ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into greenfields mineral exploration and project development in Victoria

Melbourne — 7 November 2011

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Ms E. Vogel, Technical Services Manager, Donald Mineral Sands.
Ms Vogel, no doubt you understand that this is an all-party parliamentary committee and the hearing today is on the Inquiry into greenfields mineral exploration and project development in Victoria. Can I welcome you to the hearing into the Inquiry, as set out. All evidence that is taken at this hearing is protected by parliamentary privilege. Comments you make outside the hearing, of course, are not afforded such privilege.

We might just get underway. We have until about 11 o’clock. Perhaps you can speak to your submission, which you have been kind enough to provide us and which we have had a good look at. So if we could start by perhaps having you state your name, your position and your business address.

Ms VOGEL — Emma Frances Vogel, Technical Services Manager, Donald Mineral Sands, 69 Main Street, Minyip 3392.

The DEPUTY CHAIR — You are appearing on behalf of the company or in a personal capacity?

Ms VOGEL — The company.

The DEPUTY CHAIR — The evidence you give will be taken down and in due course become public. We might just start by perhaps asking you to speak to the main points of your submission and then we’ll have a bit of a discussion about that.

Ms VOGEL — Donald Mineral Sands is owned by an ASX-listed company called Astron Limited, coded ATR. They have two fully owned subsidiaries that hold the rights to exploration licences in Victoria: Donald Mineral Sands and Sovereign Gold. Donald Mineral Sands is currently exploring for mineral sands and Sovereign Gold is exploring for gold.

Mrs PEULICH — That’s a revelation.

Ms VOGEL — It is. A lot of thought went into that. Sovereign Gold holds four exploration tenements and Donald Mineral Sands has five and a mining licence: MIN 5532, which is sometimes referred to as the Donald Project. The Donald Project has an approved mining licence and has completed an EES; we have submitted a draft working plan in the last couple of months. Our Cultural Heritage Management plan and our net gain reports are ongoing.

The actual Donald Project, and I’m not sure if you have heard of it, is quite a large project. Our EES is for 7.5 million tonnes of ore per annum, which equates to about 120 local jobs, and we’re just in the final stages of doing our BFS. As part of our socioeconomic study, they have found that for every one job we create on site, between two and three are created off site.

The Donald Project or the Donald licence is part of the Wimmera licences that were held by CRA. We hold two of those, Donald and Jackson, which were WIM 200 and WIM 250. Our current licences are all held in the Wimmera Mallee region, ranging from Rupanyup in the south up to north of Hopetoun. Most of those licences are greenfields and have had very little exploration done to them, particularly EL 5262, which you can see is extremely large.

The Wimmera licences are greenfields and have had very little exploration done to them, particularly EL 5262, which you can see is extremely large.

I’ll run quickly through exploration trends. There are obviously two types of exploration, greenfields versus brownfields. We consider what we are doing to be greenfields exploration. As a general trend across the industry, it has been noted that greenfields exploration has been declining over the last 10 years; the focus has been more on brownfields, which are seen as extensions of existing mines. That is possibly due to the scarcity of money and you put your money where the least risk is, and that is obviously going to be extending your known deposits; you have infrastructure there, it just makes sense. There has also been a trend that greenfields exploration is now predominantly undertaken by smaller companies such as ourselves, small cap companies. Large, multinational companies, although they do still undertake some greenfields, a lot of that — and this is just a personal view from what I have read in the papers and having worked for a multinational — is focused on
perhaps low geological risk areas, like West Africa or South America. Most exploration in Victoria is usually greenfields, possibly due to the relatively small number of operating mines.

When looking at exploration, there are two major risks: geological risk and sovereign risk, which we consider encompasses regulatory burden. Specific to Victoria, unfortunately the geological risk in Victoria is considered to be quite high. It’s a global industry, so when you are comparing that to the geological risk in West Africa, for example, I have spoken to people working in West Africa and they report back that those deposits are very exciting. It’s a little bit more difficult in Victoria for gold, where we are looking. Most of the area to the north is what they consider under cover, the depth to basement is quite deep, therefore your drilling costs are high. You may have to drill up to 100 metres before you hit basement and then you have to get into basement. It makes things like geochemical soil sampling difficult because of the geological formulation; those results generally aren’t as reliable as they are in other areas, and there are some structural complexities once you do get into the basement.

