

18 August 2011

The Executive Officer
Economic Development and Infrastructure Committee
edic@parliament.vic.gov.au

Inquiry into greenfields mineral and project development in Victoria

To the Executive Officer,

The Victorian Farmers Federation (VFF) has reviewed the Terms of Reference for the Inquiry into greenfields mineral and project development in Victoria. Please find attached the VFF submission.

If you wish to clarify any points in the submission do not hesitate to contact Jacob McElwee on 03 9205 5552.

Yours sincerely,



Gerald Leach
VFF Land Management Committee Chair

VFF Submission on the Inquiry into greenfields mineral & project development in Victoria

Introduction

VFF welcomes the opportunity to submit on the Inquiry into greenfields mineral exploration and project development in Victoria.

The VFF has been very active over many years in contributing to policy on the mining and resource industries. During that time the VFF has developed an effective working relationship with mining industry (Minerals Council of Australia, Victoria) and other resource groups (Gas Pipelines Association) to present a united view on many policy issues and have jointly produced a range of information bulletins and guidelines.

In the mining area, our principal objective is to provide information to farmers covering property rights, payment/compensation and rehabilitation. We also have a strong focus on ensuring that the State legislation adequately addresses the same issues. In collaboration with the Victorian Division of the Mineral's Council of Australia we have produced the 'Guide for private landowners regarding exploration and mining on private land' see Attachment 1. This has been effective in communicating the expected/required processes and the rights of farmers throughout minerals exploration and extraction developments.

Although mining and earth resource development is often intrusive to normal farming activities, the VFF does recognise that they are primary industries like farming and many economic and institutional issues are common to both industries. We also note that regional Victoria benefits from mining & resource industry activity.

Food security is an emerging issue, particularly considering projecting increases in global population. As a result there will continue to be a pressure on land availability for mining activities. This pressure is particularly apparent in Victoria, which produces 24 percent of Australia's agricultural output on 2.6 percent of the land area.

The VFF would like to provide specific comments on several parts of the Terms of Reference. These comments are set out below.

Specific Comments on Terms of Reference

- a) Victoria's mineral endowment (often referred to as 'prospectivity') across a portfolio of commodities (including earth resources and extractive products)

Victoria's mineral endowment is dominated by its brown coal reserves. As a result exploration and development is currently focussed on this resource. There is a good reason for this since Victoria has an estimated 20 percent of the world's economic brown coal reserves. This is a very valuable resource and should underwrite increasing development in Victoria.

There has also been some development and further interest in mineral sands. This industry has cooperated successfully with the farming industry, and we have developed successful policies covering rehabilitation back to farm land.

There are opportunities for agricultural benefits from the mining sector. This includes the use of organic and nitrogen by-products from power generation for fertiliser.

- b) The regulatory environment and (d) national and international perceptions of Victoria's prospectivity and regulatory environment

The VFF strongly support minimising regulation, ensuring regulation is efficient and effective, and that regulation should be harmonised nationally. Victoria has a very good framework for mineral exploration and development through the Mineral Resources (Sustainable Development) Act. The MRSDA has been developed through good consultation with industry and the VFF.

From our perspective the most critical part of the MRSDA is ensuring the rights of farmers are protected, while enabling mining exploration and development. This includes clauses related to engagement with landholders, opportunities to oppose exploration and mining licences, property access for exploration, property acquisition for mining and compensation.

The VFF strongly supports a market based approach to compensation. This was demonstrated in the Extractive Industry Act, (now the MRSDA) which provided the landowner with strong negotiation rights. The Extractive Industry Act also ensured issues with compensation are usually resolved between the mining company and the property owner, with limited need for third party involvement.

The VFF supports exploration activities being exempt from the requirement to have a planning permit. The exemption of exploration activities from planning requirements recognises that the MRSDA sets out requirements for exploration licences that would largely be duplicated by a planning permit process.

However, the growth of the coal seam gas industry and the already notable issues and risks with this form of exploration and development is cause for concern. There may be a need to review this exemption for coal seam gas given its potential to impact aquifers and ground water.

- e) The success and failure of projects in Victoria's mining development pipeline

The success of projects in Victoria has been enhanced by progressive improvement to and administration of the MRSDA. There have been significant improvements to the regulation of rehabilitation that ensures that rehabilitation is appropriate and undertaken at the right time. This includes ongoing improvements to the rehabilitation bond process which has involved substantial industry consultation.

- h) Opportunities to increase the net benefits from Victoria's minerals and energy earth resources, and to potentially provide for self-sufficiency in low cost energy and extractive materials, consistent with the principle of economic efficiency

Victoria has an opportunity to develop clean coal technologies and industries. This will be important from not only an economic perspective, given the likely impact of proposed carbon pricing, but also from the perspective of building a social licence for continued coal power generation in Victoria.

As a result there is a need for research and development into these technologies. For example, consideration should be given to increased research into biological applications (such as the use of algae & bacteria) and potential win/win outcomes with other industries (such as agriculture).