

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

Melbourne — 7 November 2011

Members

Mr N. Burgess
Mr M. Foley
Mr W. Noonan

Mrs I. Peulich
Mr G. Shaw

Chair: Mr N. Burgess
Deputy Chair: Mr M. Foley

Staff

Executive Officer: Ms Y. Simmonds
Research Officer: Mr S. Martin

Witness

Mr P. Colley, National Research Director, Construction, Forestry, Mining & Energy Union.

The DEPUTY CHAIR — Welcome to this public hearing of the Economic Development and Infrastructure Committee of the Parliament of Victoria, and could I welcome Peter Colley, National Research Director of the CFMEU. My name is Martin Foley, I'm the Deputy Chair of the Committee. Our Chair, Mr Neale Burgess, is an apology and a late scratching. Mr Wade Noonan is the Member for Williamstown, Mrs Inga Peulich is the Member for South-Eastern Metropolitan. So thank you for coming today. We have received your submission and given it a good look at.

This all-party committee is hearing evidence today on the Inquiry into greenfields mineral exploration and project development in Victoria. In the very near future, we will ask you to state your name, position and address for the record. The evidence that you will give today is protected by parliamentary privilege, but any comments that you may make outside of the hearing are, of course, not afforded such privilege.

Again, can I welcome you here today, Peter, and perhaps ask you to begin by stating your name, business address, and the organisation that you are representing here today.

Mr COLLEY — I am Peter Colley, National Research Director for the Construction, Forestry, Mining & Energy Union — actually the Mining and Energy Division of that organisation. My home address is 42 Balfour Road, Kensington, 2033 in the State of New South Wales. My work address is 365 Sussex Street, Sydney, in the city centre.

I should give apologies on behalf of Luke Van der Meulen, President of the Victorian Mining & Energy District of the CFMEU. He fully intended to be here, but had to give notice between one and two weeks ago that there was an extraordinary meeting of the board of management of our district, so he wasn't able to come today.

The DEPUTY CHAIR — Thank you very much, Peter. We have about 45 minutes or thereabouts. We have, of course, had a look at your submission. What we might perhaps do is to ask you to speak to what you see as the key themes and then spend the rest of the time just discussing those in relation to our terms of reference.

Mr COLLEY — Thank you. Clearly, the submission that we have made is not an extensive one; that's to do with the natural role of trade unions. We have a member base that we seek to look after, the membership is the union, they are present in various operations. So we have a predisposition to be focused on what currently exists rather than what might exist. We don't naturally have a strong orientation towards potential greenfields developments in mining, though certainly we do have views. We have been a significant advocate in the current debate about the resources boom, mineral resource rent taxations, carbon pricing, and so on.

When it comes to the State of Victoria, clearly when you look at the map of where mines are there just simply aren't that many in Victoria, apart from the major brown coal mines. I was told recently that Victorian brown coal is 93 per cent of the economic activity in the Victorian mining industry. Victoria obviously has had a lot of gold mining in the past, it was Australia's first big resources boom and I think it's the only resources boom that is probably greater than the current resources boom, in terms of impact on GDP. I haven't ever seen full figures on that Victorian gold mining boom in the 1850s, but it was huge. The fact that gold is so high priced these days does mean that there are some more prospects for gold mining in Victoria. In my time with the CFMEU, I think the price of gold has gone as low as \$200 an ounce and now it's in the order of \$2000 an ounce, so multiplied by a factor of 10. When it was down at \$200 an ounce, there were gold mines closing all around the world and a lot of gold miners being retrenched. That was in the mid-1990s, when a lot of central banks said that they didn't need their gold reserves anymore because the world was so stable.

Mrs PEULICH — Those were the days.

Mr COLLEY — Australia actually sold off a significant portion of its gold stocks and a number of other central banks around the world started selling gold stocks, so suddenly it seemed like there was more gold above ground in the market than would ever be required again. Now, the markets have rediscovered the value of gold, it seems.

