

31 March 2005

## **PUBLIC LAND STEWARDSHIP**

### **COMMENTS ON THE INTERIM REPORT ON THE PUBLIC LAND STEWARDSHIP PROJECT**

#### **INTRODUCTION**

The Minerals Council of Australia (MCA) welcomes the opportunity to comment on the Interim Report of the Public Land Stewardship Project prepared by the Department of Sustainability and Environment (DSE) in October 2004 and discussed with the Stakeholder Reference Group in February 2005.

The MCA is the peak industry organisation representing Australia's exploration, mining and minerals processing industry in its contribution to sustainable development and society, both nationally and internationally. The Australian minerals industry generated \$41 billion in exports for the Australian economy in 2003-2004 which is 28 percent of total exports and 8.5 percent of GDP. MCA member companies produce around 85 per cent of Australia's total mineral output and over 90 per cent of Australia's mineral exports. The MCA's Victorian Division (MCAVic) represents the interests of members operating in Victoria.

Members of the MCA are committed to the Australian minerals industry's framework for sustainable development, *Enduring Value*<sup>1</sup>, which operationalises the International Council for Mining and Metals principles (see **Attachment 1**). For the minerals industry, sustainable development defines our licence to operate and means that investments in minerals projects should be financially profitable, technically appropriate, environmentally sound and socially responsible. Importantly it's about the interdependency of social, environmental and economic considerations. It is a three-dimensional prism through which the industry can focus on its contribution to the economy and to Australian society.

The Crown estate of Victoria occupies one third of the area of the State. It contains a disproportionately large part of the State's biodiversity; is important to the Victorian community for the pursuit of passive and active recreation; and is the source of much of the wealth created in the state. The MCA recognises the need for a rigorous whole-of-government approach to the management of the Crown estate and welcomes attempts by governments to achieve that end. As stated above, the minerals industry, through *Enduring Value* is committed to the principles of sustainable development. We also note that the Victorian government is committed to goals that balance the social, economic and environmental considerations that form the basis of budget and

---

<sup>1</sup> Minerals Council of Australia, *Enduring Value*, The Australian Minerals Industry Framework for Sustainable Development, 2004.

policy decisions<sup>2</sup>. In assessing the Public Land Stewardship Project we have structured our response in the context of sustainable development and the triple bottom line.

## **PUBLIC LAND AND THE MINERALS INDUSTRY**

The Crown land estate of Victoria occupies 32 percent of the area of the State. There are three primary categories of Crown land related to mining tenements, the approximate relative proportion of which are:

	Prop'n of Crown land	Proportion of Victoria
Exempt Crown land	42%	13.5%
Restricted Crown land	11%	3.5%
Unrestricted Crown Land	47%	15.0%

Exempt Crown land includes National Parks, State Parks and Wilderness Areas. Restricted Crown land includes Nature Conservation Reserves, Flora and Fauna Reserves and Regional Parks etc.

The Mineral Resources Development Act precludes the issue of any new exploration and mining licences on “Exempt” Crown land. Access for exploration or mining is only permitted on “Restricted” Crown land with the consent of the Minister for the Environment. Access for exploration and mining to “Unrestricted” Crown land is permitted following the granting of either an exploration or mining licence and the approval of a work plan which establishes the conditions for any access or land use and follows consultation with the appropriate public land manager.

## **MINERAL RESOURCES OF VICTORIA**

It is reasonable to assume that as the public land estate occupies one-third of the area of Victoria that one-third of the mineral wealth of the State is contained below Crown land. As stated above, the minerals industry is excluded from 13.5 percent of the state and restricted in access to a further 3.5 percent, a total of 17 per cent.

Minerals and petroleum are a very significant part of the Victorian economy. According to the national accounts prepared by the Australian Bureau of Statistics (ABS), the Mining industry contributed about \$2.9 billion to the Victorian economy in 2002-03, as measured by its value-added or its contribution to Gross State Product (GSP).<sup>3</sup> The ABS definition of the Mining industry includes Coal mining, Oil and gas extraction, Metal ore mining, Other mining (which includes quarrying), and Services to mining (which includes exploration).

It can therefore be assumed that the mineral and petroleum wealth that is forgone because of current public land management regimes is 20 per cent ( $1.0 - 1.0 / (1.0 - 0.17)$ ) of the current contribution to the GSP or \$600 million pa.

---

<sup>2</sup> Victorian Government, *Growing Victoria Together*, A Vision for Victoria to 2010 and Beyond, March 2005.

<sup>3</sup> Australian Bureau of Statistics, *Australian National Accounts: State Accounts*, Catalogue. No. 5220.0, 2002-03.

In determining the lost wealth it should be recognised that mineral resources cannot be relocated to avoid public land. However, it is possible to manage access and land use arrangements to ameliorate any long term impacts. The MCA's *Enduring Value* requires all MCA members to:

- “respect legally designated protected areas”; and
- “support the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining”.

## **DRAFT VISION**

The Draft Vision of the project is sound and supported.

## **DRAFT STEWARDSHIP STATEMENT**

The draft “Stewardship Statement” is inadequate in that it does not identify the need for a whole-of-government approach to the management of the State’s public land.

