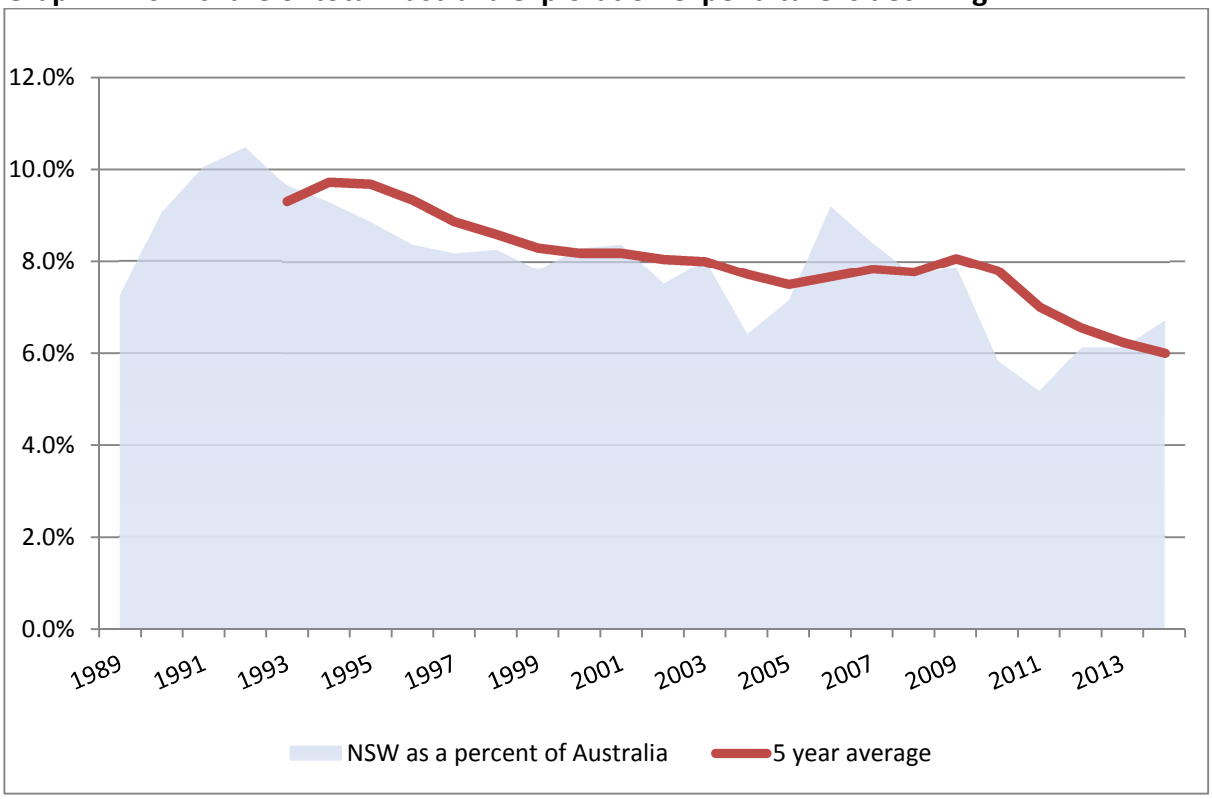
[56] Productivity Commission, 2013, *Mineral and Energy Resource Exploration, Inquiry Report No. 65,* http://www.pc.gov.au/__data/assets/pdf_file/0003/128469/resource-exploration.pdf page 42

[57] http://www.resourcesandenergy.nsw.gov.au/miners-and-explorers/geoscience-information/nsw-geology-overview/craton-and-orogens

[58] UNCOVER (2012), *Searching the Deep Earth* http://www.science.org.au/sites/default/files/user-content/uncover-report.pdf page 2

[59] Exploration Investment & Geoscience working group of the Standing Council on Energy and Resources (2012), *Levers to Improve Australia's Global Position for Attracting Resource Exploration Investment* http://www.scer.gov.au/workstreams/geoscience/national-exploration-strategy/ page 3

**Graph 1: NSW share of total Australia exploration expenditure is declining**




Source: ABS 8412.0 - Mineral and Petroleum Exploration, Australia, June 2014

Declining exploration expenditure in NSW has come despite industry recognition that we have some of the more attractive geological environments for exploration in Australia.