CFMEU Mining and Energy represents the majority of people in Victorian brown coal mines and in Victorian power generation. Most of our membership in mining is concentrated in the black coal mining industry in New South Wales and Queensland, but we have a significant Victorian district.

When we approached the terms of reference of this inquiry, the thing that jumps out at us is that there wasn't due prominence given to the importance of the brown coal industry in Victoria and the risk to its prospects. When we look at the various mineral resources that Australia has, you can actually work out how many years of reserves we've got left, and for a lot of them it is less than 100 years, and that is assuming no increased production, which is currently what we are seeing, dramatic increases in production. So a lot of the current economic reserves for a lot of minerals in Australia will be exhausted within a couple of generations. But when it comes to brown coal, we have hundreds of years of reserves left. I'm told that the Victorian brown coal resource is one of the biggest brown coal resources in the world: total reserves 433 billion tonnes, economic reserves — that means reserves minable with current technology economically — 33 billion tonnes, with current production around 69 million tonnes a year.

The prospects for that industry are much riskier than they have been at any time in our lifetimes. The Victorian brown coal resource has been the basis of relatively cheap electricity production in Victoria and has been of benefit to Victorian industry and to the nation as a whole. The big problem for brown coal is greenhouse gas emissions and the climate change issue, global warming. Brown coal is the most emission-intensive of the fossil fuel industries. In an era where carbon emissions from all aspects of the economy need to be reduced, the brown coal industry faces grim prospects. There are avenues for the recovery and even greater prosperity of the brown coal industry, but they do require major action, major policy.

There are ways in which fossil fuels can be transformed into low emission industries. Carbon capture and storage, or CCS, is the most prominent term for this; it actually encompasses a suite of technologies, it's no one single technology. There are other things which are also applicable, and sometimes people now use the term carbon capture, storage and recycling.

There are a number of algae technologies being developed in Australia and elsewhere, which basically propose to recycle the carbon emissions from power stations into synthetic fuels so the emissions from the power generation cycle will be captured, not let go into the atmosphere, though obviously when the emissions from synthetic fuel are released the emissions eventually get there, but we are getting much more bang for our buck in terms of energy per unit of carbon dioxide into the atmosphere.

Our chief problem here is a lack of commitment, interest and enthusiasm by both industry and governments around carbon capture and storage. These technologies are not black box technologies, there are no major technological breakthroughs required. But particularly at the power station level, it is a much larger scale than has ever been previously contemplated and it has not been demonstrated or proven at that scale.

We know that these power stations, we have to go through a stage of first-of-a-kind power stations, they will be more expensive to build, much more expensive to build, they will be more expensive to operate, they will need high carbon pricing to be made viable. Carbon capture and storage in almost any context doesn't make sense without a carbon price, and is why my union has been advocating carbon pricing since the 1990s, even in the full knowledge that the bulk of our membership is in the fossil fuel industries, but we support carbon pricing because we also accept the science of climate change and accept that the only future role for fossil fuel is if it can be transformed into low emission industries.

So we have supported carbon pricing for a very long time. I can recall being present at a meeting of the COAL21 Fund, which is the industry body — I don't think they use the term COAL21 any more, I think they call it the Australian Coal Association Low Emission Technology Fund. Way back close to a decade ago now, early 2000s, I was at a conference where the issue of carbon pricing was discussed and everyone in the room agreed that CCS was never going to work without significant carbon pricing, without a strong carbon signal.

Those people who understand the importance of Australia's coal industry, both black and brown coal, recognise also the importance of CCS. But to make CCS happen, you need carbon pricing. It just doesn't make any sense to add on all the technology you need to transform black and brown coal use, if there is no price on carbon. That said, what we are seeing in Australia and elsewhere is that the private sector has basically said the first stage of CCS projects are non-commercial, therefore the public sector has got to do it. The public sector is saying we have a public sector borrowing limitation, that's even the case in Australia where our public debt levels are not high, but nevertheless governments, at state and federal level, are basically saying, 'We haven't got the money to fund these first-of-a-kind power stations'. We are talking in the order of \$4 billion to \$5 billion per 500 to a 1000 megawatt station, so they are going to be very expensive. The public sector said, 'It is too expensive for

us', so we have actually seen cases of the Queensland Government backing out of its commitments to ZeroGen. The Federal Government has its CCS Flagships project, but that started off at over 4 billion and it has been whittled down to 2 billion and now is a bit less than that, though it depends how you count it.