If the public land stewardship project fails to achieve a whole-of-government outcome then it will be marginalised as yet another internal environmental activity of the public service and quickly relegated to interesting but not important status.

## **DRAFT PRINCIPLES**

The interim report only mentions industry as a subset of the community (*Principle Two*) and does not mention investment or the need for investment for regional economic development at all. There is mention of economic uses in *Principle Three* which has a corresponding objective of the need to base (land use) decisions on the triple bottom line. However, from an industry, rather than cottage business perspective, the interim report’s principles and objectives can be interpreted as being anti-investment.

In sustainable development or triple bottom line parlance, *Principle One* could be interpreted as attending to the environment; *Principle Two* to the community; *Principle Three* to land uses including economic land uses; *Principle Four* to the community; and *Principle Five* to internal activities of DSE. The five principles adequately ensure the environment and community pillars of the triple bottom line are attended to. The economic pillar is buried as one subset of one of the principles. There is a need for an additional principle that focuses on the economics of public land.

## **DRAFT OBJECTIVES**

Industry is not just the local small community based businesses that are included in *Principle Two*. Industry should include national and multi-national companies that may not have a local presence until an investment is made. The aim of the Government is to ensure that regional Victoria shares fully in the growth of the

economy<sup>4</sup>. Given that the majority of public land is located in regional Victoria it follows that appropriate investments in projects on public land will be an integral part of programs to encourage regional economic growth. The Public Land Stewardship project appears to miss this point.

The objectives appear to be drafted to deliberately avoid any reference to the need for investment to increase regional economic development. There is one reference to the need to base (land use) decisions on long term and short term environmental, economic and social factors. But apart from that the issue appears taboo.

In the objectives associated with *Principle Two* (working with communities) there is no mention at all of the role of industry, business or investors, it could be assumed that industry is merely a subset of the community and therefore included but this is a very generous interpretation.

## STAKEHOLDERS

The Public Land Stewardship project's interim report would appear to be directed to an internal DSE audience. If the project is to be a whole-of-government approach to public land management then the recognition of the need for community as well as industry involvement is required.

The inclusion of industry in with the community (*Principle Two*) tends to group large responsible investors capable of creating significant wealth in regional Victoria with cottage and community based businesses. To do this will always lead to sub optimal economic outcomes.

There is a need to recognise industry (as opposed to small business) as a group requiring to be engaged by public land managers.

## CONCLUSIONS

The Public Land Stewardship project appears as an internal DSE management arrangement. It certainly does not appear as a whole-of-government approach to the management of the Crown estate and most certainly doesn't appear as a management arrangements that meets the triple bottom line goals of the Government.

The interim report only mentions industry as a subset of the community (*Principle Two*) and does not mention investment or the need for investment for regional economic development at all. There is mention of economic uses in *Principle Three* which has a corresponding objective of the need to base (land use) decisions on the triple bottom line. However, from an industry, rather than cottage business perspective, the interim report's principles and objectives can be interpreted as being anti-investment.

Without reference to industry and regional economic development and the need for public land managers to effectively engage with industry the only private investments in public land will be cottage businesses. There is a need to recognise industry (as

---

<sup>4</sup> *Growing Victoria Together*, Op cit.

opposed to small business) as a group requiring to be engaged by public land managers.

If sustainability is the mantra then the economic pillar must be included equally with the community and environmental pillars. Without equal weight to economic outcomes the Public Land Stewardship project will be marginalised as relevant only to the environmental sections of the public service.

Until and unless the Public Land Stewardship project recognises that one-third of the State's mineral wealth is under public land and that we need to find a means of accessing that wealth whilst preserving the environmental and community values of the public land the project will only ever be seen as a marginal environmental activity rather than a whole-of-government activity.

Finally, the MCA would welcome opportunities to work with DSE on the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining.

ENDS

### **ICMM Sustainable Development Framework:**

On May 29th 2003, the International Council on Mining & Metals (ICMM) approved ICMM's Principles and resolved that ICMM corporate membership includes a commitment to measure corporate performance against these principles.

The Principles are central to ICMM's sustainable development framework. They are based on the objectives set by the minerals industry in Toronto in 2002 and draw on the landmark MMSD report. They reflect the values and the policy directions that will help ensure that the industry continually improves the sustainability of its operations. They will also guide the design of the industry's performance measurement processes in conjunction with the Global Reporting Initiative.

#### **ICMM Principles**

As members of ICMM or as companies that have otherwise agreed to take on the same performance obligations as ICMM members, we seek continual improvement in our performance and contribution to sustainable development so as to enhance shareholder value. In striving to achieve this, we will:

1. Implement and maintain ethical business practices and sound systems of corporate governance.
2. Integrate sustainable development considerations within the corporate decision-making process.
3. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
4. Implement risk management strategies based on valid data and sound science.
5. Seek continual improvement of our health and safety performance.
6. Seek continual improvement of our environmental performance.
7. Contribute to conservation of biodiversity and integrated approaches to land use planning.
8. Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.
9. Contribute to the social, economic and institutional development of the communities in which we operate.
10. Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

ICMM corporate membership includes a commitment to measure corporate performance against these principles.