Mineral sands: coarse grained deposits, of which there are a few around, have a relatively short mine life at the moment, they are below 10, 15 years. Everybody is looking for long-life 20, 30, 40-year deposits. Fine-grained deposits do have some technical complexities, they are the ones we are focused on, they have complex mineralogy and the fine-grained nature has traditionally made the processing more complex. That is maybe one of the reasons that they have not been developed to date.

As far as sovereign risk in Victoria is concerned, we would consider that the security of the tenement holdings is medium to low, in line with the Fraser Institute report, which the industry pretty much regards as the benchmark. The introduction of a retention licence, I feel, has reduced it considerably. We had some significant issues with the lack of a retention licence, primarily because sometimes there are things you wish to do that don’t really fit in an exploration licence, but they don’t really fit in a mining licence either. An example of that would be test pits and pilot plants. They are not really mining, but they are more than just basic exploration. CRA worked under what was called a development licence, which got abolished.

When we initially started talking to the Department about the potential for doing a pilot plant and a test pit, they came back to us and said, ‘It’s a bit too much to do under an exploration licence because it has all of the components of a mine: there is a small plant, there is a small pit and there is a tailings facility’, but it is not a fully scaled mine either, so we are in nowhere land. The retention licence will greatly assist with that. We are also in the situation where our mine life is potentially over a hundred years, and to put all that in a mining licence isn’t necessarily appropriate and a retention licence will give us a tool to lock up future mining areas.

The Department has increased the relinquishment requirements and it has put a cap on any renewals, although equally that cap has been increased. They seem to operate under the assumption that an increased turnover in exploration licences directly results in an increased number of projects getting up and running. We dispute that, particularly in Victoria where you do have this higher geological risk and you have geological complexity and it may take many years for a company to overcome those, and not necessarily will another company walking in make that quicker. We are not the only company that is often discussed at DPI meetings, which can be quite heated.

Regulatory burden: there are current estimates, and this comes from a report that is available on the web, that up to 60¢ of every exploration dollar is spent on regulatory requirements, and when you have a scarcity of funds — —

Mrs PEULICH — Sorry, what was the amount?

Ms VOGEL — Up to 60¢ of every exploration dollar is spent on regulatory requirements. When you have a scarcity of funds for exploration, it can be very difficult to raise funding from the market for exploration.

Mr NOONAN — Is that a national figure?

Ms VOGEL — That is a national figure, yes. That is obviously a lot, that is 60¢ that is not being spent on drilling processing and design.

Mrs PEULICH — Are you able to break that down further?
Ms VOGEL — As far as what that would be spent on? Not the actual 60¢, they did not break it down. It may be in the report, I did not see it but I know from personal experience we would most likely be sitting around that figure, and it goes predominantly to environmental approvals. An EES obviously has to be undertaken prior to your project starting. That is probably at least $3 million, $2 million minimum most likely, up to, well, the sky’s the limit.

The DEPUTY CHAIR — Before you get off that, given that it is a key part, could you provide the reference to the report?

Ms VOGEL — It’s on the bottom of the document.

The DEPUTY CHAIR — The Policy Transition Group, thanks.

Ms VOGEL — You are also looking at Cultural Heritage Management Plans; net gain.

The DEPUTY CHAIR — That is vegetation gains.

Ms VOGEL — Yes, vegetation.

Mr NOONAN — It is not a state-by-state cost comparison on that figure?

Ms VOGEL — No, it’s not, but that would be very interesting.

Mr NOONAN — Because most of this is done at a state level.

Ms VOGEL — Yes.

The DEPUTY CHAIR — How would you think Victoria would line up there?

Ms VOGEL — I have had limited exposure to the approval system in other states, a little bit in South Australia, and some of the people I have worked with have had exposure in Western Australia. It’s difficult to say. For example, cultural heritage — Western Australia has a very large Indigenous population. I used to work in the Pilbara, and that was a large part of our expenditure.

I’m hearing from other people, and this is just hearsay, that Victoria, with the exception perhaps of native vegetation — and there are some specific issues with the new cultural heritage legislation, it’s not that different state to state. The nuances are different and you can go into a state and it’s a completely different process, but your regulatory burden from state to state is not that different, people are coming across the same issues in each state. They may be a little amplified here because of the population and the land size. So whereas in Western Australia you have one landholder to deal with, here you may have 30 and that is perhaps what amplifies it.

One big difference is the multi-departmental liaison you have in Victoria. I understand there are reasons for that. For example, if you hop over the border, which we are very close to, you just deal with the South Australian Department of Mines. In Victoria, you deal with everyone.

