

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE
Inquiry into greenfields mineral exploration and project development in Victoria

Melbourne — 19 September 2011

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Mr M. Wakeham, Campaigns Director, and
Ms V. McKenzie-McHarg, Safer Climate Campaigner, Environment Victoria.

The CHAIR — Welcome to the public hearings of the all-party parliamentary Economic Development and Infrastructure Committee's inquiry into greenfields mineral exploration and project development in Victoria. All evidence taken at this hearing is protected by parliamentary privilege; however, comments that you make outside will not have such protection. Could you please state your full name and address?

Mr WAKEHAM — Mark Douglas Wakeham, Campaigns Director at Environment Victoria. Work address or home address?

The CHAIR — Work address is fine.

Mr WAKEHAM — 60 Leicester Street, Carlton.

Ms McKENZIE-McHARG — Victoria Peace McKenzie-McHarg, Safe Climate Campaigner at Environment Victoria, 60 Leicester Street, Carlton.

The CHAIR — You are here on behalf of the business or on behalf of the organisation and not on your own personal part?

Ms McKENZIE-McHARG — That is correct.

The CHAIR — Evidence that you give today will become part of public evidence, and after you have made your oral presentation we will ask you some questions.

Mr WAKEHAM — Sure.

The CHAIR — Would you like to proceed?

Mrs PEULICH — Before you proceed can you tell us what a campaigns director does? What does your role encompass?

Mr WAKEHAM — Environment Victoria runs multiple campaigns on different environmental issues, in particular on climate change and water and healthy rivers issues. I work with and help the campaigns team to decide what our priorities are and to develop our arguments and to implement the campaigns.

Mrs PEULICH — So the strategy is that you help formulate the overall strategy of the organisation? I am just trying to understand where you fit into the pecking order.

Mr WAKEHAM — Environment Victoria has two major roles: one is to run campaigns and the other is to help communities reduce their impact on the environment, and I run the part of the organisation that runs campaigns.

Mr NOONAN — By whom are you funded?

Mr WAKEHAM — Our campaigns are funded by our supporters. We have 120 member groups across the State — much smaller environment groups across the State, a lot of friends-like groups, many of whom would exist in your electorates — and individual supporters. So campaigns are funded predominantly by individual supporters and occasionally by philanthropic donations.

Mrs PEULICH — So how do you prioritise where you focus?

Mr WAKEHAM — Through conversations with our member groups. We have a board that decides on priorities, and the staff decide where we think the priorities are and where we can get the most benefit for the environment.

Mr NOONAN — Just for transparency's sake — we do not usually do this at the start — how much funding do you receive from the Victorian Government?

Mr WAKEHAM — For this financial year I will have to take that on notice, but we have some sustainable living programs funded where we are working with hard-to-reach communities and it would be in the order of \$400,000; and that was a three-year contract that we developed with the previous Government. We have in the past received some funding to do transport work from the State Government, and that is continuing under the

current Government but only until the end of this year. The last budget announced that funding would no longer continue.

Mrs PEULICH — You have outlined your operational goals; what are the environmental goals?

Mr WAKEHAM — We have got an annual plan which I can forward through to the Committee — —

Mrs PEULICH — Just so we can contextualise it.

Mr WAKEHAM — It is to engage as many Victorians as possible — in fact we have a goal of engaging 5 million Victorians to set ourselves a challenge — to protect Victoria's environment, but most of our work is around reducing emissions, and our campaigns work is around reducing Victoria's greenhouse emissions and getting water back into Victoria's rivers. That is where most of our focus is.

So as a peak body for environment groups we have a lot of contact with communities across the State that are affected by environmental issues, and this issue that you are looking at — exploration and greenfields exploration in particular — raises concerns for a lot of our member groups but also individuals across the State who contact us because they have heard that there is an exploration licence for their property or for their community, and they want to learn more about the process of engaging with the issuing of exploration licences or learn more about the impacts of exploration and mining activities.

I say that by way of making the point that we have had a lot of experience with the community end of the process. In our submission we make some opening comments that we are a little concerned that the focus of the Committee's terms of reference make the assumption that exploration will be a beneficial thing and then later — I think it is the last item in the terms of reference — starts looking at how to mitigate the costs of exploration and mining activities.

We would advocate a more holistic approach which looks at the competing land uses and industries and the fact that one industry might be appropriate in one location but not in another. We make the point in the submission that we would like to see a strategic assessment approach to land use across the State. That is particularly important. We have done a lot of work around the State's coal resources, and the fertile agricultural lands almost mirror the coal resource exactly, so there is going to be a conflict there. That is why it is important that we make strategic decisions about what are the land uses that we support and what are the existing industries that could be affected by the development of new industries.

Getting to the specific terms of reference beyond the opening comments, to talk about the regulatory environment, one thing that has really become apparent also in the past two years is that the process of applying for exploration licences is not serving existing land-holders' interests. In many cases they do not know that an exploration licence application is over their own property. You cannot think of many other industries that would be treated that way.

