



VICTORIAN ELECTION ISSUES

The Victorian Minerals & Energy Council Inc (VMEC) is an industry association that represents the corporate minerals and energy industry of Victoria. The members of the Council are engaged in mineral processing, mining, exploration, or the provision of services to the industry.

The mission of the Council is to create the best possible environment for the continued sustainable development of the minerals and energy industry in Victoria by:

- Working with all levels of Government to ensure an effective legal and regulatory framework that supports and governs the industry;
- Encouraging members to achieve best practice in all aspects of their business through networking and exchanging of ideas;
- Communicating with Victorians on the nature, effects and benefits of the minerals industry including the environmental and social programs, along with economic benefits; and
- Working in partnership with educators and students to enhance teaching and learning about the minerals industry.

A State election is due in Victoria between November 2002 and October 2003. VMEC has identified the following key issues we wish all political parties and candidates for election to be aware of:

Mine Safety

In October 2002 the regulation of safety in Victorian mines will come under the Occupational Health and Safety Act (OHSA) and the Department of Natural Resources and

Environment (DNRE) Mines Inspectors will be delegated WorkCover Inspectors with sole responsibility for mines. New mine safety regulations are to be introduced.

The members of VMEC have worked closely with DNRE and WorkSafe in the development of the new regulations with the aim of ensuring improved safety outcomes. It is our hope that the implementation of these new Regulations, along with the OHSA Regulations, will make Victoria's mines safer.

We believe that there is a need to ensure all people working in mines take reasonable care not only of their own safety but also the safety of others. Safety is interdependent in the mining environment. Moreover, we do not believe that punitive laws that seek to impose criminal sanctions for industrial accidents will lead to improved safety outcomes. Punitive laws will result in the management of health and safety becoming a litigious activity rather than a cooperative, proactive activity that is focused on learning and improvement.

Access for Exploration and Mining

In Victoria there are three primary categories of Crown land related to mining tenements, the relative size of which are:

Exempt Crown land	42%
Restricted Crown land	11%
Unrestricted Crown Land	47%

We believe that restriction of access to more than 50 percent of the State's public land (some of which is known to be prospective) is a very significant impediment to attracting exploration investment to Victoria. This situation will not be reversed unless and until there is -

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- Recognition that multiple and sequential land use management regimes can operate in parks and reserves to the benefit of all stakeholders. These regimes can protect the conservation values of the parks and reserves whilst at the same time allowing appropriately controlled exploration and mining activities to proceed.
- A transparent, timely and effective process for the approval of exploration and mining projects in national and state parks with conditions approved by the Conservation Minister that protect the conservation values whilst at the same time permitting appropriate exploration and mining to proceed.
- A transparent, timely and effective approvals process for exploration and mining projects in nature conservation reserves and regional parks.
- No special approvals required for low impact exploration in nature conservation reserves and regional parks.
- Mining and minerals development decisions are always necessarily a compromise of the three pillars of sustainability viz. economic progress, social responsibility and environment protection;
- Reaching an appropriate decision requires balance between the three pillars;
- Decisions are the collective responsibility of all stakeholders, but none should seek to usurp the roles and responsibilities of sovereign Governments; and
- There must be a sound business case for sustainable development as a key platform.

Sustainable Development in Regional and Rural Victoria

The minerals industry continues to provide great opportunity for the development of regional and rural Victoria provided that mineral developments are undertaken in line with the sustainability principles.

We believe that sustainable development principles should be fundamental to the whole environmental assessment process. However, it is important that a common understanding of sustainability is established. The most widely used definition (Brundtland Report) is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

Projects that meet sustainable development principles will always require a balance between the three pillars of sustainability; that is, economic viability; environmental protection; and social responsibility. In particular:

Environmental assessment reviews

The Council recognises the value of a sound, rigorous environment assessment process for project approvals. However, we are concerned that the current EES process no longer serves any of the stakeholders well. We support the endeavours of Government to improve this process for all involved.

There are numerous problems with the current EES system. Some of these are:

- unnecessarily costly;
- excessively time consuming;
- creates division between the community and proponent;
- outcomes can, and have been, determined by politics rather than the merits of the proposal;
- accountabilities and responsibilities are not clear;
- lacks universal accreditation for the Commonwealth’s EP&BC Act;
- lacking in transparency.

It is important that any new environmental assessment process introduced in Victoria meet the accreditation requirements of the Commonwealth’s EP&BC Act. We also believe that references to ecologically sustainable development or ESD in any such procedure be replaced by a reference to the more commonly and broadly used international term “sustainable development”. ESD is a more narrow outmoded term.