There are commercial realities, such as access to capital, that do not appear to be widely understood throughout bureaucracy, and I’m not just specifically talking about DPI. We have seen a substantial cultural shift, I think, in the last year or so from DPI — or we personally have — and their understandings perhaps of the commercial realities of what we are trying to do have increased.

Throughout the EES, we were told many times by people in various departments, ‘But it’s only an extra million dollars, you’re a mining company, you’ve got plenty’, and there seems to be perhaps a confusion between exploration and mining. So when a multi-national announces a $9 billion profit, that figure gets applied to everybody, like everybody has that much money in the bank. But most of these small exploration companies don’t have an income coming in, they are raising money from capital markets.

I’ll go into the environmental approval system that we have gone through specifically. We did our EES relatively early, perhaps too early. There were reasons for that at the time. The decision to do an EES was made before I started. I believe there was a push from the local community and from the Department for that to be undertaken. It’s expensive and it is lengthy. We have been involved in a couple of inquiries into the EES
process, and I haven’t seen anything come out of either of them. You are looking at a minimum of three years, which seems to be the general rule of thumb. The final draft, once it was completed, once lodged remained with the Department of Planning and Community Development for 14 months, and we had a week-long panel hearing in those 14 months.

Mrs PEULICH — What sat there for 14 months?

Ms VOGEL — The EES. The last two or three months of that time period were due to an EPBC review.

The DEPUTY CHAIR — ‘EPBC’?

Ms VOGEL — The federal review.

The DEPUTY CHAIR — The EPBC Act?

Ms VOGEL — Yes. There have been, and it’s on the public record, a few EESs, in particular Big Hill, Bald Hills, which is a wind farm, and Nowingi, that have been knocked back for various reasons. As such, often companies elect to take them quite early in the process because it’s not just a given that your EES will be approved; you may find something, like the Orange Belly Parrot, and that’s the end.

Mrs PEULICH — Deep-throated frog.

Ms VOGEL — The growling grass frog?

Mr NOONAN — I’m not familiar with those.

Ms VOGEL — As a result of that, of undertaking an EES early, projects can change considerably after the EES is completed and that brings you into a whole other raft of environmental approval difficulties, which we perhaps weren’t so aware of when we undertook our EES. On top of your EES, you also have work plans and planning permits for roads, water, power, all infrastructure. There are Cultural Heritage Management Plans that have to be done before your work plan is approved, and net gain rules changed during our process — in fact the cultural heritage changed during the EES process. We lodged our final draft of our cultural heritage before the Act came into effect by about six weeks, and AAV did not sign off on the final draft until after the Act came in. So we received dispensation not to do our cultural heritage during the EES process due to the fact it would have blown the timing out even further, and we were doing our Cultural Heritage Management Plan as part of our work plan. But certainly going into the EES, neither of those requirements were there.

Obviously we have several regulators in Victoria we deal with. I’m not actually sure that there is a department we haven’t: obviously DPI, EPA, DPCD, DHS for radiation, and AAV.

The DEPUTY CHAIR — Water authorities?

Ms VOGEL — Water authorities, catchment managements, VicRoads.

The DEPUTY CHAIR — DSE?

Ms VOGEL — DSE, yes.

The DEPUTY CHAIR — Parks?

Ms VOGEL — We have dealt with Parks Victoria, yes.

Mr SHAW — Congratulations on you still wanting to do business in Victoria.

Ms VOGEL — We’re all upstanding citizens. We have had great dealings with some and perhaps less than favourable with others, and often it depends on the individual you are dealing with. That all adds up to a relatively complicated and arduous experience.

Mrs PEULICH — Some are better than others. Perhaps rather than the name and shame, maybe highlight the ones who are more conducive to a good working relationship.
Ms VOGEL — Yes. DHS we have found to be extremely helpful. Radiation is a very emotive topic, and Brad Casals, who was our contact at DHS, came up to community forums numerous times and spoke to the community one on one and made himself available to individuals who had specific concerns. So that was wonderful.

DPI: we deal with many, many people in DPI and, by and large, they have been great, they have gone out of their way to assist us. There are some individuals that just want to stick to the book and if it doesn’t necessarily make sense for the State or for us, if it’s in the book, that’s the way it is going to happen. In saying that, I have seen a change in that sort of behaviour recently.

The EPA were notoriously difficult to deal with. They very rarely turned up to TRG meetings. They were always late in providing us with feedback on our drafts. They were, and I quote from somebody in another department, ‘serial offenders’. DSE sent a local person who didn’t necessarily have the knowledge to deal with such a big project, nor the position in the department to make decisions.

The DEPUTY CHAIR — That was on the net gain?

