ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into greenfields mineral exploration and project development in Victoria

Adelaide — 17 November 2011

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Mr J. Forbes, Director, Industry Development, and
Dr N. Long, Director, Corporate Social Responsibility, South Australian Chamber of Mines and Energy.
The CHAIR — Thank you very much for being here. I am Neale Burgess, the Member for Hastings. I am the Chair of the Committee. On my right is Martin Foley, the Member for Albert Park, and on my left is Wade Noonan, Member for Williamstown.

Welcome to today’s public hearing. This committee is an all-party committee and we are hearing evidence on the Inquiry into greenfields mineral exploration and project development in Victoria. The Economic Development and Infrastructure Committee is required to inquire into, consider and report on the benefits and drivers and barriers of Greenfields Mineral Exploration. All evidence taken at this hearing is protected by parliamentary privilege. However, any comments made outside this hearing will not afford such privilege. Are you going separately or together?

Mr FORBES — I will probably lead off and make a few general statements.

The CHAIR — Could you please state your full name and your business address?

Mr FORBES — Jonathon Forbes, 290 Glen Osmond Road, Fullarton.

The CHAIR — And who are you representing?

Mr FORBES — South Australian Chamber of Mines and Energy.

The CHAIR — And what is your position within the South Australian Chamber of Mines and Energy?

Mr FORBES — Director of Industry Development.

The CHAIR — As I said, any evidence that you give today can be taken down and will become a public document. Would you like to lead off with your submission, please?

Mr FORBES — Sure. I thought I would start by just giving an overview of the resources sector in South Australia and make some comments about our relationship with the Government of South Australia and a broad-brush commentary about approval processes, et cetera, and maybe talk about some of the things that the industry has been up to in various matters in the State. I am not sure how long it will take. I have not timed it, to be honest, but just stop me if I am rambling too long.

The CHAIR — No problem.

Mr FORBES — I guess in summary the South Australia resources sector has enjoyed a decade of industry growth. We moved from four mines in 2004 to 16 mines in 2011. Mineral export contributes to 36 per cent of South Australia’s revenue, being $2.9 billion dollars. We employ about 7800 people and the current exploration level is about $220 million per annum. There are around 25 major projects which are currently identified on the books if you would like to come here. We are likely to have a jewel in the crown with Olympic Dam, which you might have heard of.

Mr FOLEY — Once or twice.

Mr FORBES — Which has been recently given approval, as you know, and should become one of the biggest — if not the biggest — open-cut mine in the world, being the largest miner of uranium by a factor of 10 and the fourth largest in copper.

Generally on the Government, we think that the South Australian resources sector enjoys a supportive relationship with our government, the Government who sets targets for the resources sector as part of the State Strategic Plan. That is a good starting point, we think, a ‘them and us’ focus.

So, for example, Target 41 is minerals exploration in the State Strategic Plan, our exploration expenditure to be maintained is in excess of $200 million per annum until 2015. Another one, Target 42, minerals production and processing, is to increase the value of minerals production and processing to $10 billion by 2020. So those underpin, I guess, the Government’s focus, and I think having a couple of targets like that out of many targets inside the state Strategic Plan help us all focus on where we go. It is a good start.
Government believes that effective regulation is the best form of promotion both in terms of instilling confidence in the community that the regulator will accede to projects and risks and providing companies with a clear and consistent regulation. Further, MITRE — you may know MITRE, the Department for Manufacturing, Innovation, Trade, Resources and Energy — is the lead mining approvals regulation agency. They have adopted a performance-based approach, or regulatory approach, and moved away from prescriptive regulation. I will just briefly mention a couple of programs or initiatives, if you like, that are worth mentioning, as the State Government is not appearing before you.

You may have heard of the PACE program. PACE, the Plan for Accelerating Exploration, was designed to promote South Australia as a premier destination for mineral and energy investment. In 2004 we had four key outcomes set: improved land access, decision-making under a multiple land use framework, South Australia to be recognised as a world class centre of excellence in the science and practice of exploring undercover. You may know that South Australian minerals are generally quite deep, so we start about 200 often 300 metres underground. Olympic Dam, for example, is around 450 metres underground, or thereabouts. So they have got to shift an awful lot of rock. I think off the top of my head when they take all the rock off, it is covering something like 6500 hectares, 150 metres high.

Mr FOLEY — And it takes five years.

Mr FORBES — And it takes five years to do it. That is a bit of a scale. The other big outcome under PACE is to have a significant increase in private exploration expenditure in minerals, petroleum and geothermal sectors leading to new discoveries, opportunities for regional development, employment and exports. Finally, the emergence of sustainable and vibrant indigenous communities engaged in economic development in and around the mining sector.

The total budget for PACE was 22 and a half million which included, out of that funding, about 10 million dollars for 168 drilling projects. In 2010 the State Government announced a $10.2 million expansion of the PACE initiative aimed at advancing resource exploration and mining developments in the state, and I will quote the Premier:

Our plan to expand PACE isn’t just about opening more areas of the state to drilling. We want to expand our PACE scheme to help mining companies get from exploration to mine development in record time. We are planning on help companies that want to develop the mine, to have their applications processed within six months.