Mr FOLEY — Certainly not wind farms.

Mr WAKEHAM — The way the mining industry is treated is starkly different from the way the wind industry is treated, and that is a real concern to us now. Arguably it is easier to get up a coal mine now than it is to get up a wind farm. There are sites in the Latrobe Valley where wind power turbines cannot be built, but we can build a new coal-fired power station or a massive new coal mine, and there are particular sites that we are quite worried about that happening in.

To return to the regulatory environment, we have made the comments in our submission that explorers are required to place a small ad in a local newspaper, and there is an assumption there that land-holders will see those ads. There is no requirement that individual land-holders be notified there is an exploration licence over their land, and we think that is highly problematic. We have heard from a number of land-holders and farmers who have missed the window for engaging with the issue of exploration licences and been quite distressed. Clearly there is a need to inform affected parties, and we would argue that there should be a requirement to advertise much more visibly in multiple publications and that there should be a requirement to notify every affected land-holder and council, through the local councils as well.

The second point we would make is that accessing information about exploration mining activities is difficult for a non-specialist. The DPI GIS is actually a very good resource, but I think if you surveyed Victorians as to the existence of the database, you would find very low levels of awareness. When we put affected land-holders in touch with the resource, they find it very difficult to work with. Very simple maps outlining which areas are currently subject to exploration licences, the times that those licences expire and the new application dates need to be made available. That is one of the reasons we developed the project called CoalWatch, which maps all the current exploration licences across the State.

The environmental assessment for exploration activities is a very lean process that we do not think provides for adequate scrutiny of potential implications for the environment. There is no requirement that mining projects are subject to an EES, and we know there has been a separate Government inquiry recently into environmental impact assessment. Mining projects are, I will say, unique. There are probably other industries that can have similar consequences, but mining projects have irreversible impacts on the environment, because you are reshaping land formations and have long-term implications for water tables and for other resources. There needs to be a proper assessment of the impacts, and we will talk a little bit more about a new industry emerging — coal seam gas — in a few moments.

Having a look at a number of the submissions that you have received and some of the evidence, there is push on from some parties to suggest that vast areas of the State are currently out of reach for exploration or locked up or inaccessible. I will leave you a copy of these maps which show the issued exploration licences across the State. It is in the submission. It highlights that there are hundreds of exploration licences issued over millions of hectares across the State. It does not appear to us that there are many barriers in place at all for the issue of exploration licences. We have not found a single example of an exploration licence being refused on environmental grounds.

The CHAIR — Is there any differentiation between the statements that you are making about exploration and what the case would be if it then went on to be a fully fledged mine?

Mr WAKEHAM — A mine does require the approval of local land-holders, so yes, there is obviously a difference between the two. The point that we would make is that exploration raises the expectation. If someone is going to invest hundreds of thousands or millions of dollars in proving up a resource, by offering them an exploration licence it raises the expectation in their minds that they will have access to that resource in future time, and nothing that Victorian Governments in the past have done suggests otherwise in terms of deciding after a resource has been proven up that it is a no-go zone. By giving a green light to exploration it is essentially saying that if you find a resource, yes there will be an environmental assessment process, but you will have the right to develop it at some future stage.

As you will see, the minerals council's submission highlights the problems of retrospectively deciding that you cannot mine an area. For instance, the exploration licences are in areas which have now become national parks. The Minerals Council is arguing that those exploration rights should be maintained and mining rights should be maintained into the future. It highlights the problems that once you give the green light to exploration you create the impression that that area will be available for mining.

Mrs PEULICH — Even though out of, say, 1000 exploration licences only a small handful — maybe less than five — may actually proceed?

Mr WAKEHAM — That is right. However, if you put yourself in the shoes of an explorer — a mining company that is exploring — and you are spending hundreds of thousands or millions of dollars on proving up resources, you would do so with a reasonable expectation that you are going to be allowed to mine it at some future point in time.

This map shows another example of the degree to which exploration have seemed to have been issued with very little variation from what the companies are asking for. This is a map of South and East Gippsland. This is one exploration licence, EL 4416, which covers Ninety Mile Beach, surrounds the Gippsland Lakes and covers parts of the Strzelecki Ranges. There has been no attempt to exclude areas that are of high environmental value. The company behind this project is boasting that there are 15 billion tonnes worth of brown coal, and they are trying to raise capital to develop their projects on that basis. They are assuming that they are going to have access to that resource. If the State Government is giving them an exploration licence to act over such a large area, it is

probably a reasonable expectation that if they want to develop a project that they will be given that State Government support. It covers whole towns. Whole townships, like Yarram, are covered with an exploration licence.

Mrs PEULICH — But you would concede out of a thousand only a handful would proceed.

Mr WAKEHAM — That is the nature of exploration.

Mrs PEULICH — Therefore your statement and alarm may well be seen to be precisely that — alarmist.