Ms VOGEL — No, this is during the EES, on the TRG. Quite often on EESs, departments send junior staff and they just don’t have perhaps the experience to deal with such a high level.

Mrs PEULICH — That’s probably why they were sent.

Ms VOGEL — AAV we have had some difficulty with. We do not have a RAP, and I’ll go into that; that’s five years later. AAV, therefore, should be the organisation we deal with. They have advised us verbally: ‘We will not sign off unless the potential RAP agrees’. That is causing some difficulties. We now have a new contact in there who seems to be keen to help us get through the process.

DIIRD are generally helpful, but they are very busy. The EPA, we have dealt with several people in the EPA. For a while, it seemed like we were going to Melbourne or Bendigo every week to catch up with EPA. Because of their staffing levels, they could not attend TRG, they couldn’t do this, they couldn’t do that, and they said that their manning levels just didn’t allow them. That may be the reason they don’t turn up.

We did have some problems with the Melbourne-based specialists, in that we went to them several times and said, ‘Do you have any issues?’ and they said ‘No’. We wanted to hash those out before the document was finalised. When it came to the panel hearing, they turned up with a whole host of problems we hadn’t even heard about it and we gave them plenty of opportunity to raise them in what I would have thought was a more appropriate time than when the document was being finalised.

Mrs PEULICH — Do you think that might have been as a result of them not applying themselves to the task until the deadline is approaching, or as some disingenuous way of undermining the process?

Ms VOGEL — I would say the latter. There appears to be some anti-mining sentiment in that particular part, which has been dealt with.

The major issues: some broad headings on specific problems: small cap exploration companies, which the majority of people in Victoria would be classified as, will have difficulty raising money for approvals. I’m sure most people have shares in the room. If I come to you and say, ‘I would like you to give me a dollar to go and find some gold and I’m going to spend over half of it doing surveys’, it’s not quite as exciting as, ‘I am going to spend my dollar looking for gold’. To raise $3 million for an EES that might be get knocked back, you have to find your resource perhaps and then do that and then to have it knocked back, could be the end of the company. We were in the position where we did have enough money to do ours earlier.

Understanding and negotiating approvals processes just takes significant manpower and resources, and we can’t stress that enough. Given that these companies are small, they may have three or four employees working on it and you are probably looking at maybe one and a half, if not two of those, just working on approvals. Coupled with that is the widespread expertise that you require to go through the approvals process, so you’re looking at botanists, ecologists, archaeologists, groundwater experts, surface water experts, dust experts, noise experts and obviously if you are not a multinational, you don’t have those at your disposal and so the money you then have to spend on consultants and to manage those consultants is burdensome.
Mrs PEULICH — Just on that point: obviously experience is a very important factor in the whole industry.

Ms VOGEL — Yes.

Mrs PEULICH — But in terms of understanding, as you said, negotiating the approvals process, does the council actually do PD stuff on that, there is no sharing of expertise or anything like that?

Ms VOGEL — No. The majority of the projects are taken in regional areas and the local councils — —

Mrs PEULICH — No, as in your peak body?

Ms VOGEL — No, it’s up to us to go and find a consultant and engage them. So even after you’ve perhaps minimised your geological risk, you still have this regulatory risk.

To give you some quick specific examples, because I am cognisant of the time. As I mentioned, net gain and cultural heritage were the two big ones for us that changed during the EES. We are in an area where there are no other mines, there is not a large amount of development, so there have been minimal regional surveys undertaken. That results in pretty much everything that we found was significant. If you went a hundred metres in either direction, you probably would find the same thing, and having grown up in the area, I can from a personal point say that that is the case. It is normally cleared for agricultural use, and I have a photo of it, if you would like to see it later. If all the vegetation was removed within our existing MIN, and our latest predictions show our pit goes actually right to the edge, so we offset it by 50 metres, but it would more or less take up the entire MIN, which is a variation from the EES. We will have to go through a supplementary process to get approval for that change. Whether that happens as a supplementary EES or a section 42A remains outstanding. But if we were to remove all the vegetation within there, and I would not consider there is a lot of vegetation because it is predominantly cleared for broadacre farming, you are looking at 58.86 per hectare. You may not be familiar with habitat hectares, but that is approximately 116 hectares. There is a rather large complicated formula results in that figure. We would have to retain 13,812 large old trees.

Mrs PEULICH — Retain?