That is a really good target. We applaud that and generally — I have got a number of examples here — for major mine approvals, Olympic Dam aside, they do stick to their six to seven-month timeframe which is pretty good. So the PACE program: there are many things that we have got that we are quite proud of in the State, once of which is the South Australian Resources Information Geoserver, SARIG as it is called, which is an online web application developed by PIRSA enabling users to search, view and download information relating to minerals, petroleum and geothermal exploration in South Australia.

Another one is the Glenside Drill Core Storage Facility. It is a legislated requirement for all exploration companies in South Australia to provide to government core and cutting samples. PIRSA has for many years recognised the value of retaining drill hole samples obtained from mineral and petroleum exploration in South Australia. These specimens provide essential information in the search for ore deposits and petroleum reserves, for reinterpretation of structural and stratigraphic relationships and for geoscientific research. The Glenside Drill Core Storage Facility has been open since 1978 so it has been going for some time now. It has been extremely valuable for people who are wanting to look back at the exploration of the past, especially in the last five or six years or so. The samples may have sat there for 25 years or so with no-one looking at them, if you like, but then when something like a mineral boom comes along, they can go back and look at those drill samples, gather information there along with SARIG and the information helps them along.

So I guess a quick overview, I guess, of some of the main points that we report in South Australia from a government point of view, so how does that stack up? You would have all heard of the Policy Potential Index. That is a composite index that measures the climate for exploration created by government policies, including taxation, environmental regulations, duplication and administration of regulations, native land claims, protected areas, infrastructure, labour, and socioeconomic agreements. South Australia has ranked first out of the Australian status for the last five years for that index. So I guess I say that because if people ask: ‘Does it work?’, I would say, ‘Well, leave it up to an international body to tell us whether it works or not’.
Mr FOLEY — Do you think it works?

Mr FORBES — Well, we know it does, so yes. There is currently a mineral possession index as well. We sit about 27th in the world in that one, second, Australia WA. We seem to alternate between WA and SA for that one. Some other things going on in the State, which I think are important and useful for our sector, there is a demand study that has just been finished by Parsons, which was a report sought by the Resources and Energy Sector Infrastructure Council, RESIC, to undertake an infrastructure demand study. The aim of that is to understand future projects, development and programs. So that looks like that. I cannot show it to you because it has not been released to the Government yet, so you cannot actually read it, but it looks like this. It goes right through things like rail, electricity ports, et cetera, across the State, so in essence it was a survey. I think they surveyed about 25 companies or thereabouts. It will be released publicly.

The CHAIR — When is it due for release?

Mr FORBES — Hopefully by the end of this year. What will be released to the public will be a document which will have all the data, but the recommendations coming out of that are confidential. You might be able to find that out through different means. They will go to the Government. I do not know what the recommendations are myself as yet. The Government will choose to do what it wants with those recommendations, I am sure what it feels best. It has been a great piece of work for us because one of the great challenges for us, especially in the emerging mine State, is infrastructure and the challenges of getting our stuff out, quite frankly.

So a few snapshots from that. Apart from demand, they found over the next 10 years mining investment in South Australia will be approximately $35 billion. Most organisations plan to invest significantly in support of infrastructure, such as water, electricity, road, rail and ports and spending looks to be around $14 billion on all this infrastructure. I will not go into too much detail at the moment. Obviously on infrastructure, from our end, right now is ports and lack of deepwater bulk commodity points with our iron ore industry. It is not so important with uranium, but we have got it all going out and shipping it in containers from far north, right down to Port Adelaide and stacking containers on the wharf, picking it up, rolling it into a ship and one-by-one it is not ideal.

We have other companies looking at floating harbours. There are all sorts of wonderful things that are going to happen. People just have to get on and do what they have to do to try and get it all out of South Australia. So for us, deepwater bulk commodity ports is a big issue. So that study is funded by the State Government.

I thought I would talk briefly on a few things that we initiated as an industry. In the middle of the GFC we went to the State Government with an idea to put a program together called the Geoscience Assistance Program or GAP program. The GAP program is a program to subsidise the salaries of geoscientists, geologists, graduates and unemployed geoscientists. At that stage exploration activity took a fairly steep dive, about two years ago or so. The State Government decided they wanted to fund that to the tune of $750,000. To date there have been about 26 people placed into exploration and other companies in South Australia. So that provides a good stimulus for them to keep going. So if you are down, if you are trying to scrape every dollar together, if you get half a salary or something, it might help you employ a junior grad to keep exploration activity moving along. That initiative has been extended. It was due to finish in July this year but it has been extended to July next year. That is the GAP program.

Another one that we initiated is called the Emerging Mines Occupation Health and Safety Project. We went to a body called MAQOHSC, and that is the Mining and Quarrying Occupation Health and Safety Committee, which is the body that sits in South Australia. They have some funding for various programs to do with occupational health and safety. They agreed to fund us a maximum of $100,000 at 24 months at $10,000 per company to provide free advice to emerging mines on occupation health and safety needs. The range of that can be anything from: ‘We are just getting started with drill rigs. What do we do?’, to: ‘We are just about to open a mine. We want a health and safety audit done over our mine which is just about to open just to make sure we have got all the best practices in place’. I mean, I know that they have to meet the criteria of SafeWork SA, for example, but it is a good checklist for their own occupational health and safety. So six companies have taken that up so far and we have got four to go, which will be in the next six months or so.