The coal mining companies are making loads and loads of money, but they say that they are not going to invest in technologies which are currently non-commercial. Even though it is the union's strong view that it is in the long-term commercial interests of the coal mining companies to be fixing emissions problems from their own product, their current position is that they focus on maximising return to shareholders in the near term and they are not funding these technologies. So you do have companies like BHP Billiton spending \$US 300 million over five or six years on low carbon technologies, but this is a company that made \$23 billion in profit in one year alone, and which actually boasts that it's got a 40 per cent profit margin. Its profit margin in both iron ore and coal are both higher than that, but it is putting \$50 million a year into carbon capture and storage technology.

So this is the dilemma we face with CCS: everyone says it needs to be done and no-one is putting in the money to make it happen, and that is our greatest concern about the future of the Victorian brown coal industry.

By way of further illustration of the potential, because we are not talking here just about saving industry, we are talking about future new industry. A major study conducted by the Earth Resources Development Council and published by the Victorian Government in 2010 had four scenarios for the future of the Victorian brown coal industry. Two of those involved significant increases in the role of brown coal, the fourth actually painted a scenario of brown coal being the basis of a wave of new heavy industry in Victoria, where coal is turned into syngas, which is then a feedstock for plastics, a feedstock for synthetic fuels, for fertilisers. You would actually see significant export industries arising out of Victorian brown coal. That all rests on carbon capture and storage.

The scenario which is the worst for brown coal is the one where neither Australian governments nor overseas governments addressed climate change strongly. The longer people are sceptical, the longer people put off action, the grimmer the prospects are for Victorian brown coal. So the message there is that inaction is not actually a solution. The fate of Victorian brown coal is actually made worse the more procrastination and delay and lack of funding there is for carbon capture and storage.

The other parts of our submission are around minerals resource rent taxation. The CFMEU has been supportive of resource rent taxation for two decades. We understand well that the industry goes through major boom and bust cycles. Resource rent taxation is a way of capturing the excess profits at the top of the cycle whilst mitigating the impacts at the bottom of the cycle, where companies can't afford to pay much tax. Resource rent taxes fade out when companies aren't making money; they only pay the tax when they are making good money.

Complementary to resource rent taxation, we support a sovereign wealth fund because we see that those extra revenues at the top of the mineral cycle should not be spent immediately on consumption, they should be saved and used to help balance out the economic cycle for the rest of the economy and also particularly to deal with international fluctuations. An example is the Norwegian sovereign wealth fund, which holds most of its assets overseas. They tax their oil industry by up to 90 per cent of profits. They know their oil industry and gas industry is fading away. They have got a \$US 600 billion sovereign wealth fund. Most of the assets are actually invested overseas. When the global financial crisis happened, they liquidated their overseas assets and brought the money back to Norway, so stopping the collapse of their currency and stopping the recession being so great in Norway. That is what we think Australia should be doing. So we are still a long way off getting a sovereign wealth fund going in Australia.

The other final comments were about ILO Convention 176 on Safety and Health in Mines. Australia is one of the biggest mining countries in the world, but we have not yet ratified the fundamental health and safety standard that covers the global mining industry, which is ILO Convention 176.

It is my understanding previous Victorian governments and other state governments have also said that our laws are now in a fit state, that they are consistent with ILO Convention 176, but we still don't have it at the federal level. I am told the Federal Government has made a commitment to ratifying Convention 176, but it hasn't actually happened yet, and we're disappointed about that.

I should leave my comments there and allow time for you to ask me questions.