Ms VOGEL — Retain, and recruit 70,000 new plants. Planting 70,000 is one thing, the 58.86 habitat hectares is a possibility, but to find 13,812 large old trees on private land that then has to be locked up into perpetuity, so we have to compensate the landholder theoretically for generations of landholders to care for and maintain these trees, is a very difficult task. As you can imagine, 13,812 is going to be a lot more than the 59 habitat hectares, if that makes sense. They have to be high-quality stands, so we can’t just go and globally lock up every tree within 300 kilometres. We are yet to really find anyone, and we have consulted our ecological consultants, we have spoken to various other people involved, including lawyers, who have spoken to DSE. There are different considerations as to how this policy is going to be managed after 10 years. Theoretically, at 10 years, somebody comes out and looks at our stands of trees and says, ‘Yes, you have met your gain requirements’, and we leave, and then what happens, no-one can tell us. Until we really know that, it’s very hard to go to a farmer about how they’re going to be compensated or what they are going to be compensated.

Cultural heritage: as I mentioned before, we don’t have a RAP appointed to date. That is causing us all substantial issues because they’re not bound by the requirements. The RAP is, but — —

The DEPUTY CHAIR — Is that due to competing claims or lack of?

Ms VOGEL — Competing claims.

Mrs PEULICH — ‘RAP’ stands for?

Ms VOGEL — Registered Aboriginal Parties. I know there is an inquiry into the RAPs at the moment, or about to start. We are currently liaising with AAV, and I have discussed it previously so I won’t go too much into that.

If you look at perhaps the specific requirements at the moment, we have done three surveys — we have done the initial one during the EES, we did the standard survey and now we need to do a complex survey. We are focussing just on the first five years of the mine. The RAP would like us to do 125 trenches of a
metre-and-a-half deep, which we are going to discuss with AAV as they need to be dug with a mechanical
digger, I will show you a map later. What we have predominantly found are scats, and the RAP claim that every
tree and every scat is significant.

Mrs PEULICH — Sorry, ‘scat’?

Ms VOGEL — A scatter, an archaeological scatter, predominately stone chips.

Mr SHAW — How much has been discovered up there?

Ms VOGEL — Regionally?

Mr SHAW — Yes.

Ms VOGEL — It’s the same with the net gain, there have been no regional surveys done.

Mr SHAW — When you do these trenches, have you started that yet?

Ms VOGEL — No, we haven’t. We are currently negotiating whether or not they really need to be
commenced on that site.

Mr SHAW — So it’s looking for things like stone chips?

Ms VOGEL — They are predominately on the surface and the area has been ploughed for a hundred years,
so they have been perhaps relocated. Noise guidelines — —

Mrs PEULICH — They don’t make exceptions? Is that subject to negotiation?

Ms VOGEL — Theoretically. We are now in the ridiculous situation where we are getting our consulting
archaeologists’ work reviewed by another consulting archaeologist. There are perhaps some benefits for the
archaeologists siding with the Aboriginal parties in locking up future work, and that appears to be a problem
some companies are having.

Noise guidelines are unachievable in rural areas, it’s N3/89, which we raised up during the EES process. The
baseline study is done at the quietest time of the day at the quietest time of the year. In country areas, that is
very, very quiet. In fact, the noise limiters couldn’t actually pick it up. But if you were to take those same
baselines during sowing or harvest, it would be completely different and it doesn’t take that into consideration.
As a result, the guidelines we get set are five decibels above the baseline, which is unreasonable. We have
admitted: ‘It is unachievable. You could go to the nth degree and still would not be able to reach those guideline
limits’. We will then have to negotiate with landholders individually, the ones surrounding the site. But
everybody is in a difficult situation there, because it comes down to the individual.

Land access: I’m sure I don’t need to go into how important that is. North-west Victoria is predominantly
privately held for agricultural purposes. In my experience, there appears to be a limited understanding within the
farming community of the processes from exploration to mining, and I probably can’t come up with a good
reason why they should have an in-depth understanding. It’s not their primary business. Each landholder has
individual needs. Quite often we get told when you go and negotiate, you should give everybody the same. We
don’t believe in that, we negotiate individually. Each farmer has different needs, they all have different
infrastructure, they all have different land, each land has different productivity. You need to take that into
consideration. You will have generational landholders, which is the predominant and bulk of our farming
community. You will have ‘tree changers’ — like a sea changer that goes to the bush — and you will have
hobby farmers who just have a small patch of land, and maybe a couple of alpacas. Although not recognised by
the State, generational landholders do consider the heritage value of their properties, which we try to consider
when we are negotiating with them.

Mrs PEULICH — So out of those groups, are you able to rank in order of level of difficulty of
negotiations?