A couple more on community engagement. A big issue is the miners moving into the farming land. I am guessing; I do not know what is happening in Victoria, to be honest, but large tracts of pastoral land — you are
pretty well all farming land, if you like, and therefore you probably hear this stuff every day, but where we are
we are on the cusp of it on the Eyre Peninsula. The Yorke Peninsula has probably for the first time in — almost
a century in some cases — has a mine that is moving onto the land in minerals. Obviously for a farming
community that is worrying at the best of times because change is always upsetting. So inside that space we
recognise that it is a growing issue in this state.

Over the last few years we have done some work on things like industry code of practices, so we developed an
industry code of practice for stakeholder and community engagement. We also put together a code of conduct
for landholders of mineral exploration in South Australia, a framework to access rural land. That was three
years ago and that was drafted and endorsed by us with the South Australian Farmers Federation. For example,
we talked to the Farmers Federation quite a lot on a whole range of issues on land access issues, on community
engagement, and we have certainly been talking to our member companies about best practice community
engagement, starting early doing an offer, being transparent and making sure it is done in the absolute best
practice. That is probably a looming issue and of course nobody wants to see something parked across farm
gates like you do in New South Wales and Queensland at the moment and things like that.

We do not have any CSG, but that is beside the point. It is about how you do business. To the credit of Santos, I
know it is done pretty well — they have done everything pretty well by the book — but you know there are
some people who just do not want it. They are very good but I think that will come out in due course.

Nigel is going to take over for a minute. I hope I have not been going too long. We will talk about indigenous
issues and indigenous land use agreements and then we are pretty well finished.

The CHAIR — Did you want to state your full name, please, and your address?

Dr LONG — Nigel Long, 290 Glen Osmond Road, Fullarton, South Australia.

The CHAIR — And you are representing?

Dr LONG — South Australian Chamber of Mines and Energy.

The CHAIR — Your position with the South Australian Chamber of Mines and Energy?

Dr LONG — Director of Corporate Social Responsibility.

The CHAIR — Thank you very much.

Dr LONG — Yes, thank you. I am just going to follow on just to have a bit of a brief summary about what
is happening in terms of native title in this State because it has a unique nature as we understand between the
other jurisdictions and how they apply the framework under the Native Title Act, the Commonwealth Native
Title Act and states’ acts. The approach that was taken early on in the ‘90s was to actually develop a round
table, if you like, of industries or stakeholders that were required to fulfil native title requirements under the
legislation, and early on in 1998 a group was established called the South Australian Native Titles Resolution.
This was a meeting of not only State Government and the South Australian Native Title Services — that is the
State representative body for native title claimant and holders in that State — but also includes us as the industry
body for mining and energy, the South Australian Farmers Federation, local government and also wildcatch
fisheries representing both the fishing and aquaculture industries in this state.

It was designed very early on in the piece to develop a relationship between the different bodies and how they
worked together to actually implement a system of improving how we go about in dealing with native title
issues in South Australia. If I just focus on the chamber side, although all the industry bodies did something
similar, we developed working documents to indigenous land use agreements which are a common thing across
Australia. The working document was negotiated between the State, SACOME and the South Australian Native
Title Services. This was used as a working document, not so much as a template, but a working document that
would provide a framework for individual native title claimants or indigenous groups, to be able to negotiate
land access agreements with the resources industry.

It was seen as an alternative process to what we call part 9B of the Mining Act here in South Australia. Part 9B
is effectively a land access agreement but indigenous land use agreements go that step further rather than just
around access. The uniqueness about these indigenous land use agreements is that for every native title claim
they are fully pre-negotiated. So SACOME, the states and the individual claimant group negotiate these indigenous land use agreements that cover the whole region, the whole claim area, and all that is required of mining or resource companies is for them to sign documents that say that they will sign up to that indigenous land use agreement and abide by the negotiated outcomes between the three main parties. So what we see, in effect, is that rather than individual companies going on and doing individual ILUAs for individual projects, we see that they are only done once and it obviously streamlines the process but it actually improves it for the native title claimants as well in that they do not have to negotiate with how many companies over how many projects within their claim area.

So this has actually streamlined the process to the extent that projects can get moving quite quickly because those sorts of agreements around how access is done, communication processes are in place between the native title claimants or holders and the individual companies and also it deals with how Aboriginal heritage is actually dealt with as well in terms of clearances and requirements under the Aboriginal Heritage Act. The Aboriginal Heritage Act is quite a challenge, to say the least, in that it is quite convoluted and it has been built on over a period of time and it no longer is quite streamlined.

Mr FOLEY — Just the State Act?

Dr LONG — Yes. What the ILUAs do is everyone in the State has a requirement to protect Aboriginal heritage if it is identified. What the ILUA puts in place is a process and a framework of how mining companies would deal with those Aboriginal heritage issues in a much more streamlined and transparent way than the Aboriginal Heritage Act.

The CHAIR — The Act allows for that, does it?

Dr LONG — Yes. So if you sign on to an ILUA, the principles of the Aboriginal Act, they have to abide by it, but in terms of the process of dealing with those principles the ILUA can deal with that and you do not have to, if you like, follow to the letter the Aboriginal Heritage Act.

The CHAIR — It would be very helpful in keeping with their six-month timeframes.

Dr LONG — Certainly. Also in terms of Aboriginal clearance and it also has a protocol in place for, if you like, fees to be paid by exploration companies to the traditional owners to do the clearances as well, so they are all defined right upfront. But it also goes further. It also addresses how companies might be able to look at economic and educational and social assistance to those communities as well. So we see that actually being much broader than being access and heritage. It is about providing and facilitating a better economic outcome and social and environmental outcomes for the traditional owners. So while it is not around so much the regulatory process for getting licences up, it is a key part, as you would understand.