Declining exploration has the potential to do significant long-term damage to the NSW economy, and there is a significant risk of this occurring. Six of the state's 12 large-scale non-coal mines are expected to close between 2021 and 2027.[60] With an average delay between discovery and development of 10 to 15 years,[61] even with an increase in exploration and a more certain planning system, we could see significant gaps in activity and lost opportunities for employment and wealth creation, particularly in Central and Western NSW.

To reverse this, NSW will need to overcome a number of challenges:

- Global competition: Australian locations are increasingly competing with Latin America and Africa for exploration investment as nations on these continents improve their legal and regulatory institutions and level of security.
- Rising costs: Recent labour and equipment shortages have increased the cost of exploration activity.
- Declining rate of discovery: Between 2004 and 2013, the average depth of metal discoveries was 83 metres in Australia, 40 metres in Latin America, and 16 metres in Africa, excluding South Africa.[62]
- Lengthy and uncertain processes: Regulatory requirements, such as land accessibility and approval processes, are lengthy and uncertain.

[60] Schodde, R. (2014), *Report on the importance of Junior Exploration companies to the NSW Mining industry*, page 24
[61] Schodde, R. (2014), *Report on the importance of Junior Exploration companies to the NSW Mining industry*, Page 15
[62] Schodde, R. 2014, *Challenges and opportunities for under-cover exploration in Australia* http://www.minexconsulting.com/publications/UNCOVER%20Summit%20FINAL%20March%202014.pdf page 20

The long-term competitiveness and sustainability of NSW's exploration and mining sector will depend on initiatives that improve the return on investment for explorers. Such initiatives will need to take into account the important role that small and mid-tier explorers play in NSW. At the start of July 2014, 59% of projects at the exploration stage and 52% of projects at the scoping and feasibility stage were managed by companies with a market capitalisation of less than $10 million.[63]

To provide for a viable minerals exploration industry, NSW will need to focus on initiatives that:

- Improve targeting: To address rising exploration costs, we will need to encourage research initiatives that provide better information and tools to improve the targeting of unexplored areas and regions not exposed at the surface.
- Develop new technologies: The need to explore at greater depths will require the development of new techniques, technologies and skills to be supported by industry, educational and research organisations.
- Reduce costs and time delays: To keep the industry nationally and globally competitive, we will need to reduce regulatory imposts and make it easier to do business in NSW.

The Taskforce has made a number of recommendations in other parts of this Plan that are critical if NSW is to increase its share of exploration expenditure. This includes:

- Streamlining the decision-making process (Recommendation 4)
- Committing to excellence in core service delivery (Recommendation 5)
- Collaborate and co-invest in research in support of deep cover exploration (Recommendation 11 (a))

However, NSW also has to compete in terms of the quality and accessibility of its geosciences data. Promoting and communicating the opportunity of NSW to potential domestic and overseas explorers will be important. For example, the *NSW International Engagement Strategy – China* identifies a number of actions, including the production of a NSW-wide Minerals Audit in 2014, investment review reports on targeted commodities and promoting the industry at the China Mining 2014-15 expo.

## Research in areas critical to the continuing success of the industry

**11. Research, Industry, and Government to work together and fund research centres in three priority areas:**

- **a. Deep cover exploration.**
- **b. Mining operations productivity.**
- **c. Low emission energy technology.**

NSW and Australia has a strong minerals industry research base. This includes the research and education strengths of University of NSW's School of Mining Engineering, and the University of Wollongong's School of Civil, Mining and Environmental Engineering.

There are also major research centres such as the Newcastle-based CSIRO Energy Technology, Energy Flagship and Newcastle Institute for Energy and Resources, and Orica's global centre of excellence for coal technologies in Kurri Kurri. The ARC Centre of Excellence for Core to Crust Fluid

[63] Schodde, R. (2014), *Report on the importance of Junior Exploration companies to the NSW Mining industry*, Page 13

Systems is based at Macquarie University, while the Australian Centre for Field Robotics is at the University of Sydney.

Across Australia there also exist important industry research collaborations such as the Deep Exploration Technologies CRC and AMIRA International's *Unlocking Australia's hidden mineral potential - Stage 1:- The Roadmap* project.