The DEPUTY CHAIR — Thanks very much, Peter, and thank you again for providing that submission. Our terms of reference are predominantly around greenfields exploration and taking that to development. As you have said, brown coal is very much a brownfield site in terms of at least identifying the resource and knowing where it is and leading to its development. Having said that, we have had others, including today, talk about the value of the brown coal resource and looking to how to lever off options and the evidence we got was that the support for a price on carbon is part of a — no, the support for a low carbon future — was probably the way that the local community, in terms of its representatives at a local government level, have positioned to try to go to. But they also have the view that to generate the maximum benefit, particularly in this transitional period, from essentially 100 years of a state-run, open-cut, no emissions approach to transitioning to the private sector owning, to transitioning to a low carbon future, there was a need to inject greater competition into the access to the resource, even if it is a resource that is allocated pre-recent legislative changes to particular providers for many, many, many years to come. Does the CFMEU have a view as to the issue of how the resource should be developed and used beyond the existing players, I suppose, particularly with regard to how that low emissions future might open up?

Mr COLLEY — We are mostly a private sector union and we are used to living in this competition and the competition in international markets, in the case of the mining industry as a whole in Australia for well over 100 years. It hasn't always been the case with the coal section of it. We are generally supportive of competitive markets. I am not familiar enough with the details of how brown coal leases have been awarded in the past in Victoria, it has been concentrated simply on use for power generation. I know there has been a briquettes business, a couple of other small businesses or medium-sized businesses associated with brown coal use.

We generally support competitive tendering for leases as a way of maximising the public benefit from the development of the resource. That said, when companies pay huge amounts for tenders, as has happened in New South Wales — BHP paid a fortune just for the right to explore in the Liverpool plains — there is quite a bit of pressure on them to develop the mine almost regardless of environmental or other consequences, and that can be a problem. If you get overspending on competitive bidding, it actually leaves less money for other aspects of the mining process. So that would be my main concern there.

With respect to the Victorian members of the CFMEU on the mining and energy side, they are very worried about their future. They have been through an enormous amount of restructuring in the past, in the 1990s, when the power industry was privatised and there was not enough effort put into charting a path of development that minimised harm. So Latrobe Valley was an economic wasteland for most of a generation, much as it seems happened in the British power industry.

We think as part of low emission policies, there is an urgent effort to basically take account of the social impacts of a low carbon policy. So we're very keen that there be a major effort put into charting a future course of development for the Latrobe Valley and similarly affected communities, but it won't happen by itself. We have said in the past that carbon pricing is important, but it's not the whole solution. There will need to be a number of other market and non-market mechanisms to make change happen and to make change happen in a socially just manner. Sometimes unions in other countries talk about just transition and this is interpreted by some, particularly on the environmental side, as basically compensation to phase out dirty industries. But from a heavy industry union point of view, just transition is about cleaning up our industries, not phasing them out.

The DEPUTY CHAIR — Fair enough. I wouldn't want to verbal the Latrobe Council, but if there was a view that said the current lease holders who have vast swags of, as you say, hundreds of years worth of resources under their tenements, if there was a prospect that said, 'You either use it or lose it', in its simplest terms, but that 'use it or lose it' approach was linked to serious investment in carbon capture and storage in particular, seemed to be their particular focus, what would be the view of — —

Mr COLLEY — Say that last bit again, 'use it or lose it'?

The DEPUTY CHAIR — 'Use it or lose it' in terms of the tenement, so the lease, if you have a position where new entrants are promising development in the renewable or the capturing side of brown coal of the carbon, that that would need to be a part of an overall approach — there are many layers to this, but an overall approach — that would encourage new participants, that is, taking some of those existing tenements off existing private sector holders. They didn't quite put it in those terms, I wouldn't want to verbal them.

Mr COLLEY — It's an interesting proposition.

The DEPUTY CHAIR — That seemed to be, from my point of view, the logical extension of where they were heading.

Mr COLLEY — The problem always with seeking to impose a 'use it or lose it' provision is that there is inevitably an aspect of retrospectivity in it, and that makes those people who have the property rights howl with dismay.

Mrs PEULICH — Talk about creating uncertainty.