Along with dealing with access to farming land, these are critical components that can actually make or break a project and are critical to the ability of those projects into the future. We are quite proud of what the ILUA process does and yes, we have still got a way to go, but we have certainly made some significant inroads into having that in place.

The CHAIR — Are those processes, are they held from the one-stop-shop?

Dr LONG — The ILUAS?

The CHAIR — Yes.

Dr LONG — No. These are done separately. In terms of the licensing and the application for exploration licence, or any licence under the Mining Act, that is obviously a one-stop-shop and deals with, coordinated through MITRE, with all the relevant government departments, so there is no need for individual companies to go traipsing around every individual company. There is a project officer within that that deals with those sorts of issues, again licences and leases up and running.

In terms of the ILUA agreements it is just a matter of those companies deciding that they see that is their most appropriate way for them to do business with native title holders or claimants and they sign up to that as a decision of their own. The Mining Act still has the part 9B and some companies have chosen to go down that route, but the benefits of the ILUA are much broader and the part 9B is access.
The CHAIR — Is that perceived as being almost the same outcome in the end?

Dr LONG — No. It is a better outcome in the sense that, as I said, the 9B is only really about how you access that land, and you have got the Aboriginal Heritage Act as well, this builds it into one discrete framework and one discrete process that you have that is quite streamlined for individual companies so that it actually spells out what they are going to do in terms of engaging with the landowners, how they deal with the Aboriginal heritage issues, how they will work with those in terms of the social environmental and economic outcomes as well. So the outcomes are extended by these ILUAs rather than 9B, and certainly something that we obviously have bids in this because we put our own skin into the game in terms of negotiating these, SACOME with the individual claimant groups, but we actually promote these because we do see them as having those broader outcomes in terms of how you are developing relationships with those communities.

Mr FOLEY — Just before we get to the formal questioning, the MITRE, as it now is, whilst they are the one-stop-shop and have a property officer and are aiming for the six-months regulatory turnaround and approval, the issue of dealing with native title claimants, that sits outside of that process.

Dr LONG — It is not directly linked to the, if you like, the — —

Mr FOLEY — It is not a formal part of their task, but — —

Dr LONG — No.

Mr FOLEY — But because they are there to assist would they give an applicant informal guidance or would they come to you and — —

Dr LONG — I am not sure whether MITRE does give advice or assistance.

Mr FORBES — I guess — it may not be entirely correct in the sense of it would be almost inconceivable that the people knowing that the ILUAs exist and how they work in general that someone comes to them and talks about a project that they would send them in the right direction. Let’s go that far.

Mr FOLEY — But in terms of the target of a six-month turnaround, it is not formally part of it?

Dr LONG — No.

Mr FOLEY — So they would come to you and PIRSA would send them off saying there are two options, but if you go down the part 9B because that is legislative, do they help you with that or they say you choose 9B or ILUA?

Dr LONG — The history shows that ILUAs have better outcomes for all sorts of reasons.

Mr FOLEY — They presumably would be members of yours.

Dr LONG — They get the same advice. There are guidelines, obviously, that MITRE have put together in terms of how a company goes about the licensing process, if you like. Within that licensing process they will talk about the ILUA and the 9B options and each of those would have a discussion about what 9B means and what ILUAs mean, and on the MITRE website the ILUAs that are registered with the National Native Title Tribunal are all the documentation required of a company to sign up to any particular ILUA that has been registered, which is on the website as well, on the MITRE website — I think it is still the PIRSA website.

Mr FOLEY — In transition — I do not want to stop your flow — but are there any other areas of the total spectrum of regulatory approval that sit outside the PIRSA/MITRE assistance package beyond the dealing with native title claimants?

Dr LONG — Look, where there might be, and it really depends on, I guess, agreements between the Commonwealth and the states. Anything that might have implications under the EPBC Act might be separate to that. I am aware that there are agreements between the Commonwealth and the State between the terms of assessing those applications.

Mr FOLEY — Mutual recognition.
Dr LONG — Mutual recognition. Particularly if they sit outside the Development Act they would be separate, so that might be the case. I do know that there is the case where they were separate processes, the licensing and the EPBC Act. If it comes under the Development Act, which sometimes projects are given special status under the State legislation, they come under the Development Act. If there is an EPBC Act implication, an EIS under the Development Act would be the same.

Mr FOLEY — Okay.

Dr LONG — It would be the same document, if you like. It would not be a requirement.

Mr FOLEY — Mutually recognised?

Dr LONG — Yes. Mutually recognised. If it was outside the Development Act, they would have to do a separate environmental application if there was an EPBC requirement.

Mr FOLEY — Sorry to stop you.

Dr LONG — No. That is a good question.

The CHAIR — Is that the totality of your submission?

Dr LONG — It is. I should just point out that there are separate ILUAs, that we do have an exploration ILUA which is a framework document. We also have a petroleum conjunctive ILUA, which is a framework document as well, conjunctive in that it deals with exploration and production. At this stage we do not have an equivalent for the mineral side in that going into production there is not a framework document for that at this stage. It is really just around exploration.

The CHAIR — Are you happy to take questions?