In addition, global mining and mining equipment, technology and services companies are already investing in research and innovation to improve productivity, safety and environmental outcomes. For example, Rio Tinto introduced the "Mine of the Future program" in 2008. This program is designed at researching advanced methods of extracting minerals located deep underground, while still reducing environmental impacts, and improving the safety of the miners.

In addition, the NSW mining equipment, technology and services sector has established a vibrant and globally competitive industry in its own right. The mining equipment, technology and services sector is strategically important for the minerals production and exploration industry as it:

- Enhances the minerals industry capability, productivity and global competitiveness.
- Is at the forefront of new development to improve mine safety, improve environmental management and reduce impacts, and develop new exploration technologies and techniques.

The strength of the NSW mining equipment, technology and services sector's innovative capacity and its ability to collaborate with clients has driven significant productivity improvements in mineral industry operations. It has led to the generation of innovative and specialised solutions for clients. The challenge – and opportunity – is to continue to leverage these capabilities to enhance our minerals industry productivity and mining equipment, technology and services sector's export performance.[64]

It is important that these centres and businesses collaborate and, where appropriate, co-invest in projects of state and national importance. Similarly the Commonwealth and State Governments have an important role in identifying community and economic priorities and providing support for core research activities.

While NSW has a range of expertise within industry, research, education and government sectors, there are three broad NSW-related industry research challenges that the industry needs to improve outcomes to position itself for long-term competitiveness:

a. Deep cover exploration and opportunities to improve the productivity of this exploration activity. As exploring for potential ore bodies concealed under varying depths of weathered rock and soil (regolith) is more costly and technically challenging, initiatives are needed to improve understanding of mineral systems, targeting of exploration activity and minimise costs of deep cover exploration.[65]
b. Mining operations productivity. Our long term competitiveness will involve greater use of technology and the development of new techniques. The ability to develop and incorporate these within our mine operations will improve safety and productivity. While the

[64] The mining equipment, technology and services (METS) sector will benefit from other initiatives in this plan to build a strong NSW minerals industry. This is central both to METS sector growth and their continued international competitiveness and innovative performance. The METS sector also has the opportunity to benefit from initiatives established by the NSW Government in response to other Industry Action Plans, such as the Digital, Manufacturing, and Professional Services Industry action plans. This includes initiatives such as the Supply Chain Accelerator program, which aims to facilitate collaboration and stronger links for NSW companies into supply chains for major projects, and initiatives within the NSW International Engagement Strategy.

[65] UNCOVER (2012), *Searching the Deep Earth* http://www.science.org.au/sites/default/files/user-content/uncover-report.pdf page 2

development of these is a responsibility of industry, it will require new skills to manage and maximise performance.

c. Low emission energy technology to ensure the longer term attractiveness of coal as part of an energy supply portfolio. Many countries, such as China and India, are moving towards policies that improve air quality and reduce greenhouse gas emissions.[66,67] Continued research and investment in cleaner coal technologies is a priority to ensure coal continues to have a significant role in providing the world with a constant and stable supply of energy.

## Efficient transport infrastructure is critical to competitiveness

**12. NSW and Commonwealth Governments to continue to work together to boost the competitiveness of the freight network by:**

**a. Ongoing investment to remove bottlenecks.**

**b. Regulatory agencies covering the freight networks recognise the national significance of the minerals industry.**

Ongoing access to infrastructure at competitive prices is imperative for the long-term future of the minerals industry in NSW.

Extracted minerals in NSW are transported by road, rail and pipeline. Transport costs are particularly important for lower-value-per-tonne resources such as coal. In NSW, most resources are transported by rail to power stations, steelworks and ports. There are two coal export ports in NSW: Newcastle and Port Kembla.[68]

### *Hunter Valley Freight Network*

The most significant NSW minerals infrastructure chain is the Hunter Valley Coal Chain. It is critical infrastructure for the NSW and Australian economies. It is used by around 20 coal-mining companies. Nearly all coal and minerals arrive at the Port of Newcastle by rail.[69] Most of the rail is operated by the Australian Rail Track Corporation (ARTC), which leases the track from the NSW Government. Strategic planning for the Hunter Valley Coal Chain is performed and funded by industry and has led to a significant improvement in the coal freight productivity in our largest coal mining region.[70] It operates largely independent from government.