Mr WAKEHAM — I do not think it is, because if you look at the example of the exploration licences in national parks, the industry is fighting hard to retain their mining rights over those areas that are proclaimed national parks. That is an example of a situation where a government has decided that there will be a change to the land tenure and use, yet the mining industry is fighting for its right to — —

Mrs PEULICH — Yet so far we have heard criticism of the current Government for actually not funding the exploration at its earlier stages, so has there been an acceleration or a deceleration of the issuing of licences and levels of exploration?

Mr WAKEHAM — I think there has been an increase — and we have seen this over the past six months — in the issue of exploration licences. Whether that eventuates in — —

Mrs PEULICH — Is that substantiated with anything? Have you got some documentation?

Mr WAKEHAM — The GeoVic GIS shows that there was a flood of exploration applications in the first three months of this year. We have been monitoring that for the past 12 to 15 months, and there was a spike in the number of applications early this year. I can go back and have a look at that data if that is important, but I am sure you have got access to the same resource.

Mrs PEULICH — But it is your presentation.

Mr WAKEHAM — Yes.

Mrs PEULICH — So we would welcome the data.

Mr WAKEHAM — We make two points on fees, charges and royalties. Rehabilitation bonds appear to us to be wholly inadequate. For instance, the rehabilitation bond on the exploration licence that I showed, EL 4416, which covers 3700 square kilometres, is \$75,000. That is a meaningless amount of money if there are serious issues that need resolution.

The second point that we make is about royalties. Our expertise is greatest around the issue of coal. It is the issue that we have looked at in most detail. The coal royalties for brown coal in Victoria are around half of what they are in New South Wales and Queensland. The argument in the past has always been that black coal can be exported, so it is of a higher value. However, many of these issued exploration licences are to companies that want to export brown coal. We are indeed exporting some brown coal at the moment in the form of briquettes from the HRL factory in Morwell. The companies are getting access to large quantities of coal for very small amounts of money.

Mr SHAW — Mark, the briquettes part is a very small proportion of the whole brown coal production, is it not?

Mr WAKEHAM — Yes.

Mr SHAW — We here in Victoria utilise the brown coal for our energy sources predominantly — I thought solely until you just mentioned that. What sort of percentage would you say would be exported? Would it be under 1 per cent?

Mr WAKEHAM — No, I do not think it is. We are mining around 60 to 70 million tonnes of coal a year in Victoria, and I think around 3 to 4 of that is — —

Mr SHAW — It is about 5 per cent, or under 5 per cent.

Mr WAKEHAM — Yes. But then there are companies like Exergen that are talking about exporting. They have already signed contracts to export millions of tonnes of coal per year. In their capital raising to shareholders they are talking about exporting billions of tonnes of coal, and they are seeking allocations from the State Government. Indeed three companies have been given allocations; they have not got their projects off the ground. I guess this is the point we make.

Mrs PEULICH — Is this in response to a carbon tax?

Mr WAKEHAM — It has nothing to do with a carbon tax.

Mrs PEULICH — I am just asking whether they are anticipating a shift in the allocation of brown coal.

Mr WAKEHAM — The last coal allocation in Victoria was in 2002, so it was long before we were having a serious conversation about a carbon price. The three companies that proposed projects and were given access to coal — they were given 16 billion tonnes worth of coal for a very low fee — were all for so-called clean projects. The three companies that were given access were HRL, the Monash Energy project and Loy Yang, but the three projects were all spruiked as clean coal projects that would deliver emission reductions for Victoria and the world. On that basis they were given 16 billion tonnes worth of coal, which is a very large gift to private enterprise, and none of those projects has gotten off the ground.

In some cases the proponent has actually onsold their interests. Essentially one company, APEL, onsold their interests for \$100 million. They promised jobs and regional development. They were given coal, and they sold it. There is no project, there are no jobs and there is a windfall profit to an individual entrepreneur from Western Australia.

Mrs PEULICH — When were they onsold?

Mr WAKEHAM — In 2004. This is an important point, I guess, in terms of the framing of the terms of reference. We see through the work of DPI, which seems to be to facilitate exploration and mining activity, that there is an assumption that this is in the best public interest of Victoria. With the coal resource, that is questionable, because unless there is a way of using that coal in a way that produces zero or very near zero emissions, it is fuelling a very serious public policy problem that we have in climate change. As yet there is no way of using those resources in a way that is not polluting.

On the decisions that are being made to facilitate the development of exploration and mining of these resources — and I am talking about coal in particular at the moment — I cannot really see how those decisions are in the public interest, and not supporting public engagement in the process of giving these rights is of concern to us.

Mr SHAW — I suppose this inquiry does not involve coal; it involves the other minerals.

Mr WAKEHAM — It is greenfields exploration.

Mr FOLEY — I think the jury is very much out on whether it does or does not.

Mr WAKEHAM — Okay. I would argue that exploration in areas down here near Wilsons Promontory and around the Gippsland Lakes right up to Bairnsdale are not areas that have been extensively explored and would probably be classified as greenfields exploration. Again, with areas around Koo Wee Rup and Mirboo North — prime agricultural land — we have not really had drilling rigs in these areas, so we are concerned that they are targeted.

