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The Executive Officer,
Economic Development and Infrastructure Committee,
Parliament House,
Spring Street,
East Melbourne Vic 3002.

Dear Executive Officer,

Inquiry into Greenfields Mineral Exploration and Project Development in Victoria

We would like to provide some brief considerations into some of the issues the committee has been asked to consider. We are only offering comment on those areas in which our company has particular expertise.

1. **Victoria’s endowment across a portfolio of commodities;**

   In the precious metals area, Victoria is seen internationally as only partially explored. In the eastern part of the state (East of the Hume Highway) only the “very close to the surface” resources have been exploited and in some areas these have not even been subject to intensive exploration.

   Modern rapid analysis equipment such as field portable X-Ray Fluorescence technology (XRF) will allow better exploration when some of the more difficult regulatory and environmental issues are rationalised.

2. **The Regulatory Environment;**

   For a major overseas mining investor the regulatory environment in Victoria is complex, multi-layered and at times openly intimidatory. In short, there are more friendly places in the world to invest your exploration budget.

3. **National and International perceptions of Victoria’s prospectivity.**

   From the Asian perspective, Victoria is regarded as a potentially highly productive precious metals area that is regulated or controlled by some of the worst regulatory systems in the Asian Pacific area. This view has been held since at least the 1970’s, and I personally know of a number of major Asian mining investment houses that have looked at serious exploration and infrastructure investment in Victoria but have balked at the horrific, multi-layered dysfunctional regulatory system.

   All of the old gold mining areas in Victoria are contaminated with mercury and most are also heavily contaminated by arsenic, as well. This mercury/arsenic contamination represents a major investment risk for international investors in two ways, (a) the health risk to field staff whilst carrying out exploration and (b) the risk that they may be saddled with the expenses of the environmental clean up in an area where they are exploring, as the Victorian government changes its view of who actually owns the mercury problem, to suit a particular circumstance at any particular point in time.

   In the eastern part of the State, the Government has taken the view to allow many of the access roads into old mine sites to fall into disrepair and thus exploration access is either partially or totally restricted. Even if you can gain access to old mine sites they are so overgrown with invasive weeds such as blackberry, tea tree and ivy that any proper investigation is impossible. The Victorian Government has recently been taking steps to prosecute people who clear weeds such as blackberries from mining area roads.
A classic case study (1).

The company that I represent has particular expertise in the recovery of feral mercury from historical gold mining areas. Mercury is a highly toxic Class 8 metal that is also a suspected carcinogen. Arsenic is also highly toxic and is a proven carcinogen. At the behest of the Commonwealth Government, our company obtained a Federal EPBC Permit for the clean up of mining legacy feral mercury from the Upper Goulburn Catchment in Victoria last year, to provide some base data on the size of the feral mercury issue nationally.

All Victorian agencies had 5 opportunities (including 2 national advertising campaigns) to provide input and comment on this project during the Federal permitting process. No Victorian Government agency chose to avail themselves of this opportunity.

Vic EPA, the lead agency for mercury recovery under the new Nationa Waste Plan gave the project the green light in December 2010.

Following the issuance of the Federal permit, I approached the Deputy Secretary of DSE offering to brief the department on the project. There was no response to this approach.

Once the initial stream sampling work in the catchment had commenced the company received a much-belated approach from DSE seeking an urgent briefing. We met with DSE in December 2010 and never obtained an opportunity to brief them because the staff in the room spent all their time trying to outdo each other with onerous permitting conditions. We left this meeting with at least $1.2 billion of further permitting requirements which the DSE refused to cap. This was for a $100 million non-profit clean up of residual mining mercury over a 10 year period, in compliance with the requirements of the new National Waste Plan.

It is interesting to note that the enormity of the problem with mercury in the Upper Goulburn River has been well documented since the early 1970’s and DSE, DOH, EPA and DPI (or their previous incarnations) signed off on VicEPA Report 195 in 1984. This report has been hidden from the Victorian public since its release and this means that generations of women of childbearing age and young children have been unnecessarily exposed to mercury and arsenic poisoning through the consumption of freshwater fish and crustaceans out of this system. Mercury poisoning is directly linked to Cerebral Palsy in babies.