Newcastle Port Corporation has recently been privatised under a long-term lease. The Commonwealth Government's Commission of Audit found that the ARTC's Hunter Valley Network should be considered for privatisation.[71] While private monopolies have fiduciary responsibility to their shareholders to maximise profits,[72] concerns have been raised that this can conflict with what is in the best interests of the minerals industry and, more broadly, the State economy.[73]

It is important that the NSW Government works with the Commonwealth Government to ensure ongoing and competitive access to the Hunter Valley Coal Chain.

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[66] BREE 2013 *Resource and Energy Quarterly December Quarter*

[67] Press Information Bureau, Government of India http://pib.nic.in/newsite/erelease.aspx?relid=58419 last accessed 20 August 2014

[68] Minerals extracted from Far Western NSW are exported from Adelaide.

[69] Australian Rail Track Corporation, *2014-2023 Hunter Valley Corridor Capacity Strategy,* July 2014, p 3.

[70] Conversation with HVCCC 8/8/14

[71] Tony Shepherd, et al, *Towards Responsible Government,* The Report of the National Commission of Audit, Phase One, February 2014, pp 222-223

[72] This is particularly a concern for monopoly assets, where monopoly rents can be extracted from customers.

[73] Anthony Pitt, *Submission in relation to the Competition Policy Review Issues Paper,* Glencore Coal Australia, 20 June 2014, p 6

### *Port Kembla Freight Network*

All minerals arrive at Port Kembla by rail,[74] while around 40% of Port Kembla's coal exports arrive by truck from mines in the Southern Coalfield.[75]

Minerals exported from the Central West of NSW are primarily transported by rail to Port Kembla. Trains from the Central West to Port Kembla need to be transported through Sydney, often using the metropolitan rail network. These lines have extensive capacity constraints given the quantity of passenger, container freight and other freight using the lines, as well as noise constraints. Some mines in the Central West, particularly near Cobar, export from Newcastle, while mines in the Far West ship their minerals interstate.

Improved access to export infrastructure will increase the viability of mineral deposits in Western NSW, and may lead to increased exploration and investment.

The NSW Freight and Ports Strategy states that it would investigate the establishment of a NSW Cargo Movement Coordinator (CMC), *"... to better coordinate and plan the activities of key participants in the cargo transport chain focused on Port Botany and Port Kembla*".[76] The CMC was established on 1 January 2014 and has a broad scope. Its activities will be critical in identifying opportunities to enhance efficient use of existing infrastructure, and identifying infrastructure and operational bottlenecks in the network. At this stage the work of the CMC has focused on the freight network linking Port Botany. Future work on the needs of the rail and road network linking to Port Kembla will be important for the Illawarra and Central West minerals industry.

### *Different access regimes*

There are a number of instances in NSW in which rail freight that operates across multiple railways is required to operate under different access regimes.[77] Different requirements of different access undertakings can create unnecessary complications for rail users. Harmonisation of the NSW access regime, where possible, to match the ARTC's access undertaking may benefit a number of mining companies through productivity gains and greater ease of doing business.

[74] Port Kembla Coal Terminal, *About PKCT,* Accessed 21 August 2014: http://www.pkct.com.au/about-pkct/
Port Kembla Gateway Pty Ltd, *Pollution Incident Response Management Plan,* 8 January 2014, p 10.
[75] Port Kembla Coal Terminal, *About PKCT,* Accessed 21 August 2014: http://www.pkct.com.au/about-pkct/
[76] NSW Transport (2013) *NSW Freight and Ports Strategy*. (Page 87, Action 1H-1). Sourced from: http://freight.transport.nsw.gov.au/documents/tfnsw-freight-and-ports-strategy-low-res.pdf
[77] The NSW access regime that RailCorp and Sydney Trains tracks operate is different to the access regime created by ARTC's access undertaking.

# Performance measurement and monitoring

The Taskforce proposes that the implementation of actions and tracking of performance should be monitored annually.

**The Taskforce is seeking industry feedback on whether these or other measures should be used to assess performance.**

1. **Grow mineral production –** measure the minerals industry's value output against the NSW 2021 state plan target.