Dr LONG — Yes.

The CHAIR — I am really interested in, given the fact that your minerals have obviously been so far undercover, what was the process undertaken to uncover those things to find out where they were? Is that just something that research provided?

Mr FORBES — A lot of work through the PACE program is actually to do with mapping undercover in South Australia by magnetic surveys. If you read through the PACE program you will see it is separated into different areas, if you like. Only one part is drilling; the other part is doing mapping of the State, and that is an ongoing process that is happening today and they identify various parts of the State of most interest. Do not ask me how that works. You have to ask the State Government how they come up with the detail of that. It is a shame they are not here today, but certainly part of the funding that is put up by the State Government through the PACE program is getting that data from the State. You can look it up on SARIG, et cetera.

The CHAIR — So the funding for the geoscientists, the money that was put aside, the GAP program, would that have been to assist in that?

Mr FORBES — No. Not directly. That was purely to get what was a glut of graduates coming out through GFC into employment or unemployed geoscientists who may have been out of work. I think it was six months was the limit or a year, somewhere around there, to basically employ them and keep them in the State. More importantly not just getting them work but getting work here so we do not lose them interstate, and that is an ongoing funding. With us coming out of the GFC, to a certain extent exploration expenditure lifting, it is actually not so much as for the unemployed but more of a keeping them here as well so they do not leave to go to Queensland and Western Australia. So yes, it is a bit of that in there as well.

No, the other thing I should mention which might be relevant is there are a couple of things that happened with the South Australian Centre for Mineral Exploration Under Cover, which was at the university headed up by David Giles, so that is the kind of thing that is set up. There is also a deep exploration technology exploration CRC set up.

Mr FOLEY — We did hear from both of those.
Mr FORBES — Okay.

Mr FOLEY — We are keen to hear your views.

Mr FORBES — The guts of it I do not really know. It is just to mention if they were not coming, but they are the two facilities that only look at exploration undercover. David Giles will tell you all weird and wonderful stuff about what they are doing and the depth CRC focus on drilling techniques and different systems. They have got a site being opened in the Adelaide Hills. They have a training facility which contributed to that and to do research and also training as well. So that is a great facility.

Dr LONG — It would also be fair to say MITRE’s predecessors. There has been significant work done by them on a high level of exploration as well. A lot of those cores go back a long time when they would have been done by whatever department it was at the time, obviously within the limitations of the technology, I guess, and there are very high level magnetics as well that were done by the governments over the years as well that I guess give indications to potential explorers what is a possibility in certain areas and obviously led them to decide to make decisions on taking out tenements and they do it on that knowledge. So there is some of that background data as well.

Mr FORBES — Certainly David Giles will be able to give you more insight into that from a technical point of view. He worked very closely with PIRSA on what he does.

Mr FOLEY — So we have heard a lot of submissions from industry and representative bodies about the performance of South Australia, and your evidence today indicates the rapid growth and it is regularly put to us that the South Australian PIRSA or MITRE, whatever it might now be, model is considered to be best practice in Australia, whether it is the various industry measures that you have spoken about or perceptions, and a number of industries have also said that and a key part of that is the one-stop-shop approach to regulatory approvals, and it seems your evidence so far seems to have supported that, but having said that can you identify what both the strengths and weaknesses of that approach have been and what, perhaps, sits around and beneath that beyond the CRC and the sort of material that we think we will hear directly from those parties, but the sort of broader industry cooperation and other mechanisms whilst at the same time actually considering what is the role of government, specifically regulatory approvals. So the strengths, the weaknesses of the one-stop-shop approach and what sits around it, from your point of view.

Mr FORBES — The strengths are obvious. I am not sure of the weaknesses. The strengths obviously are that when a major mine is coming into fruition — there’s a great proposal and they are starting a process of working through a mining lease for the Government — that single point of contact, who is that? You could all imagine we have dealt with governments in various ways. If you can get one person who is your case officer, if you call it like that, and that person’s job is to get your project over the line, quite frankly, and they will be upfront with the companies, but they will start them off and say: ‘These are the things you have to do. These are the hurdles you have to jump’, and they will sit down and work their way together. Also that case manager would deal with other agencies by putting that proposal to other agencies, Department of Environment Heritage and all that kind of thing. They will take that out because you have not got — the person who is about to start the project has to traipe around from department to department.

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The CHAIR — And they have to detail the story right from the beginning every time.

Mr FORBES — Exactly. I know in other jurisdictions that is the case and it drives them nuts, quite frankly. It slows it down enormously and they are running from pillar to post. Having that one single person as their case manager is fantastic. I am struggling for a weakness, quite frankly, in having one person, but it is good. That is a great system. One of the things that go with that is that we consistently put a pre-budget submission every year about the resource of PIRSA and MITRE because a couple of years ago they slashed the State budget. I think the Department of Economic Trade, from memory, lost about 250 per cent off their budget overnight. The PIRSA minerals budget was not touched, which we lobbied hard for, but obviously they have their own department here too basically saying if you cannot resource the Department for approvals, you know, if you have not got the people on the ground to actually keep up and provide that system of case management, for example, then you are in trouble. You strip everything out, then the backlog just keeps backing up forever. So having a resources department is absolutely vital.

