

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

Melbourne — 26 September 2011

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Ms F. Weigall, Manager, Major Projects and Economic Development, and
Mr M. Richardson, Manager, Strategic Planning, East Gippsland Shire Council.

The DEPUTY CHAIR — Thank you very much for making the very long journey from the Shire of East Gippsland to the Victorian Parliament. This is an all-party parliamentary committee, and it is hearing evidence today on the Inquiry into greenfields mineral exploration and project development in Victoria. The evidence we take and that you are about to give is protected by parliamentary privilege, but any comments you make outside the hearing are not afforded such privilege. What we might do is ask you to state your full name and business addresses and explain whether you are attending in a private capacity or representing an organisation, in this case the East Gippsland Shire Council, and what your position in that organisation is. I invite you to do so.

Mr RICHARDSON — My name is Martin Clifford Richardson. My business address is 273 Main Street, Bairnsdale, and I am the Manager of Strategic Planning with East Gippsland Shire.

Ms WEIGALL — My name is Fiona Weigall, and the business address is 273 Main Street, Bairnsdale. I am representing East Gippsland Shire, and I am the Manager of Major Projects and Economic Development.

The DEPUTY CHAIR — The evidence, as you can see, will be taken down by our friends from Hansard and in due course will become public evidence. I invite you to make your submission. We have already received your written submission and thank you very much for it. Perhaps we will just hand it over to you for a while. We have 45 minutes, so we will start with you, and then we will open up for a bit of a chat.

Mr RICHARDSON — As we have indicated in our submission, the reason for us making a submission and being glad to appear today is that the East Gippsland Shire Council has some recent and relevant experience in dealing with a mining project — that is, the Independence Group's Stockman Mine near Benambra. We would like to bring to the Inquiry the benefit of some of that experience in government processes and the processes of negotiation with the company.

We represent East Gippsland, which has a range of dispersed and remote communities that suffer from a lack of access to employment and services, so we come with a particularly acute understanding of the issues facing remote regional communities. From a local government point of view, we also bring a perspective that represents a holistic community perspective. As we will elaborate in our verbal submission, we represent what we believe are the environmental, social and economic interests of the community, so we wish to address some of the aspects of our experience in dealing with the issue over the last 18 months or so.

I would also like to mention that both Fiona and I have had substantial professional experience in Western Australia in regional development and planning, and of course that experience comes with a fair bit of knowledge of working in a legislative environment and a development environment that is incredibly impacted by mining exploration, both in the urban development sense and in regional communities. We bring with us experience in dealing with the environmental assessment processes in Western Australia and also in dealing with regional and urban communities that suffer and benefit from various consequences of mining activity.

We are not making our comments today, either in our submission or in our verbal comments, on the part of self-interest of East Gippsland Shire Council; we simply wish to contribute to a discussion about improving the environment for mining investment in the State. We believe that improvements are necessary both in the regulatory and non-regulatory environments to reduce uncertainty and to provide mining companies with more transparency so that the sector can grow within Victoria, as deemed appropriate by government.

As I mentioned, unlike most government agencies, whose role is to take perhaps a narrow focus based on their statutory responsibilities, we believe that local government is positioned to take a much broader role and is in fact one of the few agencies that needs to consider a range of social, economic and environmental outcomes concurrently. It is important to note that local government's role is also to advocate to other agencies for a more collaborative approach to facilitate appropriate development outcomes.

Today we want to briefly cover three main themes that relate to the terms of reference in our original submission. These are firstly around the regulatory processes, particularly the EES process. Then Fiona will talk about the potential roles of government outside of that regulatory process. Finally, we will talk about the importance of mining activity in facilitating positive and long-term local community benefits. We are aware that many other submissions to this committee and the recent reviews of the EES process in Victoria have identified a range of deficiencies in relation to the timeliness, accountability and transparency of the process, and we refer the Committee to the comments that are made about the Western Australian system, which in our experience seems to provide a more transparent and efficient process for environmental assessment.

In relation to our experience with the Independence Group's proposal — the Stockman mine near Benambra — we want to give some examples from our experience of how the Victorian process in our view has not achieved what it should as the main regulatory process for new mining ventures. In the case of complex and multifaceted developments such as mining, the idea of bringing all of the approvals together under one umbrella is sound, but our experience with the Stockman mine process is that there appears to be a lack of common understanding within government agencies of how this should work. We also believe there is a lack of attention to the objectives of the EES process, which is to consider economic and social as well as environmental issues. Our experience has been that there has perhaps been a bias towards the physical and natural impacts of activities, with not enough attention paid to the longer term economic and social impacts or benefits.