Mr COLLEY — Yes. I tend to be in favour of 'use it or lose it' provisions. The idea that mining companies can tie up vast amounts of mineral reserves which they may or may not develop generations later is not a sound way to manage your resources. That said, I would think government should look at it, depending on the cost of the compensation bill. Inevitably there would be a compensation bill, if you are affecting property rights. So it would depend on the price tag attached to it. But if it could facilitate further development that is low emission, it is something that should be seriously considered.

Mrs PEULICH — Thank you very much, that was a very, very good submission, although I guess there is probably one key point that you and I may not necessarily agree on, but I was actually impressed with the helicopter view of your submission.

Mr NOONAN — What was the point?

Mrs PEULICH — It was a moot point, and that is that somehow that carbon tax was going to be good for the industry. However, I think we would probably agree on the general proposition and that is that we need clean technology and we need to clean up the industry rather than phase it out. My concern is that it might actually kill the goose that laid the golden egg.

You were talking about carbon pricing being important, compensation being a factor, and obviously my concern is that it might be compensating for jobs that are lost. What other measures can be taken, could be taken, could be contemplated, with a view to placing additional incentive or sticks and carrots for industry to consider carbon capture and storage technologies?

Mr COLLEY — Electricity markets around the world are becoming more and more an artificial construct, and I think that is simply the way of the future. In most countries, they always have been artificial constructs, in the sense that they have not been the result of the free play of market forces, and in fact Australia's nationalised power industry went that way after the private sector developed the industry to start with and was unable to supply power on a reliable basis. So the power industries were nationalised in order to achieve safe, large-scale, reliable supply. Electricity markets around the world are heavily distorted in various ways, but there is still a price signal there. It is clearly the case that most carbon capture and storage technologies and most other low emission technologies don't become viable unless there is quite a strong carbon price. But we also accept that high carbon pricing will cause a significant economic impact, dislocation. So basically if you ramp up the price to the point where there is a strong response to it, it causes a lot of economic damage along the way. So you start off with a relatively low price and then a market structure says this price is going to increase over time.

Mrs PEULICH — You ratchet it up.

Mr COLLEY — So people know the price isn't going to be going down, it's going to be going up. It is my view that there will be a wave of innovation in response to carbon pricing and a whole lot of people will work out better ways to do things really quite quickly once there is a price incentive.

There is a coal mine on the south coast of New South Wales, a coking coal mine, so it sells its product at a premium price, but it was one of the most emission-intensive coal mines in the country and one of the ones which lots of studies funded by the Coal Association said was going to close.

As soon as the carbon price was announced, this company, which is Indian owned, said, 'We are just going to wall up the various parts of the mine that we're not using and we will cut our emissions by three-quarters'. A really low technology solution. They had lots of emissions, there was never a price on those emissions, so they were pumping it all out into the atmosphere. They have worked out, 'All we need to do is wall off certain parts

of the mine', and they are going to cut their emissions by three-quarters, two-thirds to three-quarters. A really simple solution to an emissions problem.

Mrs PEULICH — Peter, have you contemplated other ways of getting industry to invest more in carbon capture and storage?

Mr COLLEY — There is so much uncertainty with the CCS power stations that we think they will need the same sort of incentive that various renewal energy technologies have had, so that is feed-in tariffs or guaranteed market share. We have the renewal energy target, which is 20 per cent, there has also been feed-in tariffs for various types of technologies. We think that is going to be required for the CCS power stations, too. Investors don't really like risk, but there are certain risks they are used to managing and there are certain risks that they aren't used to managing, and they hate technology risk. Merchant bankers and the institutional investors behind them don't like technology risk, they can't understand it, they want to purchase off-the-shelf technologies.

Mrs PEULICH — Proven technology.

Mr COLLEY — If you are going to have to accept it as a technology risk, you need to try and remove some of the other risks, some of the market risk. So market quotas or fees and tariffs will be the sort of market adjusting mechanism that will be required to bring in CCS power stations.

Mrs PEULICH — You mentioned also the recycling tagging on to the process and you referred to synthetic fields.

Mr COLLEY — Fuels.