The CHAIR — It produces the income too, does not it, and that is a strong consideration.
Mr FORBES — I am not sure if I answered your question about the weaknesses inside that. There are not many. The system does work. Hell, I mean, the weak — individual companies, and I talk from a general basis, individual companies like all businesses in Australia will have a weakness about the government and red tape and bureaucracy and how long it takes, et cetera. Wish list? Somebody said: ‘I am actually talking about red tape and approvals and getting onto land and all that sort of thing’. I said: ‘That is fair enough, how can you compare with other States?’ We are fantastic when the red tape is down. So on one hand they will always say that, quite frankly, they will always have a chance to have a go: ‘Make it better’, or: ‘I just do not like that bit. It is too slow and it should be done another way’, but on the other hand if you ask them: ‘How do you compare with other States?’, they will say there is no comparison.

Mr FOLEY — Just to unpick that a little bit, you have got a project officer. What sits behind that? Is it regulatory or legislative backing that makes that person able to deliver the other agencies or is it policy and resource?

Mr FORBES — I think it is policy, resource and commitment, quite frankly. The Mining Act and regulations and all this stuff, you know, they have general principles of how we are going to work. Ultimately there has to be a willingness right from the top. I think to its credit, Mike Rann as Premier, he had two main messages which he banged on for the last five years — forcefully — we are open for business for mining and defence, okay, and we will do everything we can and where that Strategic Plan is useful in the sense that, as gutsy as it is, for every single one of those Strategic Plan Targets there is a number against it.

Mr FOLEY — How important were they, the setting of that?

Mr FORBES — They were very important. That is a gutsy thing to do, putting your head on the chopping block — ‘We are here to target. Now, you go and meet it. I do not care how, best practice, we will resource you as well as we can within your budget, but we will not strip you out’, and it is that, quite frankly — every South Australian you meet in the street and ask: ‘What is going on in South Australia?’ , they will say: ‘Mining and defence’. ‘Do you know anything else?’ ‘No’. ‘What about Holdens?’ ‘Mining, defence and Holdens’ The message has been very strong to the general public and getting the community support that we are open for business in mining and defence, okay, and we will do everything we can and where that Strategic Plan is useful in the sense that, as gutsy as it is, for every single one of those Strategic Plan Targets there is a number against it.

Mr FOLEY — Just in terms of what then surrounds it, how important, talking to the CRC and the others, but how important are things like SAMPEG, the industry-led promotional group that brings industry bodies presumably in partnership with that government commitment. How important is that?

Mr FORBES — I think — I do not know about a lot about SAMPEG. It is one of those ones I have not been involved in. All the people that sit on it we probably know, but they do their own thing and probably do it well.

The CHAIR — It is a scene-setter.

Mr FORBES — Yes.

The CHAIR — Markets in the community. Here is the benefit.

Mr FORBES — Yes. It is one thing I do not know a lot of. But generally, yes, setting up things like RESIC, the infrastructure council. A resource, engineering and skills alliance is set up as well. That is funded out of the DFE, Department of Further Education et cetera. We are working with them to do a work for labour demand study as well. Together there will be two big reports, one will be infrastructure, which will have a good handle on what we will need, and then the recommendations to the Government about how we are going to achieve that, understanding that the State Government will not put money into infrastructure for mining. Basically you are on your own. Now we want them to underwrite the report and that is what we will be in a position to ask. We will underwrite a deep commodities report, but they have not come to the party yet. It could be they will not outlay a cent, but we are always looking for a push if we can apart from all this other good stuff that they do do, but putting hands in pockets and getting cash out is too hard. So when it comes to actually paying for mining infrastructure, no, they will not come to the party yet.
Mr NOONAN — My question was going to be a macro question about when you go back 10 years where this all started, this was a political leadership issue driven or pushed up by industry. I think you have captured that in the question Martin has asked you. I will move on to your practice which you developed for stakeholder and community engagement. Just trying to understand what the uptake of that code is among your members because it looks like a pretty thorough document, so can you just tell us when you developed it? It looks like 2009, but why you developed it and what the uptake is initially and then I will just have a few questions to follow.

Dr LONG — It is going through a process of updating and improving, if you like. It is one of those documents that builds with time, not just stays static. I guess we have also seen changes to the legislation which actually have to be reflected in this document as well, obviously, both the code of conduct and the code of practice. Look, I think it is you who really started that. I have sort of taken it over. We, as I said, we are going through a process of amending it, changing it, improving it, whatever you would like to call it, and it is something that we are trying to really encourage our members to be signed up to. We do not have it as a ‘You have to be a member of ours’; it is a voluntary code of practice, but through things like working with the Farmers Federation and developing a working document around land access and compensation, we are building that code of practice into that document as well. So we are looking to actually make it a key part of how they deal with all the framework documents we provide our members to use when negotiating land access with farm holders, but as well as going to farm holders it is also the community around that area as well. So we are trying to build it into other mechanisms, if you like, within the stuff that we are doing as a chamber so that it actually becomes just an automatic, if you like; part of the company’s business.

Mr NOONAN — So is the code supposed to apply at the exploration stage?

Mr FORBES — Yes. Absolutely. As soon as you — —

The CHAIR — From the start?

Dr LONG — From the start, yes. Before you step on their land.

Mr FOLEY — Does it start with the first knock on the door?

Mr NOONAN — So given the Act has just been changed to provide for a notice of provision, is that sort of an admission that perhaps the code has not had the uptake that you thought it might?

Mr FORBES — That has been around forever. That is not a new thing.