I have talked a little bit, in an ad hoc way, I guess, about the failure to deliver on the promises that we have seen from the industry over the past decade or two. I talk in this submission about the content of the DPI website, which is very much talking to an industry developer proponent audience. We have had examples, for instance, where a community has wanted to know how they can engage with a pending exploration licence application — there is a community at Bacchus Marsh. They have rung DPI and asked for information about the process, and they have been put onto the media person at DPI. There does not seem to be a section of DPI that engages with the community and makes sure that they are aware of their rights et cetera.

I guess the way that the industry is currently operating almost guarantees a resource conflict when a project becomes real. I guess this is getting back to that question about so few projects getting off the ground. However, we do not have a strategic approach where we protect high-value environmental and high-value agricultural land, and that is their primary land use. On these exploration licences, while we agree there are hundreds of them issued across the State, very few of them will ever get off the ground, but each one of them is a ticking time bomb, and any one of them could become real.

That is one of the reasons that we set up the CoalWatch project: to try to determine what is real and what is just speculative. There is a huge amount of speculative activity in the sector, particularly in relation to the coal resource, where governments have seen fit to make very large allocations of coal in the past. It can be economic for a company to just seek to get an allocation without actually trying to get a project off the ground.

Mr NOONAN — Like you said, I think you were going to come back to coal seam gas.

Mr WAKEHAM — Yes. The final point I make is that this is a new and unique industry with a number of particular risks. We are fortunate in Victoria in that the industry has been slower off the mark. The horse has probably bolted in terms of regulating this industry in Queensland and New South Wales, where hundreds of exploration licences have been issued and where we know there are mining and power generation projects. But in Victoria this is an example, I guess, of the increase in exploration licences over the past 12 months. In October last year there were four coal seam methane exploration projects across the State. There are now about 17.

We are starting to see increasing interest, and it is unique in that even if you have the permission of a particular land-holder to develop a project, the impacts of developing a project could be spread over a much broader catchment. In contrast with the wind industry, which needs the approval of everyone within 2 kilometres, at the moment you can develop a coal seam gas project and you can do exploration without getting the permission of any of the land-holders. It has unique risks in terms of impact on agricultural land and impact on the water table. We do not know what the greenhouse gas emissions are.

Environment Victoria has proposed over recent years that we replace polluting power stations like Hazelwood with natural gas. That is a fairly controversial position in the environment movement. We have copped some flack within the environment movement for doing that. But we have decided it is a worthwhile trade-off if we are indeed replacing polluting power stations like Hazelwood, because we know natural gas has significantly lower emissions. With coal seam gas projects, we do not know that, because there is methane leakage. As you would know, methane is many more times polluting than carbon dioxide, and we have no rigorous scientific data on emissions from coal seam gas in Australia, so it is an industry that we think we need to get a handle on before it develops at all. We propose a moratorium until we have proper assessments of the impacts or the greenhouse emission impacts of fracking and the impacts on water tables and agricultural areas.

Now is the time to do that with the industry just having a toehold. None of the companies that have exploration licences for coal seam gas projects have invested significant amounts as yet in Victoria, so the projects are not very advanced, and if we do not do anything now, we are going to end up with a costly problem to unwind in a few years or serious environmental and social impacts as communities are pushed off land by this new emerging industry.

Mr NOONAN — So who should do that study you are talking about?

Mr WAKEHAM — I think we are seeing nationally calls for a federal inquiry into the coal seam gas industry, and ideally you would have organisations like the CSIRO looking at life cycle emissions. I think there are several issues in there. I think it is an important issue for the Victorian Government to have a position on. An inquiry into the coal seam gas industry, in particular, would be worthwhile, but in the meantime we should not be issuing exploration licences. The problem in Australia is there is no good data and research because it is such a new industry that has just emerged over the past three or four years.

Mr NOONAN — You say the Victorian Government should have a position on it. Is the impact of issuing exploration licences in itself not a view on it?

Mr WAKEHAM — It does seem that we are open for business for coal seam gas in Victoria, and we know from talking about affected communities that that is news to them, that their regions are open — —

Mrs PEULICH — So how many coal seam exploration licences are there in Queensland and New South Wales, by comparison?

Mr WAKEHAM — I do not know exactly. I would imagine it is in the hundreds.

Mrs PEULICH — So we have moved from 4 to 17, and you say this is —

Mr WAKEHAM — In a period of six months.

Mrs PEULICH — You say this suggests an astronomical increase?

Mr WAKEHAM — Yes. The other point I would make is that I think the exploration licences in Victoria are very large. You would think that in a much smaller, relatively populated state the exploration licences would be smaller, but they are not. The exploration licences for coal seam gas in Western Victoria are hundreds of square kilometres and in some cases thousands of square kilometres, so it is not necessarily the volume of exploration licences.