In terms of timeliness and effectiveness, the process aims to bundle together an array of regulatory objectives or statutory objectives but is not clear about how to balance or integrate those objectives. We have found in our experience that the points of view of different agencies are simply put in a forum without a common or overriding view as to how that might be balanced in the longer term in terms of making a decision. We believe that agencies have tended to take the opportunity to use the EES process simply to air the independent or statutory views of that agency and to use the process as a way of feeding the statutory requirements of the agency rather than forming a common view. It therefore is not providing a consistent or coordinated position, and it seems more about meeting the needs of the individual departments. If I can use a football analogy, it would be like training all year and then when it comes to grand final time giving each player a ball and telling them to kick it wherever they like. An analogy in terms of shifting goalposts is one that the proponents are probably seeing as we speak in terms of the EES process they are going through.

The focus of the EES process is quite rightly around mitigating the negative impacts of proposed activities, but it does not seem to pay much attention to maximising the positive benefits, and we believe the legislation does provide that opportunity. However, when you consider that the environment is defined as the three elements of social, economic and natural and that the fundamental purpose of the process is to manage risk, one of the main risks seems to be that of not achieving the potential social and economic benefits. The EES process should provide the mechanisms to maximise these benefits, or there need to be additional processes outside of regulation to ensure that the social and economic benefits of mining activity can be pursued and maximised.

An analogy of urban development is one that comes to mind. Mining does not automatically leave positive community legacies. With urban development on the other hand, if we consider, say, urban growth in an area like Melbourne, what we have created for the community is a positive, long-term legacy out of private investment. Government agencies arm themselves and prepare themselves to support that investment by way of government investment. Our view is that there is a quite different paradigm that applies to mining activity, where the mining investor is expected to carry out the investment and, from our experience in the EES process, government agencies are seen as being passive participants in the process that simply put back to the private investment firm the need to upgrade infrastructure or provide services to support their investment. In our view, as Fiona will speak about in a moment, that does not leave long-term legacies for those communities. I will hand over to Fiona to carry on with those points.

Ms WEIGALL — The area I want to talk about now is the role of State Government as a facilitator, a coordinator and an owner of some of these processes, rather than just as a regulator. As Martin has discussed with you, we see that there are some areas where the EES process could be augmented, or perhaps there are roles for new processes for State Government to make sure that we have a truly holistic view.

From our experience, and with the bit of research we have done around this — I am sure it is not as comprehensive as the research you have done — other states appear to recognise that mining brings with it this complex array of issues that are also to do with the social and economic impacts of mining on local communities. Governments, particularly in Queensland and Western Australia, spend a lot of time and are spending more time dealing with mining companies on the unintended impacts of mining — things like housing shortages, impacts on transport infrastructure, the social impacts of fly-in fly-out and impacts on job shortages in the local area that are brought about by mining. In our experience we are seeing a lot of focus on this now. Perhaps it is retrospective focus; in some of those states you could suggest that the horse has bolted and they are now dealing with those unforeseen consequences. However, in Victoria, as we are starting to see perhaps a new boom in the mining sector and some different types of mining, there is an opportunity to be proactive, to pre-empt those impacts and to work on government processes and government policies to address them before they occur, rather than trying to address them afterwards.

We believe there is a really strong role for government to play in cross-coordination — that joining up of government views. Whether it is the allocation of a department or a senior public servant within a department to become the champion for a particular mining project or whether it is a process of assessment to see which ones are of state significance, we see that there are some roles so that there is a go-to person for the mining company to deal with. It is someone that can open doors or help them through government processes, particularly as we all know that mining is a global industry. A lot of these mining companies will not necessarily be Victorian-based, so understanding our Victorian State Government system is quite difficult. We have found ourselves recently in this role of trying to open those doors within state government for the mining company we are dealing with, because there is that frustration about who we talk to. We are not expecting to cut corners or to have changes in regulations, but we need to understand who we talk to and how to work with government.

There is also that role to play across agencies to make sure that agencies are aware of a potential new greenfield mine, particularly if it is a large one that may have impacts on their planning for resources, services or infrastructure, so that there is enough forward planning time — we know that government necessarily takes a little while to respond — to meet those requirements before the mine is on the ground.