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The four levels of environmental assessment proposed by the Department of Infrastructure are supported by VMEC. A process that has different levels of assessment established to accommodate different levels of likely impact is supported.

The consultative committee process used for EESs has generally not effectively engaged the community. We believe that a consultation program that is structured to accommodate the issues and needs of particular stakeholders is required. VMEC believes that the use of workshops on particular issues, focus groups, technical reference groups, and individual face-to-face meetings as appropriate should be available in any new process.

Support for GSV

The Geological Survey of Victoria (GSV) contributes enormously in the quest for new minerals discoveries as new or improved geological maps fuel new ideas and concepts. Over the years, investment by Government in the work of GSV has consistently stimulated exploration investment in rural and regional Victoria many times that the original investment.

We believe that Government should continue to support the work of GSV and the Victorian Initiative for Minerals and Petroleum (VIMP). The work of GSV and the VIMP project are most important to the competitiveness of Victoria in attracting investment to the State. The development of the State's mineral sands resources and the re-emergence of significant gold mining operations are directly related to the investment in research and exploration input. Such expenditure is a direct investment in the State's mineral assets.

One of the "big" geological issues in Victoria is the need to improve understanding of the geology of the Lachlan Fold Belt under the sedimentary cover of the Murray Basin, and as a first step it has been proposed that a seismic geo-traverse be conducted across Northern Victoria. This is a major long-term initiative that will require both State and Commonwealth Government support. The project offers great potential to open up avenues for exploration for many years to come that could lead to significant new mineral investments, improve

land and water management, and improve our understanding of earthquake risk.

Rehabilitation bonds

VMEC supports the need to review the current rehabilitation bond system. Our fundamental objective is to ensure that mine sites are effectively rehabilitated and that the community is not left with a liability.

We believe that rehabilitation bonds should:

- apply in a consistent manner across all sites, irrespective of size or ability to pay;
- be sufficient to cover the cost of rehabilitation to the agreed standard at any point in time;
- be assessed on a site-by-site basis;
- encourage progressive rehabilitation;
- allow for unforeseen phenomena on a probabilistic basis; and
- be a secure financial instrument.

We believe the current administrative policy that sets bonds to cover the maximum exposure case (which could be 20 years hence) in the approved work plan is flawed and a revision is required. This policy overstates the actual liability at all but the maximum exposure stage; makes little allowance for progressive rehabilitation; and does not accommodate early closure scenarios. We believe the current bond setting policy is a disincentive to mining in Victoria.

Development of Victoria's coal resources

The State's vast brown coal resources continue to provide the bulk of the energy for electricity generation. Production from the three Latrobe Valley open pit coal mines and a smaller mine at Anglesea is about 65 Mt pa. Renewable energy supplies are important but they will not replace our reliance on brown coal for many years. Victoria has a wonderful endowment of world-class brown coal resources.

The power stations fuelled by brown coal continue to improve overall cycle efficiency through the introduction of modifications to reduce greenhouse gas emissions. Research

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and development into the efficient use of low rank coals continues through the CRC for power generation from low-rank coal.

The research work of the CRC is of paramount importance to the long-term utilisation of Victoria's brown coal resources. We urge Government to maintain its commitment to the research work of the CRC and make a substantial commitment to enable the research work to be taken to the development stage. This will require a commitment by the Victorian Government in association with industry to bring the Mechanical Thermal Expression coal drying technology to commercial application. This project is estimated to cost \$29.3M over the period to 2012 with \$20M of capital expenditure over the next 4 years. The Commonwealth has already committed \$11.1M through the Greenhouse Gas Abatement Program.

In July 2002 the Victorian Government awarded three new exploration licences in the Latrobe Valley for the development of new plants on the basis that they achieve significant improvements in greenhouse gas emission. We are pleased that the Government has kept its commitment to the industry and the Latrobe Valley community. The awarding of the exploration licences is the first step in what will eventually lead to major new sustainable developments.

The exploration licences provide the certainty of tenure to the coal resources that the Companies require. However we all realise that there are many steps to be overcome before the new projects become a reality. The Companies will need to develop their particular technical processes, conduct detailed feasibility studies and market analyses, raise the necessary finances, and satisfy very strict environmental assessments before planning approval and mining licences are issued. Government must now ensure that these projects are facilitated to successful outcomes.

For further information please contact

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