Mrs PEULICH — Fuels, I beg your pardon. It was my hearing that was letting me down. Have you calculated an impact on the number — I know you said you focussed more on the jobs that are there are now rather than growing the jobs in the future, which I would have thought would have been a keen interest of a union in terms of growing its influence and its membership base — have you actually done a calculation on the impact of jobs that the carbon tax will have, say in Victoria and Australia-wide?

Mr COLLEY — We have looked at all the studies that have come out.

Mrs PEULICH — Are you prepared to go on the record?

Mr COLLEY — Under almost any scenario for the brown coal industry, there is going to be less brown coal production for some time, though it may bounce back once CCS technologies are developed and commercially available. Even with the renewable energy target and the current dash for gas, the commercial investors are basically saying, 'With this carbon price uncertainty, the easiest thing we can do is build gas-fired power stations rather than coal-fired ones', and that is already happening. That is almost beyond public control, it is already happening, so that's the signals that are in the marketplace.

All the studies that we're seeing don't take into account brown coal by itself. As I said, brown coal prospects are not great unless those technologies get worked out; and even if those technologies do get worked out, there is still a dip in brown coal production and employment. For the rest of the mining industry, and particularly black coal, even the studies which have said that there will be up to 20,000 jobs lost, they're talking about jobs that don't happen from a stratospheric growth in production. Coal mining is booming all over Australia. Western Australian black coal which is basically not that far away from brown coal has never been an export product, but one of the two coal mining complexes has been bought by an Indian company that wants to export it to India, and Wesfarmers may sell the other one to an Indian exporter as well. I think there are at least four new coal ports planned for the coast of Queensland. The main coal port in New South Wales is doubling and tripling in capacity. The firms are complaining about labour shortages, not being able to find enough people. So what we are actually talking about when we talk about losses of jobs in coal mining in general is actually just a detraction from growth, from massive growth, and we think that is a reasonable cost to pay to try and save the planet, basically. Slightly lower growth is the price to pay for saving the planet.

Mr NOONAN — I've got a couple of questions just building on what Mrs Peulich was pursuing. In relation to carbon capture and storage, my understanding is the science is clear, that it works, but that the cost in commercialising it largely comes from the transportation of the carbon to the storage and therefore unless you

can create the environment essentially for it to be commercialised, it's 10 to 20 years off. So are you saying very clearly that the carbon tax which will then become an Emissions Trading Scheme will increase the level of investment to try and get carbon capture and storage to commercialisation sooner?

Mrs PEULICH — I think that was the point we were disagreeing on.

Mr COLLEY — I think it's an important point. The price by itself will not be sufficient. Unless there is a very high price, we could have collateral damage. The carbon prices that people are talking about now will not drive CCS by itself, but it is an important component in heading that way.

Australia faces so many tiers of problems in getting CCS going. The technology risk is at the power station level and not in the pipelines. There are thousands and thousands of kilometres of CO₂ pipelines in the United States already because it's used in enhanced oil recovery. So we know how to build those pipelines, it's really quite clear cut, and we have a very good handle on the prices. Similarly with the storage bit, at least into depleted oil reservoirs, and we include the Bass Strait-Gippsland fields there, we know how to do it and how much it is going to cost. What we are not sure about is how much the power stations are going to cost, and then the next problem is that they need to be part of a network of operations. So you have a power station but it needs a pipeline, but a pipeline is going to need a power station.

I think the Carbon Storage Taskforce that the Federal Government ran came up with a bill that was in the order of \$27 billion to build a network of pipes on the east coast, versus carbon capture and storage, so it would be a vast scheme. The thing is you are not going to get those pipelines funded unless there is a power station, but the power stations can't be built without knowing that there is definitely a pipeline there. So there's a lot of coordination involved and major expense.

Mr NOONAN — Just to switch paths, because we are almost out of time: in your submission, which you spoke to very briefly, you allude to ILO Convention 176 on Safety and Health in Mines.

Mr COLLEY — Yes.