   **Target: Increase the value of NSW mineral production by 30% by 2020.**

2. **Grow mining capital expenditure –** measure capital expenditure in NSW to gauge the relative competitiveness of the NSW minerals industry and regulatory systems in attracting investment as well as the confidence that the industry has in NSW as a place to do business.

   **Target: What would be the appropriate target for NSW?**
   *In the first 5 years of the 1990s, NSW received 13.8% of mining capital expenditure in Australia. In the last five years (2009-13), NSW's share fell to 7.2%.*[78]

3. **Grow greenfield exploration expenditure –** measure minerals greenfield exploration expenditure in NSW to gauge the attractiveness of NSW as an exploration destination. Monitoring should cover both awareness of the attractiveness of NSW's geology and the ease of doing business in NSW.

   **Target: What would be the appropriate target for NSW?**
   *In the first 5 years that the ABS reported, greenfield exploration expenditure in NSW was 7.6% of national total. In the last five years (2009-14), NSW's share fell to 4.8%.*[79]

4. **Raise NSW's profile as an attractive destination to invest in the minerals industry –** the NSW Government to review a range of international surveys that measures the attractiveness of investing in Australia, particularly NSW. Examples include surveys by The Fraser Institute of Mining Companies and Behre Dolbear.

   **Target: What would be the appropriate target for NSW?**
   *In 2010-11 NSW was ranked 20th globally and 4th in Australia in the Fraser Institute Policy Perceptions ranking. In 2013 NSW had fallen to 39th globally and last (7th) in Australia.*[80]

[78] ABS (2014) Private New Capital Expenditure and Expected Expenditure, Australia, March 2014. ABS Cat. 5625.0. Sourced from: http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5625.0March%202014?OpenDocument
[79] ABS 8412.0 - Mineral and Petroleum Exploration, Australia, June 2014
[80] Fraser Institute, *Survey of Mining Companies 2013 page 7*

# *Appendix 1: List of Taskforce Recommendations*

| RECOMMENDATIONS | OBJECTIVES | OUTCOMES |
|---|---|---|
| NSW Government should state publicly that it is committed to a long term [25 years] strategy to support the local mining industry, and that mining is a core industry in NSW. As part of this strategy the Government should state that it is committed to:<br>1. A **transparent process and integrated policy** that provides certainty for mining companies' investing in NSW<br>2. Providing **fiscal certainty**. It will not change the royalty regime and it will consolidate fees and charges and work to reduce these in real terms over time<br>3. **Developing skills and providing supporting infrastructure** to foster a vibrant mining sector | • To provide a clear statement of support for the mining industry in NSW<br>• To provide long term investor certainty | • Greater certainty and confidence in the role of the mineral industry in creating a diversified and resilient local economy<br>• Improved investor confidence in NSW<br>• Acceptance within the community that mining is a core business in NSW. |

| RECOMMENDATIONS | OBJECTIVES | OUTCOMES |
|---|---|---|
| 1. **TRANSPARENT PROCESS AND INTEGRATED POLICY** | | |
| 1. Address serious identified deficiencies in the way the Planning Assessment Commission (PAC) operates.<br><br>Immediate steps include:<br>i. Remove the PAC, or at the very least reform the PAC, to return decision-making to the elected Government.<br>ii. Ensure that projects undergo only one rigorous and thorough review process and are not subject to further merits-based review.<br>iii. If the PAC is to be retained, the comprehensive package of vital reforms is to include;<br>a. Return of decision-making authority to the elected government.<br>b. Finalisation of clear policy parameters for project assessment.<br>c. Tighten the scope for any PAC assessment<br>d. Introduction of clear timeframes for PAC processes.<br>e. Reform of the PAC referral and hearing processes. | • Improving transparency of decision making<br>• Greater certainty and confidence in the decision-making process<br>• Minimising regulatory burden and duplication | • Greater certainty and confidence in investing in NSW<br>• Increased mining capital investment<br>• Increased mining production |
| 2. Establish a lead agency that has the authority, capability and sufficient powers to drive cross agency decisions within agreed timeframes. This includes any powers required to ensure administrative processes are undertaken and decisions made within agreed timeframes. | • Make it easier to go through the decision-making process and ongoing regulations | • Increased mining capital investment<br>• Increased mining production |