We think there is a role for agencies such as DPI to be more than regulators and, in the case we have been dealing with, a tenderer. There is that opportunity for strategy and forward planning — for example, with the IGO process they went through a competitive tender process, and I am sure they will talk to you on this in detail. We see that there is an opportunity for the Government to collectively say, ‘What are the barriers going to be and what are the opportunities? Let’s make sure that we have written the tender with this consideration. Let’s make sure that we know there are the opportunities for this project to succeed, and let us also start to identify some of the issues that are going to be issues or perhaps barriers so we can start to pre-empt and work within government to work out what the solutions to that could be’, so that it is not up to the mining proponent alone to work through those solutions but there is that real partnership between government and the mining sector to work through those. What we see is that if it is up to the mining company, quite understandably it is often the lowest cost solution, which is not necessarily the solution that is going to augment benefits for the wider community or allow for the leveraging of benefits to other industries and communities.

I have talked a little bit about allocating a project champion and again building on Martin’s comments about not just focusing on the mitigation of negative social and economic impacts but also what are the opportunities? It is a different look at the same issues to see how we can make this really work for the State and the local community. It is clear that it is not the role of the mining industry alone to develop and invest in that regional infrastructure. Therefore there is an opportunity for the Government to work with the mining sector to make sure that the investments they are making have regional outcomes and that there is perhaps complimentary investment. Using Martin’s urban development analogy, we would see state government investing in transport infrastructure, schools and all those sorts of things that would come with that sort of development. We see that there is a role for the State Government to look at how to partner with that industry to maximise the benefits that come with it.

To conclude this section, it is our view that a purely regulatory approach delivers an attempt to minimise negative impacts, and there is little focus on pursuing opportunities to support regional growth. We note that the EES process has recently been reviewed, and it has identified that the environmental focus is the Government focus. We therefore suggest that there is perhaps a need for some other state policy to look at how to optimise and maximise opportunities around mining development for regional communities.

This brings us to our third theme, which is about maximising local outcomes. When we see reports about mining activity, there is a lot of discussion around GRP: what gross regional product does and how great it is — there is going to be this many million dollars going through the economy. Our point is that if it does not stick in that economy, that is all it does; it is just transitioning through and sometimes with very few multipliers. It is a big figure, and it does generate those outcomes in terms of the state economy or in terms of the national balance. But in terms of it having a positive impact on the local economy, we believe there need to be interventions and policy to make sure there is some of that local support. We talked a little about the process that we are involved in with a large tenement that was actually tendered. There are opportunities through those sort of processes to make sure that there are conditions written into a tender or even into the tenementing processes that deliver some of those outcomes. We are starting to see the Queensland Government looking at how to build policy around that building of local outcomes into their state policy. We believe that tendering and tenementing create

some of those opportunities to make sure that those opportunities have been fully considered and considered in a meaningful way.

If we talk about local employment, for example, we expect that in a region such as ours that goes beyond just simply advertising the likely jobs first. We know that there will need to be lead-up training. We know that there will need to be a lot of work with employers in that region to make sure that they are planning for backfill so that it is not just the shifting in of employees within the local economy, that it is actually generating real new employment. As we said, states such as Western Australia and Queensland are now seeing the outcomes of processes that perhaps did not give enough consideration to those long-term benefits and are retrospectively trying to address this by new policy and processes such as Royalties for Regions, which is very much about local community building and strengthening, but in the face of some fairly difficult circumstances. They have got to a point where there is no local housing left and where the local councils in those areas cannot keep staff — all those sorts of issues that we see are now trying to be retrofitted.

We believe that the State has the opportunity to proactively look at those issues, to learn from states such as Western Australia and Queensland and to build some proactive policies that would help support those. If we consider things like Royalties for Regions, it has 25 per cent of the royalties earned from mining riches in Western Australia going back into local communities. We consider that not only could some of that money go back generally into regional Victoria but there is that opportunity to pre-emptively use projects or use future royalties to invest in infrastructure in those communities. If we need transport upgrades, more services, more police, more schools or whatever it might be, then there is the opportunity to pre-empt that.