Mr NOONAN — I think you suggest that all states, including Victoria, have previously stated that their laws comply with this requirement, so I suppose it's a frustration for the union that the country doesn't ratify it. But can you be clear that Victoria is, as you suggest, in compliance with that convention and more specifically for the Committee just indicate what that convention really sets out, because this inquiry does deal with regulations and has the capacity to make some recommendations about regulations in the mining sector in Victoria.

Mr COLLEY — I am certain that a previous Victorian government has said that its laws comply with ILO Convention 176. Sometimes governments do say these things without them necessarily being true, because these things are a matter of interpretation. So I am not certain that Victoria's laws do comply with ILO Convention 176, but I know that a Victorian government has said that they do. So there might well turn out to be wrinkles or minor inconsistencies, which can be sorted out down the track.

In terms of what is in ILO Convention 176, we don't really have time to go into it and a lot of it applies to the more hazardous underground environment, but it basically sets out the duties of management and of workers and of regulators. It does specify certain minimum things, such as hazard management planning, disaster planning, underground operations should always have a second means of exit. You might take this for granted, but the Pike River disaster in New Zealand — they didn't have a second means of exit, or the one they had was basically climbing up a ventilation duct, which was manifestly inadequate in terms of getting workers out quickly. The Chile mine disaster, a year or two ago now — there was no second means of exit from that mine.

Mr NOONAN — I don't suppose either of those countries are signatories to the convention?

Mr COLLEY — No. Chile promised they would ratify Convention 176 within 100 days of that disaster, and they reneged on it. New Zealand has basically had the problem of classic deregulation of its sector. The mining industry isn't big in New Zealand, but it got swept up in the deregulation fervour, and they have had very little in the way of inspections or adequate enforcement of regulations in New Zealand. The chickens have come home to roost there. I'm not really in a position to give you chapter and verse on 176. I could have brought it along.

Mr NOONAN — That's okay.

Mr COLLEY — I'm an economist, not a health and safety person.

Mr NOONAN — This is the first the Committee has been made aware of that particular convention and I note for the record too that you suggest that Victoria has set reasonable standards in relation to health and safety in the sector anyway.

Mr COLLEY — I should say I have been aware of concerns in the past that the regulatory structure in Victoria didn't focus enough on mining, and that was clearly a result of the fact that there simply isn't that much mining in Victoria. So there has been a reluctance to have a body of legislation and regulation for what is a relatively small industry in Victoria.

Mr NOONAN — So perhaps a review in that area or an update in that area might be appropriate for this committee to consider in terms of its recommendations back to government.

Mr COLLEY — Could well be.

The DEPUTY CHAIR — I might invite you to make a couple of comments then in closing, Peter. You state there are components of the Commonwealth Fair Work Act that concern the CFMEU.

Mr COLLEY — I make particular reference to the Australian Building and Construction Commission there, which is the most egregious example of industrial relations law in Australia; it doesn't comply with international minimum standards. That said, though, more broadly and therefore more applicable to the mining industry, numerous aspects of the Fair Work Act still don't comply with even the minimum core ILO labour standards. We have a lot more restrictions on bargaining and on the right to strike than is commonly accepted under international law. For example, things like pattern bargaining are a recognised right under ILO Conventions. In Australia, they are illegal. In most countries, provided you give appropriate notice, you can have a strike over any issue. In Australia, the issues over which you can strike are heavily regulated, as are the actual requirements around legally-protected strike action; they are much more restrictive than in most other developed countries. So Australia still has some way to go to be compliant with the international treaties that it has actually signed and ratified.

The DEPUTY CHAIR — Thank you very much for that. Can I thank you again for your submission and your evidence here today. In about a fortnight, you will receive a copy of the draft transcript. It is open to you to correct obvious errors or typographical mistakes, but the substance of the evidence needs to remain as it is. Subject to your editing of that on the margins, that will in due course become public evidence.

On behalf of the Committee, can I thank you and the CFMEU for your submission, and wish you and your members well.

Mr COLLEY — Thank you, Chair; thank you very much, Committee members.

Witness withdrew.