At this point it is important to note that VicEPA is the lead agency in Victoria for environmental matters and the removal of toxic materials from the environment. This role is enshrined in the new National Waste Plan which the Victorian Government had already previously signed off on. DSE has no role in environmental clean up projects and no role in the new National Waste Plan.

The United Nations Environment Programme (UNEP) is finalising a global binding instrument to remove mercury from the environment globally. Australia is a party to these negotiations and some time in 2013-2014 time span Australia is most likely to become a party to this instrument. When Australia becomes a party to the globally binding instrument then the Commonwealth’s constitutional powers will be used to override State pedantics on the removal of mercury from the environment.

Our company has on board some major mining industry ethical investors with a strong interest in remediating mining industry legacy issues. This is the first time that this type of investment has been made globally, and if DSE’s constant and unlawful obstructionism is not terminated, it will almost certainly be the last. DSE interference in our project for no lawful reason is a sobering lesson to all mining industry investors that even the most worthy of mining related projects in Victoria will not be immune from interference by a large range of public servants from a large range of departments.

A classic case study (2).

A mid tier mining company in eastern Victoria is currently exploring the underground workings of a major historical gold mine. This company has had extensive dealings with the State EPA on mine water discharges into the nearby stream and has (I understand) reached an agreement with EPA on discharge water standards. The mine still cannot discharge this water because the local Catchment Management Authority (CMA) will not allow them to discharge the water from the mine shaft despite the fact that the water from the mine shaft has less toxic contamination in it than the toxic contamination in the nearby stream that they wish to discharge into.
However, a few kilometres down stream from the point where the mire is proposing to dump the contaminated mine water, the CMA put a 30 tonne excavator into the same stream to remove willow trees, without a Federal EPBC permit and without any understanding of the toxic metal plume that this action would create. To further compound matters the CMA burned the dead willow trees on site thus putting even more contaminants in to the stream (willow trees bio-accumulate both Arsenic and Mercury, which are then re-released to the atmosphere and hence the environment, on burning of the willows).

4. **Consideration of the costs and benefits of greenfields mineral exploration.**

The State of Victoria needs to have the proper regulatory environment in place before any well-funded exploration takes place. If there is no surety that successful exploration can be easily followed by the development of a profitable mining operation, then there will be no exploration.

The State needs up to date LiDar (at a max of 200 mm contour) data for the highly prospective regions and this data needs to be freely available to all interested parties. To obtain this data for the whole state would cost less than $5 million and the data would also be very useful for fire fighting and flood management.

The State of Victoria needs to hire competent managers for its parks and forests, feral weeds and animals need to be controlled, existing access roads maintained, and exploration crews should not be put at risk by their health being severely compromised, due to legacy mercury and arsenic issues prevalent throughout the prospective exploration areas.

North America and Canada are presently setting environmental standards for new mine developments at a higher level than ever before, and the industry is responding. Legacy mining issues, such as mercury and arsenic, are being cleaned-up and new mining developments go hand in hand with this work. Catchments that 20 years ago were in a similar state to many Victorian catchments at that time, have now been remediated and returned to their pre-settlement environmental biological diversity state whilst still supporting profitable mines that increase rural employment and supplement the local economies.

It might interest the Committee to know that during the period July 24th of July 29th 2011, the 10th International Conference on Mercury as a Global Pollutant was held in Halifax Nova Scotia, Canada. This conference had many sessions on the remediation of contaminated mines sites and the significant health issues associated with Mercury in the environment. Not one representative from the Victorian Government attended this major conference. I would be happy to provide the Committee with a copy of the abstracts of the papers presented at this conference should the Committee be interested in this issue.

Does Victoria have the will to follow this lead?

I am happy to make a presentation to the committee should the committee see merit in such an exercise.

Yours Sincerely,

Andrew G Helps
Managing Director