What we are seeing at the moment is not enough attention being given by some agencies to the impact of mining on issues like roads, and therefore saying, ‘They’re fine; we will just keep maintaining them’, when we know that actually we need road upgrades and that there would then need to be a major investment in those upgrades. By having a program with a good, strong business case and supportive policy, there could be pre-emptive investment in infrastructure in those communities. We believe we will give those communities a real opportunity, and it is about creating a legacy. We feel it is very important that the investment is not just to support the mining venture but is to create a legacy or sustainable outcomes for those communities that last beyond the life of the project itself. Often one of the main benefits of a project may be the legacy that it leaves behind — upgraded infrastructure, upgraded skills in local communities, better health services and so on. Mines such as the Stockman provide the opportunity to grow the community and not just the state economy. The opportunity is lost if the financial benefit that is accrued for the State is not then also translated so it accrues to the local community in our state; in our case this would be the Omeo region.

Finally, I wanted to say that it would be unrealistic to expect mining companies to focus on these issues without a policy framework to support them and without similar investment from the State Government. At the moment we are expecting mining companies to be good corporate citizens, to recognise the need to do this without support or a framework and without some indications about what we see as the really significant and most important areas to focus on. I will hand over to Martin, who will summarise all of that for you.

Mr RICHARDSON — We are probably just repeating ourselves, but I think the main points are that we certainly support the need for substantial improvements to the EES process, and I want to come back to my point about the football team. I was at one of the earlier meetings of the technical review group on the Stockman mine process, and I sat with, I think, 21 people around the table from government agencies — —

The DEPUTY CHAIR — It was a football team!

Mr RICHARDSON — It was, yes. I asked how many of those agencies were there to consider the social and economic impacts and benefits of the project, and no-one put their hand up. It was a rhetorical question. Local government was the only representative there to consider the broad benefits and impacts. I suppose, other than VicRoads, everyone else had an environmental focus. I was really astounded to see so many people in the room representing four or five agencies, all there to deal with water quality, water extraction, flora and fauna, biodiversity et cetera. There was one sole representative there to think about people and economic benefit.

We think that the process of the EES bringing together agencies under one umbrella in principle is a good one, but again the question was asked of those agencies at that meeting: is it your intention to form a common view on this project and therefore put a common view to government from the agency’s perspective, or do you intend

to go back to your department and let your own internal processes decide that? I do not think there was an answer to that question. In fact a couple of representatives said, 'In our department this is the way we do things. We will take information back to the department, and our internal processes will determine what our position will be.' It therefore seems to me to be somewhat of a waste of time to be meeting together collectively to form a view to put to government if individual agencies will then go their own way. I do not mean to be too critical of agencies; that perhaps is the way that bureaucracies work in their normal day-to-day affairs.

The policy emphasis that we pointed out on social and economic issues needs to be considered, and we do have some concerns about the potential impact of mining activity on communities once the mine has completed its extraction and the potential lost opportunities for communities in terms of, as Fiona mentioned, long-term support for employment growth, skills in that community and social infrastructure. We think that is a role that should be supported by both private investment and government investment. Importantly the lack of a role of a project champion in this particular project has caused us concern, and we have found ourselves in the position, not unwillingly, of attempting to provide assistance to the company to, as Fiona said, make contact with government agencies and work its way through the process. We really do believe it would be important for government in the future to consider where the roles sit in departments to facilitate development, as opposed to finding regulatory mechanisms to obstruct it.

Finally, from the Shire's point of view, we believe there are very good opportunities for mining investment in our shire and obviously throughout the State, but we think there are some considerable policy requirements in terms of helping to support that; to establish very clearly what the strategic outcomes are that are necessary to support mining investment and to make sure that the processes actually aim to support those outcomes. Thank you.

The DEPUTY CHAIR — Thank you very much for that excellent contribution. That leaves us about 20 minutes for a bit of a broader chat about things. I might lead off. The discussion around how the royalties issue is dealt with is a pretty complicated one. The Western Australian example that you used is one, and it is overlaid with all sorts of complexities — with rent resource discussions federally. I do not know if you saw last week the chair of the Future Fund, Mr Murray, gave a contribution around the need for states to get more into this very space around the issues that you mine resources once and how you frame up a structure that allows for contribution to the very things you have been talking about, such as sustainability, skills base, community infrastructure and what happens post the mine.

How all that gets dealt with is mixed up partly in our terms of reference but is overlaid with other issues to frame an argument, as I understand it, that issues for the Royalties for Regions disadvantages states and how they would deal with the Federal Government, regardless of the Rent Resource Tax. There is a whole range of COAG complexities. But if we were in the position of looking at the royalties issue, immediately we get into a comparison with other states. Victoria has, comparatively, a lower set of royalties compared to other jurisdictions for all sorts of reasons, so once we go down that path one of the issues is how you see that royalties issue being dealt with and how Victoria's comparatively lower rate of royalties gets dealt with once you have that conversation.