Mr FOLEY — Just to keep you on a roll there, Mark, the New South Wales Parliament has currently got an inquiry into coal seam gas specifically. It has only just started, and it has over 375 submissions. Clearly it is a big issue up there. In terms of the strategic approach that your submission talks about bringing to the whole exploration issue, can I ask you a couple of things: what would be the view of Environment Victoria as to a ranking of potential land uses in that strategic approach, and how would you see a process of conflict resolution, given that one of the terms of reference the Committee speaks about, just that issue, not conflict resolution, but when competing uses are there, and what would be the forum in which that would be resolved?

Mrs PEULICH — And also, while you are doing that, who would do the ranking?

Mr WAKEHAM — It is a planning process, so it needs to be strategic land use planning. I guess the problem with the process of exploration being decided by DPI is that it is our perception that DPI's job is to develop industry investment in Victoria, and that is what governments have decided is important, but there are conflicts with existing industry.

Mrs PEULICH — And there are also other departments that have other roles.

Mr WAKEHAM — Of course; there are, yes.

Mrs PEULICH — And what we have heard in a volume of evidence is the convoluted process that involves a range of departments and agencies having roles. They have been advocating a streamlining of that. Maybe you should. Maybe you are advocating streamlining of that with a view to obviously having a much stronger community stakeholder engagement process.

Mr FOLEY — Perhaps you could answer Inga's questions after you answer mine about the ranking of the relative land use priorities? Does Environment Victoria have a view as to whether one land use is of a higher value or is even preferable?

Mr WAKEHAM — I guess I would respond to that by saying that there are strategic industries for Victoria's long-term prosperity, and having a viable agricultural industry and being able to feed ourselves is really important. As I said earlier, there is almost a perfect overlay between the high-value agricultural lands and the coal resource in particular. In many of these areas in Gippsland, if all the climate change projections are accurate, and they are the best we have got, so we have to assume that they are worth taking notice of, Gippsland is going to be the food bowl of Victoria.

Federally we are going through a process of shrinking the size of the irrigation area in northern Victoria, and the Murray-Darling Basin plan will reduce the irrigation footprint in size once again. That will put pressure on areas like Gippsland, which have good rainfall projections even under climate change, so they will be very valuable agricultural lands and will be valuable in perpetuity, whereas the problem with mining projects is that they can create a lot of wealth for a short period of time, except probably in the case of the coal resource, which we can probably mine for hundreds of years. The actual size of the resource is not a problem.

This is a long-winded answer, but I would say the industries that are of strategic importance — in your terms of reference you talk about self-sufficiency, but you only talk about it in relation to energy, not in relation to the ability to feed ourselves. That is really important. They are existing industries and businesses that have sunk capital. All those farming communities across the State have delivered industry, whereas in many cases the explorers or prospectors are speculative enterprises that may or may not deliver jobs and investment in the future, so I think protecting our agricultural land is really important. I think protecting environmental values obviously is really important, and we think there should be no-go zones for the mining industry.

Based on the precedent that has been set with wind farms, there is a very strong argument that developing a new coalmine has much more impact on the environment than a wind farm, for example, and there are some areas where it just should not happen. Right around Ninety Mile Beach and around the Gippsland Lakes, it should not happen, and if it should not happen, we should not be issuing exploration licences over it. It can be argued that it will never eventuate as a coalmining project. The question then is: why are we offering exploration rights over those sorts of areas?

The CHAIR — You see no benefit in Government taking the opportunity of knowing where natural resources are under the ground?

Mr WAKEHAM — If that is what Government's core intention is, I think it is a misleading way of doing it, to essentially privatise that by allowing private enterprise to do it for them if there is an expectation that down the track they will not actually be able to access that.

The CHAIR — I do not think that is the question I was asking you. As you pointed out, there are very large tracts of land within these exploration licences. It is an opportunity, is it not, for both organisation and for the Government to identify where there are mineral rich deposits and then, if it is appropriate, to be able to develop a mine in that area.

Mr WAKEHAM — I think I would argue that there are government agencies that are already doing that, and there are organisations like Geoscience Australia that receive millions of dollars worth of funding each year to do that. I can see that it is of value to Government to get extra information, but if it is about the areas that Government had no intention of ever allowing to be exploited, I feel like it is disingenuous. Seeing it from the mineral industry's perspective, I can see how you would feel ripped off. You have been given access to an area for exploration, you spend money on it and then you would not subsequently be able to access it.

The CHAIR — As you have said, though, they are very large tracts of land. Within that I am sure we could find some middle ground where everybody would be quite happy for people to develop something that would be commercial along those lines. Surely the organisations that are doing this would have that in mind.

Mr WAKEHAM — This is one of our concerns about such large areas being issued, almost like that is the ambit claim. The exploration licence over the Gippsland Lakes and Ninety Mile Beach is the ambit claim. Then the real project will excise those areas, and we will exploit 3000 square kilometres of the coal resource but leave those areas intact. If there is a serious intention not to allow exploitation of those areas, I think that is a disingenuous way of doing it.

Mrs PEULICH — We have seen the map about 10 times. Do you want to put it up on the board?