The CHAIR — Has that been in writing?

Mr FORBES — Yes.

Dr LONG — It has always been in the Act.

Mr FORBES — Four years as far as I know. You may be referring to the chambers and the regulation.

Dr LONG — Essentially, in the code of practice, if you just go by the strict requirements of the Act, a company would only just have to serve the notice of entry and within 21 days — obviously the landowner can appeal that notice of entry, but they could just walk straight on. I think what we are doing with the code of practice is to build on that. Rather than just serving a document which looks like a legal document that there is actually built around that a proper engagement with landowners that are going to be affected by your activity, so that is a bit broad.

Mr FORBES — If I could jump in for a minute, I think, Wade, what you may have seen in the recent changes in the Act and regulations was that the Government called ‘improvements’ — I might call it something else — but a few updates on those which means that, for example, the notice now must be served on petroleum because they overlap. You have to be on the same patch of land, one looking for gold and the other one gas. Before it was not seen as a holder under the Act and so it did not have to be served with a notice of entry. So they have changed that, but conversely in their Act, the Petroleum Act, they had to serve notice on the mining company and that was, they saw that as unfair and so that is the improvement in that. The other difference of mode of entry is that they updated — I am just reading off the script here, but it says: ‘Reasonable description
activities, a process of informing the landowner rights and compensation’. That has been improved and just expanded a bit. So especially the description of activities. So notice of entry has always been in the system. It is just that they changed a couple of things, make it a little bit better.

Mr NOONAN — The notice of entry is just a written notice that landholders receive?

Mr FORBES — Exactly. I will just jump in. It is an example of community engagement starting from the very first thing about how you, of course — and we say this too: ‘You are members’ — how you actually deliver that very first notice of entry.

Mr FOLEY — That will be the first time that a private landholder or leaseholder could — —

Mr FORBES — It could be.

Mr FOLEY — It could be the first formal notice, perhaps.

Mr FORBES — Exactly.

Mr FOLEY — Once I have applied for an exploration licence, before I go start drilling, there is nothing to require me to advise you as the private landholder or leaseholder that I have this exploration application or licence.

Mr FORBES — No. Some exploration licences, for example, on the Yorke Peninsula, which are reasonably ordinary farms as you call them, some of those guys have got 190 landowners on one tenement. So we advise strongly to them to say, you know, for best practice in community engagement, hire someone now, do not wait until later. Hire a good person and get that person knocking on 190 doors because otherwise what happens is that if they do not do it that way they will get 190 notices in letterboxes of farmers or affected people and when you open it, it looks like, you know, a summons to, I do not know, go to a ‘Victorian economic committee’ or something. So it is the way you do it. If you open that and go: ‘What the hell!? A mining company? What do they want to do on my land?’, and they can just come on, suddenly there are 190 people in the district on the Bush Telegraph going: ‘What is this?’ The first thing is my farm is about to become a dirty great big open mine, just by stepping on the land they are going to find something. We know that it might be 1 in 100 or 1 in 1000, depending on the data you have got. A lot of the time they will come and drill the hole and find nothing and then they will be off and then they will come back.

Mr NOONAN — We have got the Farmers Federation coming later and some of the research we have been given from our executive team suggests that they pushed for the Act to be amended to further protect agricultural land by requiring that freehold pasture-intensive livestock land be exempt from mining operations. Is that factually correct and if so does that worry you as a chamber as an approach?

Mr FORBES — We are laughing because both Nigel and I worked for Farmers Federation before we came to South Australian Chamber of Mines and Energy. So the people you will be talking to today we know very well. Probably one of them was our boss. We talk to them about this community engagement thing, about compensation agreements which Nigel has been talking about, to Carol Vincent at the Farmers Federation. She used to be our boss. We go and see her regularly.

Will the miners and the farmers always agree on certain stuff? Of course they will not. When you say ‘exempt’, a number of amendments are put up into the Mining Act in various forms. Some people put a thing — a ring fence if you like — from just north of Burra, coming around to the Adelaide Hills through the Fleurieu Peninsula to make that exempt from mining exploration. They want part of that — and do not quote me back to Carol because she might say something different — but the other side to it is there is certainly a push from the Farmers Federation to give the farmers the rights to say: ‘No, okay? No’. If you get a notice of entry: ‘No, you cannot come on’. They have got a right to say that now, but then what would happen if they take it down that course, if the mining exploration company decides that the target is too interesting on that property, then they will take them to the court and then they have to show good reason why they should not allow them on the property and go through all that legal process. So there is that side of it. They want the right for the farmers to say: ‘No, you cannot come on’, basically without any recourse. No means: no you cannot come on.
Mr NOONAN — So it is true. They sought that amendment and you are suggesting very clearly in response that this would be something which would have an adverse impact on your sector and probably discourage a greenfields exploration and investment.

Mr FORBES — Absolutely. Certainly. It would kill it. In law, you would get a notice and go: ‘No. Why on earth would I let an exploration company come and drill on my property?’ Ninety nine per cent of them would go: ‘No’. When it rains you have got a problem.

Mr NOONAN — You say there is no role for protection of prime agricultural land within the State of South Australia?

Mr FORBES — We spread right out, which is the good news, and a lot of the stuff is way out in pastoral country. That is the good news as well. I think it is always dangerous — and obviously a lobbying line will be — it is dangerous and unwise for any land to be locked up for exploration at all, quite frankly.