Secondly, when it comes to the smaller and, historically speaking, underresourced shire councils like your own that have been subject to all sorts of pressures — bushfires, droughts, all sorts of things — the issue of where you find the resources to deal with these is pretty important. Whether it is an issue of how at a state level some sort of system of an almost sovereign wealth fund would be dealt with and how it would go about funding different projects, whether it be everything from the local TAFE and vocational education all the way through to — I don't know — the Orbest Country Women's Association facility to hold together the social fabric of the community, how would you see, on a range of issues from the amount of royalties to how they are collected and how they are allocated, being dealt with in your kind of model of the Royalties for Regions proposals from any minerals development?

Ms WEIGALL — That is a really good question. It is a complex question, and there is no simple answer. I think there is a range of things about how all tiers of government work together, and industry is part of that mix as well. How do we look at the best allocation of resources from all of us, so it is not, 'The State has to put in its money, and local government has to do this'. How do we perhaps come together with some sort of a fund that addresses needs more holistically without those barriers of, 'This is a State responsibility, and this is a local government responsibility'.

What we are seeing is that a lot of it needs to be invested up-front; therefore your issue of sovereign investment is perhaps something that needs to be looked at, because we know that royalties will drip into the economy throughout the project, and the longer it goes the better it is. But a lot of infrastructure requirements will be needed up-front, and the social capital programs will need to be well developed and rolled out throughout. I do not think we have a simple solution to it, other than recognising and saying Royalties for Regions, we recognise that there needs to be some sort of commitment to putting royalties back or investing into those regions that are advantaged or disadvantaged, whichever way you look at it, by having resource extraction going on. What we are seeing in states like Western Australia is that it is so retrospective that it is almost too late for some of those communities. We are suggesting that we cannot wait that long to look at a similar type of system in this state.

Mr RICHARDSON — You would know far more about the complexity of how these — the grants commission, for example, and how disadvantage is dealt with obviously become part of the equation. I think the point that you pick up on, and again it is one that we raise quite regularly with government, is that so much of the Shire of East Gippsland is full of resources, whether they be natural resources for tourism or whether they be forest resources and the like, and it is very difficult for us to sustain a long-term financial outlook in terms of funding services for our communities when so little of our shire is rateable. I think about 70 per cent of our land is non-rateable.

Communities such as the Omeo-Benambra communities and those areas suffer somewhat from the boom and bust of various cycles. But, for us, it is bringing it back to basics. If we approach VicRoads and say, ‘Look, the highways and roads servicing this particular mine need to be improved in order to improve their capacity to carry these vehicles’, and VicRoads’ response is, ‘Well, we don’t have any plans to ever improve them on our books’, that does not seem to us to be a particularly adequate way of planning government investment through VicRoads into the road system.

Similarly, I suppose, and it may not be appropriate, but looking at it on a sector-by-sector basis, things such as health services, education services, those kinds of things, it would seem to me a good first step to be talking to those agencies about the demands that investment is likely to place on those services and at the very least to create some nexus between the benefits that a mine will bring to the state economy and to the potential for the state economy therefore to invest back into the services that are necessary to, in effect, support that community. That might not work out to be a zero sum game across the State, but perhaps from that point of view at the very least what we would see is some attempt to understand the costs, if you like, to government for supporting that community and the benefits to government of making sure that that community has a good, sound, long-term future and starting to identify some of those costs as early as possible.

Ms WEIGALL — I think it also comes back to this issue of having a coordination role within government, and we were suggesting in the submission that it may even be some sort of major project assessment, and if a mine is significant enough to be considered a major project, there is a way of escalating its needs through the process so that the resources are there to support it and the structure is there, whether it be physical or social infrastructure.

The DEPUTY CHAIR — You make the point consistently through your submission about the need for that whole-of-government move beyond the silos approach. Did the East Gippsland Shire Council have a view as to which agency, or it could be a new agency, should lead that process, whether it is for a champion or a whole-of-government approach or whatever it might be, and did you have a view as to which specific roles and responsibilities such an agency or champion, or whatever it might look like, might have?