Ms McKENZIE-McHARG — No, that is okay. I was just looking for one particular project, but it is not on here. Already they do exclude areas they have decided are actually of value and they are not going to allow it. It just seems a very ad hoc way of doing that. It is only at a very small number of sites that that has happened, and there are very large licences where that is not happening.

Mrs PEULICH — Are there any areas where you would see mining as being appropriate?

Mr WAKEHAM — Without a particular example, in the abstract I would imagine that there are areas where environmental values are not high and where there are not existing industries that would be impacted on and that may be appropriate depending on what the impact of that activity will be.

Mrs PEULICH — Do you see any parts of Victoria as ticking all of those boxes?

Mr WAKEHAM — You would need to know what is being mined, because some products are polluting by nature compared to other products. Mining is fundamentally unsustainable. We are taking something that exists for all time and using it to generate wealth in a small period. That may be justified in some cases, but I cannot really answer it in the abstract. I can imagine that you might have a diamond deposit or something where it can be accessed.

Mrs PEULICH — That is South Africa.

Mr WAKEHAM — It is in Australia as well.

The CHAIR — One point mentioned to us earlier today was about a mineral deposit that is apparently on the list of those most at risk of being in shortage across the world. We did not even know we had it, and to be honest we did not know what the mineral was. I think we are looking at a particular point in time, and the various values attributed to all sorts of things will alter over time. This is an existing government for a short period of time, and then there will be future governments that will do what the community wants. We are looking at doing is putting in place something that is sustainable and that is able to investigate what there is across the State, not only for the knowledge of the State, the Government and the people but also to be able to commercialise it at various times when that is required. If we do not go down that track, if we are not looking, if we are not allowing these exploration licences, then we remain ignorant of those things.

Mr NOONAN — With respect, Chair, our job as a committee is to ask our witnesses questions rather than to make statements. That is what I would like to do, because clearly the environment is a very sensitive issue, in particular around mining. Mr Foley made reference to an inquiry in New South Wales, so we are dealing with the same things here.

My question really is about the Environment Effects Statement. We are familiar with these on big projects around the State — for example, channel deepening comes to mind. My question to you is: how would this work in relation to a very long and drawn-out process — I take your point that providing a green light to initial exploration could be seen as a green light for major exploration and indeed mining? Given that we have heard evidence that it can sometimes take up to 10 years to realise a benefit of early exploration, when would that occur within that process? That is a key issue for us. Your map demonstrates that there are some very sensitive environmental areas which should not be simply ignored in all of this, particularly in Gippsland. Of interest to the Committee is the fact that there are no Environment Effects Statements or any other components here.

Mr WAKEHAM — I think a first step is asking that industry to apply for areas that they are serious about developing and putting in place boundaries around things that we do not want mined, because you are shrinking the focus. You are making it clear where they are investing their capital and under what expectations. It is also really important that we are clear about what we are exploring for. Nearly every exploration licence lists 15 or 20 minerals. From the perspective of a land-holder or from an environmental perspective, if you are trying to work out the impact of that exploration activity, then it is impossible to tell because there may well be 15 different types of exploration activity. Some of them may involve injecting fluids underground and seeing what happens with them whereas others might just be a drilled core sample, so it is important to narrow the size of exploration licences, narrow the scope of what is being searched for and then to require that there is an open environmental assessment process before any activity takes place that might have an impact on the environment. It will not be an EES, because that will come later, when there is more investment and more chance of damage. It might be the level down; a public environment report or a lesser level of assessment that does have the capacity for community engagement.

I think it is really important to identify the strategic agricultural zones and high-value agricultural zones, which is where the New South Wales Inquiry looks like it is going. It is likely to recommend the protection of some of the really high-value agricultural areas in the Liverpool Plains; I think we should be doing that in Victoria as well. Also, if an area is too sensitive to be mined, then we should not be allowing exploration there in the meantime.

Mr NOONAN — Under your scenario, though, you would say that coal seam gas exploration with an Environment Effects Statement or something similar simply would not pass the test. Is that your assertion?

Mr WAKEHAM — I would argue that the Victorian Government does not know how to regulate coal seam gas at the moment because there are so many unknowns in relation to coal seam gas. A company could develop

an Environment Effects Statement or we could require an EES, and the regulators would not know how to benchmark or assess it; we have no regulatory regime in place to deal with it or with its potential impacts.

Ms McKENZIE-McHARG — We see impacts from coal seam gas from the beginning of exploration. With most of the other exploration licences, as Mark was saying, there are some impacts from exploration depending on what they are looking for and how they do that — for example, in the case of brown coal the biggest impact is when they begin to mine it. That is not necessarily so for coal seam gas. We can see significant impacts from the very beginning of exploration, and that has certainly been the case up north. Obviously our presentation has been on environmental impacts, which is where our knowledge base is and which is our greatest concern, but the impacts that are being seen in Queensland and New South Wales are also very significant for public health. There are quite a number of reported cases and particularly for children's health, with children living within hundreds of metres of gas wells having bleeding from the nose and bleeding from the ears. There are lots of significant headaches, and there are really significant issues right across the community.