Ms VOGEL — Yes.
Mrs PEULICH — That you’ve experienced. Could you just take us through that.

Ms VOGEL — It probably does depend a little bit on the individual as well. You may come across a tree changer that is anti-mining, in which case they will be placed very high on your list. Generational landholders are probably put at the bottom of the list and hobby farmers probably in the middle. It perhaps becomes more a question of money. Generational landholders, they’re not the most difficult to deal with, but it is not necessarily about money for them, it is about their ties to the land.

The DEPUTY CHAIR — I don’t want to hurry you too much, because it’s fascinating, but we are running out of time.

Ms VOGEL — Yes. I have one slide to go. Exploration and drilling, particularly if your drilling requires access to private land, that is perhaps going to become more difficult in the future than it has been in the past. Not only that, but getting access to do cultural heritage surveys could become a real problem because if we find something on private land and we walk away, that is a legislative risk that the private landholder then has to face.

Mrs PEULICH — Has the responsibility?

Ms VOGEL — Yes.

Mrs PEULICH — They must be very grateful to you for it.

Ms VOGEL — We are grateful to them for allowing access. General education of landholders is the sole responsibility of the company; DPI do not do roadshows in areas.

Mrs PEULICH — So is there a level of distrust there as a result of the fact that it’s only the company that is responsible for the education of landholders? How would you describe that?

Ms VOGEL — We have a very good relationship. We have been in the area for a long time. I grew up in the area. There is no doubt that that helps. Not every company has that luxury.

The DEPUTY CHAIR — Talking of generational heritage, given your surname, do you have any links to others in this place, Vogel?

Ms VOGEL — No. Actually, I think very distantly. It doesn’t appear that the second stage of the MRSD Act is going to have a material impact for us. It’s a good idea, but they briefed us and said that DPI becoming the sole approvers is not part of their brief and is not an option. Thus, it is difficult to see what control they are going to have on the approvals that happen outside their area. The majority of big approvals and the referrals sit with DPCD and you are really perhaps relying on somebody in DPCD to understand what is significant with a mining project and what is not significant with a mining project. Single-department approvals would greatly assist.

The Technical Reference Group, and we did say this at both the other inquiries, they really need to be briefed on how the EES sits in the regulatory process and their specific role, given that you have sometimes quite junior people. We had a DSE member and his concern throughout the whole process, his one thing, was what was going to happen if a kangaroo got in the pit.

Mrs PEULICH — If a kangaroo got into a pit?

Ms VOGEL — Yes.

Mrs PEULICH — Voluntarily?

Ms VOGEL — Yes. That sort of detail probably doesn’t have a lot of place in the EES process.

The funding for drilling in areas under cover is great; we received some of that funding and undertook some exploration holes. More of that would be beneficial, particularly in areas where it is under cover and it is expensive to drill down.
Regional surveys of areas for native vegetation and cultural heritage would hopefully minimise the ‘everything is significant’ opinion. Registered Aboriginal Party areas under dispute need to be resolved. It has been five years. How much longer will it take? And clarity again over what is actually significant.

We believe some of the net gain conditions are high, for example: the retention of eight large old trees for every one removed. Eight-to-one is a rather large ratio in an area with very little high conservation area left on private land. Again, access to Crown Land for offsets would be very beneficial; I know VicRoads are also pushing for that.

Mrs PEULICH — Do you mean for offsets?

Ms VOGEL — Vegetation offsets. At the moment, you cannot go to the local shire and say, ‘Can we use this, pay for this’; it has to be private land.

To pre-empt any issues with access to private land for exploration and environmental and cultural heritage surveys, maybe a road show by DPI to inform landholders on the actual processes might assist, actually going out into the towns and saying, ‘Come along, we will show you what exploration licences are there, this is the process they have to go through and this is how we hold them accountable’.

Mrs PEULICH — You were going to show us a photo.

Ms VOGEL — I was going to show you a photo.

The DEPUTY CHAIR — Thank you Emma, that was incredibly extensive and useful.

Ms VOGEL — These are the cultural heritage sites we found. The blue line is mining licence, the green spots are scar trees and the red spots are scatters.

Mr SHAW — Bits of rock?

Ms VOGEL — Predominately stone chips.

The DEPUTY CHAIR — We’re very pressed for time, but we might eat into a little bit just for a couple of questions. Things okay?

Ms VOGEL — Yes, things are okay.

The DEPUTY CHAIR — So you’re happy to keep going just for a couple of minutes?