Mr NOONAN — Locked out?

Mr FORBES — Locked out from exploration. So going on there and exploring, with good rehabilitation, work plans, with all the good conduct stuff for farmers: do the basics, shut the gate, do not drive through the middle of the wheat paddock when you are back to harvest, do not do other things that I cannot even talk about, but drillers often sometimes do. Do the basics, do it right every single time and then from there we worry about you finding anything. Then it is a whole new ballgame. But go and find out what is there, okay, because it may be that, in fact, you have got a whole heap of stuff, a whole huge mob of land but there is nothing there, there is nothing to worry about. Of course they are going to get worried if they find something. That is a fact of life.

In essence, you call it sterilising the land. That is what is going to happen at Woomera in the red zone which has been exempt from mining. The only people to go in there are from PIRSA. They may have a drilling program going inside the red zone with oil exploration just to find out what is in there because in a hundred years’ time, we will be all dead and gone and core samples sitting in there. The Woomera thing has been shut down and it is moved to Western Australia. Suddenly, you have got a big chunk of land highly prospective because it is not far from Olympic Dam which has been drilled.

So I think generally, yes, drill it and then we will worry about the process. Now, if it is in a dirty great big mine — seven kilometres by two kilometres coal mine in prime country, you know, with water wells, sitting in the middle of it or whatever — then that is a decision for the Premier or Minister to say: ‘Okay. We know what it is, we know what we think we are going to do with it. Let’s weigh up the benefits to the State’.

The CHAIR — You cannot do the balancing act until you know what you are balancing.

Mr FORBES — That is exactly right. That will always be our problem.

Mr NOONAN — So what has been the change over the last 10 years in terms of investing greenfields exploration through all this changing policy direction, investment, because, you know, obviously we understand brownfields exploration is probably the lower risk, clearly, but greenfields is really where you can bring significant increases, I suppose, in the size of the sector. So have you been tracking the growth in greenfields exploration in South Australia, let’s say over the last decade, and if so what have you seen?

Mr FORBES — What we see, there should be a map here. You can find that out from the presentations of the exploration where it was and we do that in dollars. You know, but it is a nice map of the tenement and filling up rapidly and then you kind of have a bit more patchwork coming as the GFC hit and then it started growing back up again. Ultimately we cannot also give entire credit to the State Government.

Mr NOONAN — No. You would not want to do that.

Mr FORBES — A chunk of this would have happened anyway purely by the commodity demand from China and looking for the commodities that we have actually got. Our problem, of course, historically is that the price never made any economic sense to go down 200–300 metres to try iron ore, copper, uranium, gold, et cetera. It did not make any sense. And the technology has changed to find the stuff as well. So a combination of all, of economic conditions.
Yes, the Government came to the party with some really good schemes about helping with the PACE program and getting really good data on board and for that and continued to pay for all of it — not all of it, but a small amount. Then you get some wins. And Rex and a whole heap of other groups have benefited from the PACE program of going out and finding stuff. So good programs, good systems are behind it and good data.

Mr NOONAN — Have you got that document somewhere and you want to copy it to us later, and it is not confidential, whatever document you are referring to where you sort of talked about the greenfields exploration, if we have not got that already?

Mr FORBES — If you go on the PIRSA website, what is new and previous what is new, there are heaps of presentations going back for a year or more and just in there is always a picture of the greenfields. I am happy to leave you this now if you want them.

The CHAIR — That would be fine, thank you.

Mr FOLEY — Just one more question. The code of practice, if I want to become a member of the South Australian Chamber of Mines and Energy, am I required to sign up to that?

Dr LONG — No.

Mr FOLEY — Are there those that do not?

Dr LONG — I would say that a significant portion have not yet. We do promote it and indicate our strong preference for them to be a signatory to it.

Mr FOLEY — So does that mean that they perform below that standard or above that standard?

Dr LONG — No, not at all.

Mr FORBES — Every company is different. We cannot comment on that. The truth of the matter is we launched it, we signed up some companies immediately, I think 12 or 13 immediately on the launch, and that was great, and then we get busy and go off and do other stuff. All that means really is that what we are starting to do now is pick it up, dust off and go to another push out to the member to say — by the way, this is a toolkit that they can use in a practical sense and you can only get that by being a member. So there are practical stuff that sits behind this — ‘If you sign up, not only is it looking good for your company and you learn more about community engagement anyway, but behind that we will actually give you as a member a free toolkit which is a really good checklist of the things that you should do to have really good community engagement’.

Mr FOLEY — Just on that, does PIRSA or MITRE, with a project officer from a prospective company, raise these issues?

Mr FORBES — You do not necessarily, you get a case manager when you have found something and then you get serious about mining work.

The CHAIR — Are we able to get a copy of that toolkit?

Mr FORBES — Sure. Do not hand it around.

The CHAIR — No.

Mr FORBES — Or all my members will leave.

The CHAIR — We will be very careful with that. Thank you very much. We greatly appreciate your time.

Mr FORBES — We kind of broad brushed. You will get more scientific and technical stuff from others.

The CHAIR — No. It is the broad brush that we are interested in.

Within a couple of weeks you will get a transcript of the proceedings today and you can make any alterations that are there. You can do the typographical changes but not change the substance. So you will get that shortly. We really appreciate that.
Dr LONG — Thanks for inviting us.

Witnesses withdrew.