| RECOMMENDATIONS | OBJECTIVES | OUTCOMES |
|---|---|---|
| 3. Streamline the decision-making processes for exploration and mining activity and address policy gaps, with long-term emphasis on:<br>a. Implementing outcomes and risk based regulation.<br>b. Providing greater certainty in approach.<br><br>Immediate steps include:<br>i. Implementation of the Integrated Mining Policy including all supporting policy materials, in particular, guidelines for economic assessment, voluntary planning agreements and biodiversity offset.<br>ii. Re-introducing a broad based modification power for State significant development into the Environmental Planning and Assessment Act 1979. | • Improving transparency of decision making while maintaining high regulatory standards<br>• Minimising regulatory burden and duplication | • Greater certainty and confidence in the decision-making process<br>• Increased mining capital investment<br>• Increased exploration investment in NSW<br>• Increased mining production |
| 4. The NSW Government to demonstrate excellence in service delivery for and regulation of the resource sector.<br><br>Immediate steps include:<br>i. Establish and publish robust key performance indicators for all agency and independent approvals processes with a commitment to improve timeliness of decision-making.<br>ii. Develop an online system to enable titles application lodgement and tracking of exploration permits and mining leases, to simplify the application process and increase transparency for everyone in the community.<br>iii. NSW Government to re-affirm its commitment to continued consultation with the industry on potential changes to policy or regulation that would have the potential to materially affect the mining sector. | • Increase transparency<br>• Simplify the application process<br>• Improve operational productivity | • Greater certainty and confidence in the decision-making process<br>• Reduction in regulatory burden<br>• Improved access to Government information |

| RECOMMENDATIONS | OBJECTIVES | OUTCOMES |
|---|---|---|
| 5. The NSW Government to clearly communicate the comprehensiveness of its regulatory regime and the high regulatory and safety standards and strong environmental protection it provides.<br><br>Immediate steps include:<br>i. Enhance stakeholder accessibility to clear factual information, with options to access this either directly or via subscription.<br>ii. Improve availability of environmental information, including through an online environmental database. | • Provide community confidence in the high regulatory and safety standards that the industry operates under.<br>• Provide community confidence of the environmental protections that exist. | • Greater certainty and confidence in the regulation of the mineral industry.<br>• Access to clear factual information to better inform individual and community decision-making<br>• Improved access to Government information |
| 6. The Industry and NSW Government to continue to improve community engagement, including through public information available on how exploration and mining activities are being managed to minimise impacts, and actions being taken to address community concerns.<br><br>Immediate steps include:<br>i. The ongoing deployment of Community Liaison Officers by NSW Trade & Investment, and wider utilisation of other source of public information from the NSW Government.<br>ii. Continued focus by industry on enhanced community engagement, particularly in mining regions, through forums like the Upper Hunter Mining Dialogue. | • Provide community confidence in the high regulatory and safety standards that the industry operates under.<br>• Provide community confidence of the environmental protections that exist. | • Greater certainty and confidence in the regulation of the mineral industry.<br>• Access to clear factual information to better inform individual and community decision-making |
| 2. **FISCAL CERTAINTY** | | |
| 7. The NSW Government is committed to not increasing the ad valorem royalty rate for the next 25 years. | • To provide fiscal certainty to companies investing in mining projects | • Greater certainty and confidence in investing in NSW |