Mr NOONAN — Just a final question then, Chair, and I thank you for your indulgence. How does a society put a value on land when it could be mined — that is, if it could be used for an agricultural purpose or taking the environmental value of that land — what is the practical way for us as a parliamentary committee to work through that sort of question? That seems to be what you are putting, very much from an environmental point of view. That is fair and reasonable, but it is a very vexed question for any community to have to deal with.

Mr WAKEHAM — I think a Parliament or a government needs a longer term commitment to doing this regional planning and to addressing the tough questions, and actually looking at land use conflict. Part of the problem with land use planning processes is that they often try to skirt around the conflicts. They leave them for a later time, because the argument is, 'This project is unlikely to get off the ground; so we'll deal with it if and when it happens'. To actually empower an agency to conduct a thorough process of land use planning also requires government policy. It requires a government agricultural policy, it requires an energy policy and it requires a climate change policy, which we currently do not have in Victoria. You need the high-level policy setting so you know what you are trying to achieve, and then you need to plan at a catchment or community level. A region like Gippsland might have three or four different regions within it. You actually go in and have a conversation with the community, you map existing land uses, you map their existing industries and their value, what they contribute and how many jobs they provide, and you actually have some of those hard discussions.

Mr FOLEY — Are environmental services factored into that?

Mr WAKEHAM — You would be asking a lot of an agency to be able to do all of this, but I would imagine that an organisation like VEAC would have a strong handle on what are the conservation priorities across the State. What are the areas that have the most biodiversity which is the most fragile and which could be impacted on?

Mr FOLEY — But over and above that, just to use the coal seam gas example and the issues we have seen in Queensland and New South Wales — the fracking and the water table issues — apparently they have much broader consequences to the water table issues, agricultural production, all sorts of stuff, water usage to the towns well beyond the site of the exploration that is under way.

Mr WAKEHAM — I think there is a strong case for the coal seam gas industry being explored thoroughly by the Parliament and also by some of the regulators. I would hope the EPA is doing a lot of work on trying to understand this industry and its likely impacts. I do not know that that is actually happening at the moment. The EPA has no role in the issuing of exploration licences, so it probably has not got a handle on it at this point. It would probably only become relevant if a project is referred by a Planning and Environment Minister. I think with the coal seam gas industry the Government and the industry need to understand the risks and the competing interests. I think a parliamentary inquiry is a good first step, as is asking some of the agencies to do some serious work and to gather the evidence on the impact on water tables. At the moment the only data we have on greenhouse emissions from developing coal seam gas projects is what is from the industry. That needs to be scrutinised. If it needs government scrutiny or independent scientific scrutiny, that needs to be happening.

Mrs PEULICH — I would like to ask two questions. Firstly, we have heard evidence from academics that mining, let alone exploration, and agriculture are not incompatible, yet you are obviously suggesting that they are. Do you have a comment? They are not industry reps; they are academics.

Mr WAKEHAM — It obviously depends on what sort of mining activity it is. There is a really big difference with an activity that is trying to extract an ore that is a low percentage — in many cases it is 0.02 per cent — from the earth, and that is what they are trying to sell, and Industries that are basically trying to sell everything that is under the ground, which is the case with the brown coal industry. My response to that is that it depends on the industry.

Ms McKENZIE-McHARG — One place where we are experiencing that conflict at the moment — there does not have to be conflict, but we are experiencing it — is Bacchus Marsh. As we speak there is drilling taking place, exploring for — —

Mr FOLEY — Perhaps not as we speak.

Ms McKENZIE-McHARG — Yes, I saw that as well, actually, as we were coming in. There is drilling taking place around Bacchus Marsh, which is an area of market gardens. It is a very significant food bowl for Melbourne. At the moment the company, Mantle Mining, is drilling for brown coal, but it has an exploration licence that includes coal seam methane. There is a direct conflict involved in the land that it wants to mine brown coal in that it is market garden land, and part of it is protected native grasslands; so there is a direct environmental and agricultural conflict there. However, there are locals who are not on the current drilling site but just beside it, and they are also very concerned, because if the company decides that it is actually going to be looking for coal seam methane, as it has indicated on its exploration licence, then the impact on the water table could be very significant. We are seeing that direct conflict playing out right now.

Mrs PEULICH — You are saying there are obvious examples of conflict, but there does not need to be, or perhaps the level of conflict can be reduced or managed, which goes back to the question of consultation. Mark, notwithstanding the fact that you are the Campaigns Director and obviously governed by perhaps the science or whatever — I have been a campaign director all my life too, so I know how it works — are you able to comment on what sort of consultation process you would like to see, given that obviously there are different departments and agencies involved? How can we make sure that nothing falls between the cracks and that indeed people who know about it, and should have an opportunity to have a say or be involved in the process, can be involved at the appropriate time? Are you able to flesh that out a little bit?