Mr RICHARDSON — I will have a go first. I do not think East Gippsland Shire Council has a view, but they hopefully will agree with ours. I think the notion of whole-of-government is one that we use a lot and it is a particularly difficult thing to achieve, and therefore I think my view would be, and I use my own experience within an organisation which has its own silos, and that is that a person whose role is to corral people and get them moving in the right direction and make sure that they are aware of the policy environment, make sure they are aware of the outcomes that government is seeking, is a role that is effective rather than perhaps to simply say, ‘Well, we all need to work together in the same direction’, because, as we know, that is extremely difficult. My view is that there is an opportunity for a new role to be established which is about coordinating and facilitating and which, in a sense, keeps its distance from the regulatory roles that sometimes get mixed up within departments.

The DEPUTY CHAIR — So such a role should not encompass the regulatory as well?

Mr RICHARDSON — I think that you have potential significant issues of conflict if you have — from my point of view as a town planner, I know that in my current role as a policy-maker I would not want to get involved in influencing what decision was made on each individual application.

Ms WEIGALL — And I guess that is why even in our organisation we have a regulatory role that we recognise and we have a facilitation role. At the moment we are dealing through RDV as an appropriate agency which does not have that regulatory conflict, or perhaps it is the Department of Business and Innovation. We do not necessarily have a view on who the agency should be, but someone that can work across government, knows how government works, can discuss it with their colleagues on a range of departments and is not conflicted by also having to assess applications and have that regulatory hat.

The DEPUTY CHAIR — Thanks. We have had a lot of conflicting submissions. Lots of people support the one-stop shop notion, but what makes it up seems to be a variety of different views.

Mr RICHARDSON — I think the community itself would have difficulty with an agency whose role was to facilitate development as well as protect the community's interests, and I think the perception out there would be that that role is in conflict.

Mr SHAW — So the work at the mine has been going for four years now?

Mr RICHARDSON — Five-ish.

Mr SHAW — Five, and a mine has a life of about seven years?

Mr RICHARDSON — Estimates vary according to the scenarios, but seven to nine years, and you will hear more about that from your next witness.

Mr SHAW — And with 250-plus employees, you were mentioning that some of the businesses there have lost employees to go to the mine?

Ms WEIGALL — Are we talking about a theoretical, because the mine is not operational yet? We are talking about needing to prepare our businesses so that they understand what is happening. We are talking about the same businesses we are hoping to grow as contractors to the mine, so that issue of having a labour force is going to be very important to them. It takes a little while. We are talking about a lot of small to medium size enterprises to get them scaled up, dealing with facts or issues, and also working with our communities to make sure they have the right qualifications and tickets and see the opportunities that the mine can bring.

Mr RICHARDSON — Really for us it is about maximising the ongoing benefits to our businesses. The risk is that if they are not geared up and ready, if the training is not provided, if they have not thought through what is necessary in terms of skills, there will be a higher proportion of employees brought in from outside of East Gippsland, and of course they will leave at the end of the period of the mine, so we are talking with the company to see how we can achieve that, but there are some risks associated with a large employer coming in and sucking up skills, if you like, without there being adequate preparation on the part of the local business community to understand what those skills are that are necessary and how they will deal with what will be significant pressures on them to meet their other commitments in terms of the work that they have.

Mr SHAW — What is your unemployment rate down in East Gippsland?

Ms WEIGALL — It is the state average.

Mr RICHARDSON — About the state average, yes.

Ms WEIGALL — So 5.4 per cent, so we do not have a big surplus workforce. I guess it is just the issue that we have said all the way through that we have an obligation to work at state and local level to make sure that some of those communities are prepared rather than just expect the mining company to do it alone, so we have to work on this collaboratively, and that may mean training resources and the like.

The DEPUTY CHAIR — Can I flesh out, before I throw to Mr Noonan, a bit more about the competitive tender process and review at the start of the whole project. You made comment about there being some deficiencies in retrospect from the Shire's point of view. What sort of changes would you seek to make sure were included in the future, given that more and more we are heading to these market-based mechanisms for allocating scarce resources of any kind? What sort of additional materials would you see being considered as part of that competitive tender?

Ms WEIGALL — I guess I need to start by saying we are not professionals in this area.

The DEPUTY CHAIR — Market design people, all that game-playing stuff.