| RECOMMENDATIONS | OBJECTIVES | OUTCOMES |
|---|---|---|
| 8. The NSW Government to commit to consolidating the overall number of fees and levies charged to companies in NSW that undertake (a) exploration activities, and/or (b) mine production and reducing these fees and levies in real terms over the long term. | • Reduce overall business costs in real terms through productivity improvements | • Greater certainty and confidence in investing in NSW |
| 3. **DEVELOPING SKILLS AND PROVIDING SUPPORTING INFRASTRUCTURE** | | |
| 9. Industry, NSW Government, and skills and training sectors work together to provide the skilled workforce for a competitive and growing minerals industry through:<br>a. Direct industry engagement and input into the NSW skills and training system.<br>b. A shared view of current and future skills and training needs of the minerals industry.<br>c. NSW Government and training sector continued commitment to quality skills and training. | • Ensure the industry has access to skills needed now and in the future | • Increased availability of appropriately skilled workers for the industry |
| 10. The NSW Government commit to invest in the availability, accessibility and promotion of, pre-competitive geosciences information to current and potential explorers in Australia and overseas. | • Ensure a world leading database of pre-competitive geosciences information<br>• Promote the geological attractiveness of NSW for exploration activity | • Increased exploration investment in NSW |
| 11. Research, Industry, and Government to work together and fund research centres in three priority areas:<br>a. Deep cover exploration.<br>b. Mining operations productivity.<br>c. Low emission energy technology. | • Support research into new techniques and technologies critical for the long-term competitiveness of the minerals industry<br>• Support diffusion of new techniques and technologies to industry | • Increased exploration investment in NSW<br>• Improve the competitiveness of the minerals industry<br>• Increased mining production |

| RECOMMENDATIONS | OBJECTIVES | OUTCOMES |
|---|---|---|
| 12. NSW and Commonwealth Governments to continue to work together to boost the competitiveness of the freight network by:<br>a. Ongoing investment to remove bottlenecks.<br>b. Regulatory agencies covering the freight networks recognise the national significance of the minerals industry. | • Ensure the industry's continued access to NSW's freight networks<br>• Improve operational efficiency of NSW's freight networks | • Improve the competitiveness of the minerals industry and its ability to export. |

# *Appendix 2: Timeframes for Taskforce Recommendations*

| | Timing for implementation | | |
|---|---|---|---|
| **Recommendations** | Year 1 | Year 2 | Year 3 - 10 |
| 1. Address serious deficiencies in the way the PAC operates | ■ | | |
| 2. Establish a lead agency to drive cross agency decisions | ■ | | |
| 3. Streamline regulations and processes | ■ | ■ | ■ |
| i. Implement the Integrated Mining Policy | ■ | | |
| ii. Re-introduce broad based modification power for State significant development | ■ | | |
| 4. Provide excellence in core service delivery | ■ | ■ | ■ |
| i. Establish and publish robust key performance indicators | ■ | | |
| ii. Develop an online system to enable titles application lodgement and tracking | ■ | | |
| iii. Ensure continued consultation with industry on potential changes to policy or regulation | ■ | | |
| 5. Communicate the comprehensiveness of NSW regulatory regime and its high standards | ■ | ■ | ■ |
| i. Enhance stakeholder accessibility to clear factual information | ■ | | |
| ii. Improve availability of information on environmental impacts | ■ | | |
| 6. Continue to improve community engagement on exploration and mining activities | ■ | ■ | ■ |
| 7. Not increasing the ad valorem royalty rate for the next 25 years | ■ | ■ | ■ |
| 8. Consolidating the overall number of fees and levies charged to companies in NSW | | | ■ |
| 9. Identify industry skills needs and develop training courses to support future growth | ■ | ■ | ■ |
| 10. Strengthen availability, and accessibility of pre-competitive geosciences information | ■ | ■ | ■ |
| 11. Research (a) deep cover exploration (b) productivity enhancing (c) low emission technology | ■ | ■ | ■ |
| 12. Boost the competitiveness and efficiency of the freight network | ■ | ■ | ■ |

# *Appendix 3: Taskforce Membership*

## MINERALS INDUSTRY TASKFORCE

- **Chair:** Rob Adamson, Managing Director, RFC Ambrian
- Bob Besley, Chair, Silver City Minerals
- Stephen Galilee, CEO, NSW Minerals Council
- Bernie Hogan, Regional Manager, Eastern States & Northern Territory, AMEC
- Katharine Hole, Executive Director, Strategy, Policy and Coordination, Resources & Energy, NSW Trade & Investment
- Peter Jordan, District President, Northern Mining & NSW Energy District, CFMEU
- Kristen Keegan, CEO, Hunter Business Chamber
- Stefanie Loader, Managing Director, CMOC Northparkes Mines
- David Moult, Managing Director & CEO, Centennial Coal
- Professor Sue O'Reilly, Director, ARC Centre of Excellence for Core to Crust Fluid Systems and Director, GEMOC, Macquarie University