Ms VOGEL — Yes. I just needed to clarify a couple of things.

The DEPUTY CHAIR — Would you like to clarify something?

Ms VOGEL — Yes, just about some comments I made about DSE earlier. As I said, in general most people we came across were very good. I may have been misleading, it was more some of the junior, as I have suggested, the junior employees perhaps not having an understanding of the actual process and where that fits in.

The DEPUTY CHAIR — Of course.

Mrs PEULICH — We understand.

Ms VOGEL — The archaeological consultants: again, we have been advised by AAV that perhaps there is a misunderstanding by some of the archaeological consultants, a misunderstanding of some components of the Act, which we have a meeting with them in a few weeks to try and clarify that.

The DEPUTY CHAIR — Good luck.

Ms VOGEL — Thank you.
The DEPUTY CHAIR — Thank you for clarifying that. Given the company has both a mineral sands and gold focus, do you find different issues depending on what it is you are looking for, what mineral?

Ms VOGEL — The gold is just exploration at this stage, whereas mineral sands is development.

The DEPUTY CHAIR — Much more advanced?

Ms VOGEL — Yes. In the gold, I guess the difficulty is more geological. The mineral sands, because of the size of the projects, perhaps your net gain and your cultural heritage is amplified because of the wide scale. We are lucky, in that in mineral sands, all of that land can go back to farming because everything goes back and it’s rehabilitated. Often that is not the case in mining. But that blue square is the first 25 years only.

The DEPUTY CHAIR — Do you find that, as a result, communities are much more amenable than those different groups that you identify in terms of priorities? Where private landholders might be on a scale of understanding and support, does the fact that you’re talking about developing mineral sands, that you can rehabilitate the land, there are jobs, does that make it easier than perhaps if gold was a bit more of a traditional mining approach?

Ms VOGEL — Yes, I think that certainly has helped, the fact that the land goes back to farming, there is no doubt about that. When we started, it was pre-rain, the middle of the drought, and jobs were something that a lot of the community were interested in, and we have always said that we will seriously look at doing job share-type rosters so that local farmers can work on site.

Mrs PEULICH — Just a quick couple of questions. You made reference to the turnover of — was it mining or exploration, a faster turnover?

Ms VOGEL — Yes, exploration licences.

Mrs PEULICH — Obviously doing that would also increase costs to companies, I would assume?

Ms VOGEL — Yes.

Mrs PEULICH — Because you’re talking about getting finance for a shorter period of time. Do you think that if an exploration licence has been idle for some period of people, that there are some grounds for — —

Ms VOGEL — Yes.

Mrs PEULICH — Could there be a cap on the number of years?

Ms VOGEL — There is a cap of 10 years. So if you haven’t got the project up to a retention licence standard within 10 years, it rolls over after I think it’s nine years, and I would have to consult the changes. You have to have relinquished down to 10 per cent of your original holding. So you have relinquished 90 per cent of your licence.

Again, those relinquishments, particularly where we are looking at fine grain deposits, can be very large. So unless we are going to take out half of Victoria to relinquish it down to the actual size, those relinquishments can become difficult. Again, with the gold, depending on the structure of the gold, you can find it can be difficult to get those into a JORC standard, which is the trigger.

Mrs PEULICH — Another point of clarification. You nominated that, out of 116 hectares of your site, 13,812 large trees had to be retained. Who identified those trees, what is the process?

Ms VOGEL — That’s a very good question, which we are trying to get our heads around. What we have done to date — and we have just started the process — is we have driven around the district and found stands of trees and we will then approach those landholders after doing a title search. We will then commission an ecologist and they will go and count the trees and assess their type, measure their diameter, give them a ranking of quality, determine EVC, or the Ecological Vegetation Class — then give that area a score. Then we just keep doing that over and over until we have found enough.

Mrs PEULICH — Until you have?
Ms VOGEL — Found the 13,816 LOTs.

Mrs PEULICH — Where would that number have materialised?

The DEPUTY CHAIR — Correct me if I’m wrong, but it is a formula set through regulation as a result of the Native Vegetation Act and the regulations that sit under that through the framework administered by DSE.

Ms VOGEL — That’s correct.

The DEPUTY CHAIR — There are a whole range of factors that feed into it about the site, the vegetation type.

Mrs PEULICH — So it is site-specific?

The DEPUTY CHAIR — Region-specific.

Ms VOGEL — Net gain is like for like. Your ecologist surveys the stand of trees that you may want to remove, they count the trees, they measure the diameter, they assess the quality of the stand and tell you what type of stand it is, so your Ecological Vegetation Class. They then take that information and put it into the formula and that gives you the offsets required.