Mr WAKEHAM — Yes. The first point I would make is that we run evidence-based campaigns, both in terms of the environment and science and the economics et cetera. The second point I would make is that — I am just trying to think about how to put this — —

Mr FOLEY — Bluntly is generally best, Mark.

Mr WAKEHAM — The consultation process cannot work if an industry has been given a prior right to access an area without land-holder permission. Unless you get that first hurdle right, where a land-holder or a farmer knows that there is an exploration licence over their land or that there is an application for their land, you are setting yourself up to fail. The reason we have not had more conflict over mining projects in Victoria is the reason you are holding this inquiry, which is that there have not been a lot of mining projects get off the ground in recent years in Victoria. But the two areas where there is significant exploration activity and significant intention to develop very large projects with very large footprints as well — unlike the mines of the 1800s, which had much smaller footprints — are the coal industry and the coal seam gas industry, which want to develop very large projects over very large swathes of the State. Unless you get that first part of the process right, where people feel like they are being notified of projects and they are giving informed consent, I think you are going to fail further down the track when you try to get your mega projects up. I just do not think they are going to get off the ground.

Mr FOLEY — Just to flesh out that consultation and information is the basis of proper community engagement, which I think is what you saying, how important are things like, as I understand it, the dispute at Bacchus Marsh at the moment? How important are things like having transparent work plans showing what the company that is involved is seeking to achieve and where, how and when? How important are they to that confidence building?

Ms McKENZIE-McHARG — I think they are very important as a plank within the consultation, but again it really does come back to what happens at the beginning. At Bacchus Marsh at the moment — I am speaking on behalf of a community I am not personally a part of, so with that caveat — I would be surprised if work plans being made available at this stage would placate that community, because to date it has had a very negative experience. They were not told of what was happening. At each step along the line they have learnt more information. They found out that the Council knew but no-one in the community knew.

One particular example involves an elderly gentleman who has lived on his land for decades and had a knock on his door and someone saying, ‘We need to go around the back to test some stuff. Can we have some access?’. He had no understanding of what was going on and gave permission for that. He was deeply distressed when he found out what that was actually about. There is so much mistrust there now because they have significant problems accessing information at DPI and Mantle Mining, and I think it is very important that a consultation process be established and attempts be made to ease many of those concerns, but you will not eliminate those problems because they have been ingrained now, and there will be deep mistrust. The key is to get it right at the start. If you will allow me to elaborate?

The CHAIR — Sure.

Ms McKENZIE-McHARG — Mark mentioned earlier at the start the advertising issues. That is the first point of consultation. Even under the current regulations, that is failing. I spoke at a community forum in Poowong about two months ago. It is a town of about 300 people; 130 of them showed up at that community consultation, which was a massive turnout. It was because a local farmer had received a call from a journalist and found out that an exploration licence had been granted for his land. He went on a major hunt to find the advertising that had occurred and how he had missed this. It was advertised in newspapers that were not delivered to the local area. As much as they claimed that it had been local newspapers, they were newspapers that had not been delivered to that town. Right from point one, that had failed. That situation angered those people. There was a lot of frustration in that room.

Earlier you asked if we were being alarmist by saying that there were so many programs — —

Mrs PEULICH — I think you were trying to infer that all of Gippsland was under threat. I think that is what we were trying to say.

Ms McKENZIE-McHARG — We can see what the maps are saying in terms of where the exploration is.

Mrs PEULICH — We know what percentage of exploration licences result in mining.

Ms McKENZIE-McHARG — Absolutely.

Mrs PEULICH — I think it was an unfair and alarmist approach.

Ms McKENZIE-McHARG — I guess I would say that I do not believe that is the case. Certainly at that forum the response was that the community was alarmed. If the community feels that there is a conspiracy against them and they are not being informed, they are alarmed.

Mrs PEULICH — I agree with you absolutely.

Ms McKENZIE-McHARG — We were very clear to say that this project and this company is not going anywhere in a hurry. This is not happening tomorrow. You are not going to have your water polluted within a week, but you need to be aware of what could potentially happen and try to deal with that. However, the alarm in the room on that night was significant, and it was because those people had not been informed or consulted from the beginning.

Mr NOONAN — You make some good recommendations in your submission about the use of the DPI website, the community engagement portal and all that sort of stuff. That is all simple, low-hanging fruit that can be plucked very easily by DPI in order to provide some basic information to communities, rather than relying on simple advertisements in local papers. That is what you are essentially saying.

Mr WAKEHAM — Yes. You might be able to enter your postcode and find out what projects are relevant. It might not just be mining projects. It might be beyond the mining industry, and those projects that are relevant come up on the website.

Mr FOLEY — So if there was a one-stop portal for communities, as well as an indication of where the information could be found, and it was understood to be so, would that help?

Mr WAKEHAM — I think that would definitely help.

The CHAIR — We have to wrap up there. Thank you very much for your presentation and for answering so many questions. You will receive a copy of the transcript of the proceedings and have the opportunity to make any adjustments where you think there has been a typographical error, but you cannot make changes to the substance of the document. Thanks again for being here.

Witnesses withdrew.