Ms WEIGALL — But the things that we talk about are what are the legacies that will be left behind, what is the infrastructure that will be left behind, what are the community benefits, what are the social capital benefits that will be built into it. So there is a range of things that we are working with the company to try to get those agreements now locally, and we are lucky we have a company that is sitting down and talking to us about those things and is willing to negotiate, because there is no obligation placed on them. It is about putting some more local content into the tendering process, about commitments to local employment, commitments to using local contractors, commitments to investing in the social infrastructure, within reason, in those communities.

Mr RICHARDSON — Perhaps on the other side I think what is being revealed in the EES process is the constraints around the actual implementation of the project relating to things like provision of an adequate water supply, provision of suitable power resources, road upgrades. There are a lot of fairly obvious constraints around the operation of this mine which I am sure agencies would have been well aware of when the tendering process occurred. It seems to me that attempts to firstly identify those constraints as part of the tendering process and potentially even seek to put in place some arrangements whereby agreements could be made as part of the tendering process to deal with some of those constraints would have been beneficial; otherwise you find yourself in the position of some years later still trying to work through a range of technical issues about water supply or vegetation offsets or whatever the case might be when probably those issues could have been at least identified up-front and some effort made in the early stages of the tendering process to say, 'Well, look, here are the ways that we will help you through these issues', rather than simply to say, 'Well, look, deal — —

The DEPUTY CHAIR — So the State coming to the table with its competitive tender position, not just the bidders?

Mr RICHARDSON — Yes, I think so, to say, 'Here are some of the mechanisms that we will put in place to support the facilitation of this development', given that we are out there seeking willing partners, if you like, or willing investors and to do some homework around the constraints that exist and how they might be worked through.

Mr NOONAN — I have two questions, but the first is more a reflection. We have had witnesses come forward and talk about how local government, in terms of mining exploration and the like, in their view is just another layer of government and question the value of local government in this process. I think what you have done today is you have firmly placed before us the very proactive role that local government can play from in particular a social and economic point of view on behalf of their community. I thank you for doing that, probably indirectly in a way, but I just wanted to provide you some reflections about what we are hearing from others. In relation to infrastructure — because this relates to what we have heard from others as well — has the council undertaken an assessment of the potential impacts that a mine like the one being proposed might have on council infrastructure? If so, has there been any discussion with the independent group about those matters?

The DEPUTY CHAIR — And I bet you it is the same discussion you have been having with the timber industry for the last 20 years.

Mr RICHARDSON — Probably yes. We have done a little more work in this case. We have in fact commissioned some independent consultants to carry out a sort of cost-assessment in terms of the mine itself. We did that, I suppose, out of self-interest so that we could be fully informed and fully armed for the EES process so that we would have some evidence around the information that we were receiving as part of the EES process. Some quite complex modelling was done by the firm we employed, a firm called Geografia, around understanding what the potential implications were of various scenarios for the mine not only from the point of

view of infrastructure but also from the point of view of employment and social supports and those kinds of things.

We have at least got part way through the process of identifying some of the quantifiable costs in relation to infrastructure upgrades. Some of the costs, or potential costs, in terms of community support — such as providing land for housing or upgrading health services or whatever the case might be — are a little harder to quantify. Certainly if you take roads, for example, we have done some work already to identify what costs there are potentially in relation to the upgrading of council's managed roads and also the state highway system under VicRoads. That is informing a quite active discussion with the proponents about making sure that we are clear and agree on what those costs are. But the question of how they are going to be met is one that obviously the EES process will determine, by and large in terms of what are the impacts and how will they be mitigated. We have certainly done quite a lot of work in that area. I would have to say the main motivation for doing that was so that we could take a view to the EES process around the potential benefits of the project that could be augmented by some targeted investment, if you like, rather than concerning ourselves too much with what is primarily the domain of other agencies, in particular in relation to VicRoads on roads or authorities in relation to water and power et cetera.

Mr NOONAN — Is that document you refer to publicly available, or is that just for the Council's reference?

Ms WEIGALL — At this point in time it is for the Council's reference. We think it will become a public document in the next couple of years. It is quite a complex one where we have done a lot of sensitivity analysis around a range of key factors. We think for us it is a very useful exercise to go through, and there certainly learnings that we would be prepared to share around it.

Mr NOONAN — If and when the document becomes publicly available, it would be interesting as a case study potentially for our report that we will ultimately produce, because there may not be too many of those types of studies around.