Mr SHAW — That is all well and good, but you’re saying the area that you’ve got has no trees on it anyway.

Ms VOGEL — It has a few.

Mr SHAW — Not 13,816?

Ms VOGEL — No. We will have to go far and wide into the local community to find them, if we gain approval to remove them all within the project area, it might come down to a financial calculation where the compensation to the landholders who have the trees — compensating them into perpetuity — actually outweighs the value of the material sitting underneath the tree and we end up with a pit with holes in it with stands of trees, which actually may be DSE’s preferred option.

The DEPUTY CHAIR — I don’t want to shorten this, but we do have other witnesses waiting.

Mr NOONAN — In relation to your recommendation and your assumption that the second stage of the review of the Act won’t have a significant impact on reducing the regulations that you currently face, will that mean that your company will be less likely to seek to do business in Victoria going forward?

Ms VOGEL — The project is not moving. So, no, I don’t think so. When I said it’s not going to change, we have been dealing with the process, the project is here, and we are very committed to Victoria.

Mr NOONAN — The second question I have is in relation to a document that has been copied to the committee, which is the EES assessment and response from the Planning Minister, on page 13 it has an outline of the economic benefits of this particular mineral sands mining activity in Douglas and it has a whole group of figures based on what the economic impact will be both in the local area and more broadly.

Ms VOGEL — Did you say ‘Douglas’? Our project is Donald.

Mr NOONAN — Sorry, Donald. We’ve been to Douglas, I’ve got Douglas on the mind. Can you just tell me where those assumptions come from in terms of the economic effects?

Ms VOGEL — They come from our financial models, they are from the pre-feasibility financial models. We are now working on our final feasibility. Those numbers I didn’t quote because they are somewhat outdated; the numbers are being finalised.

Mr NOONAN — In relation to what is not in the document, have you done some costings on what infrastructure cost might be required locally to support the mine?
Ms VOGEL — With regard to specific road access and power lines and things for our project, yes, they are part of the feasibility study.

Mr NOONAN — Do you know what those costs might be? Are they embedded within this document that I am looking at?

Ms VOGEL — I believe some initial ones are. They have been firmed up in the last couple years and I can certainly get those to you, if you would like them. Off the top of my head, the power line was approximately 20 million. We recently bought an allocation of water and we now are trying to understand how we are going to get that to site, so those figures are still a bit rubbery. Roads were another couple of million.

Mr NOONAN — So they’re costs that you won’t pick up, they are costs that you would expect?

Ms VOGEL — No, they are costs we will pick up.

Mr NOONAN — You’ll pick up the roads cost as well?

Ms VOGEL — Yes.

Mr NOONAN — And that is by negotiation with local government?

Ms VOGEL — With the local council.

Mr NOONAN — And the power companies?

Ms VOGEL — Yes.

The DEPUTY CHAIR — Powercor?

Mr NOONAN — In the interests of time, I’ll give Mr Shaw a go.

Mr SHAW — One really quick one. The EES process, you said, took three years?

Ms VOGEL — Yes.

Mr SHAW — How long should it be and how would you get it there?

Ms VOGEL — Actually, ours took longer than three years, but part of that was our fault. I said a minimum of three years. The 14 months, sitting with DPCD or the Government for 14 months, surely that could be reduced considerably.

Mr SHAW — Some other people we have talked to have suggested like a one-stop shop approach. You mentioned South Australia has that.

Ms VOGEL — Yes, that would definitely assist. I also think we have wasted a lot of time with a lot of people being in the room not understanding why they were there and what their role was.

Mr SHAW — So how long do you think the process should take?

Ms VOGEL — 18 months maximum.

The DEPUTY CHAIR — I’m reluctant to end the discussion, it has been fascinating, Ms Vogel. Can I thank you for it. It has been very illuminating, so thanks again. You will receive a copy of the final transcript within about a fortnight. Whilst, of course, obvious typing errors and mistakes can be corrected, the matters of substance stand as they are. But of course there may be clarification on a couple of issues. I thank you very much for your time and effort and wish you every good fortune, and hopefully our report can do something to assist you.

Ms VOGEL — If I can make one final comment. We have done quite a few inquiries and reviews, and we are actually yet to see anything change. So hopefully something will come out of it this time.

The DEPUTY CHAIR — Okay, thank you very much.
Mrs PEULICH — You might strike gold.

Ms VOGEL — Yes, thank you.

Witness withdrew.