In your submission under part 4.2 — and you have talked about this a bit today — you paint two pictures really about the State's role. The first one is in relation to the State being proactive in engaging in mining facilitation attraction through the tender management process, and then you paint a very different picture in the very next paragraph about essentially that is where the line is drawn and council have essentially had to take a role of opening those doors for the mining company through the various state government agencies. That is why you have put a recommendation to have a go-to person allocated for what might be considered a major project, if you like. Can you just step us through, even if it is in detail, the number of doors you have opened and where those doors have been within the State so we can get a clearer picture about exactly the level of effort that local government or your local council has made in terms of facilitating that process?

Ms WEIGALL — Perhaps locally with all our local politicians we have made those introductions, which is a fairly normal role for local government. Where we have gone beyond what would normally be a local role is with our work with the party on scene — it is mutual; the company has been doing it as well, so it is a collective approach — right through to making sure that the company got an audience with the acting CEO of RDV and that the CEO went up and saw the site and understood the implications of what was going on and was then negotiating or, I guess, advocating on behalf of the company to make sure that there was some sort of go-to person within either DBI or RDV. We have then been, in terms of infrastructure, working through — —

Mr NOONAN — Sorry, that was DBI you said?

Ms WEIGALL — The Department of Business and Innovation. In terms of regional infrastructure and in terms of the regional roads group, we have been doing a lot of work with VicRoads trying to make sure. What we are finding is that the regional representatives are not necessarily the people who are sitting on the EES process and so are often not aware of what has been discussed with the EES process. We are doing quite a bit of that doubling up and double-checking to make sure that agencies are aware of what is going on. We are doing quite a bit of work through the TAFE system, through Skills Victoria and through some of those areas as well in the non-physical infrastructure area to make sure that there is some sort of awareness and there are some discussions around where we go to with this. Some of those are making introductions to the company — RDV in particular — and some of those are just talking with the agencies whenever we have the opportunity, to make sure that it is on their radar.

Mr NOONAN — So you have got local MPs — I presume State and Federal?

Ms WEIGALL — Local MPs, State and Federal.

Ms NOONAN — So you have got your local councillors, you have got Regional Development Victoria, the Department of Business and Innovation, VicRoads, TAFE and Skills Victoria. Any others?

Ms WEIGALL — They are the ones I deal with.

The DEPUTY CHAIR — What about the water people, the Catchment Management people? These are all set out — not all of them, a lot of them — in the communications consultation plan that the Department — —

Mr RICHARDSON — The Catchment Management Authorities and other agencies obviously have been involved through the EES process. We have not necessarily regarded it as being necessary to raise their awareness of the project because they are acutely aware and they are involved.

The DEPUTY CHAIR — Because they should be.

Mr RICHARDSON — But it was surprising for us, for example, to find out that the regional management of VicRoads were not as aware of the importance of the project in terms of they had a representative on the technical reference group.

The DEPUTY CHAIR — And the traditional owners? There are four groups.

Mr RICHARDSON — We are a member of — I think an observer on — the community reference group that has been set up voluntarily by the company within the region, and traditional owners are represented on that group. We play an active role in the group to try to ensure that people are aware of our support for the process, but in fact the company itself set up a community reference group with representatives from the local community, including indigenous.

The DEPUTY CHAIR — I am sure if you include that, we would also include — I am guessing — the local graziers, the community interest groups et cetera on the truck route and all that kind of stuff.

Ms WEIGALL — Neighbouring property owners.

Mr RICHARDSON — Neighbouring property owners.

Ms WEIGALL — As Martin has said, the company has been very proactive in this space as well. It is about where we go to. That is where we have tried to step in where we can and assist. The company has been doing a lot of that and has had people on the ground for a long time making those contacts and doing all that.

Mr NOONAN — We will hear from them shortly. Does council have a triple-bottom-line approach to their decision making?

Mr RICHARDSON — As best as we can at the moment. We have processes in relation to our policy development and also our allocation of resources that apply triple-bottom-line criteria to prioritisation of our projects and investment of our meagre budget. We are working through processes to improve that, but we do take a triple-bottom-line approach, particularly to the allocation of resources by way of budgeting processes, yes.

The DEPUTY CHAIR — I thank you very much for making the long journey. It was very useful for us. You will receive a copy of the Hansard transcript in a week or two, and whilst you are open to correct it in terms of typos, the content itself is not open for discussion — but I am sure that, given the value of it, we would not want it to be. Thank you very much for your trouble, and we will see you soon.

Mr RICHARDSON — Thanks a lot.

Ms WEIGALL — Thank you for inviting us to the hearing.

Witnesses withdrew.