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The Executive Officer
Economic Development and Infrastructure Committee
Parliament House
Spring Street
EAST MELBOURNE VIC 23002

Dear Ms Simmonds

**INQUIRY INTO GREENFIELDS MINERAL EXPLORATION
AND PROJECT DEVELOPMENT IN VICTORIA**

The Northern Grampians Shire Council is pleased to have the opportunity to make this submission in response to the inquiry into greenfields mineral exploration and project development in Victoria.

The Northern Grampians Shire Council will be addressing points A and C of the terms of reference.

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

The mining sector represents the second highest output for the Northern Grampians Shire contributing \$325.434 million (20.49%) of total output. There are 229 jobs attributed directly to mining within the shire and it contributes \$164.390 million of total value-add to other sectors.

The largest mining enterprise within the Shire is the Stawell Gold Mine, owned and operated by Northgate Minerals Corporation. The Stawell Gold mine is located alongside the town of Stawell, and most of the mine's workforce resides in the town or immediate surrounding area. Stawell has a history of gold mining dating back to the mid-19th century Victorian gold rushes.

Key features include:

- Underground gold mine
- 26-year history of mine-life extension
- Produced its **two millionth ounce** on the property in March 2010
- Exploration of numerous identified targets located laterally or adjacent to present underground workings will add to mine life

Summary of Stawell's gold production and cash cost for 2010:

(updated January 2011)

Gold production (ounces)	71,482
Net cash cost (\$/oz)	964*

* 2010 cash costs are unaudited estimates and subject to revision.

Summary of Stawell's gold production and cash cost forecast for 2011:

(updated January 2011)

Gold production (ounces)	86,000 - 91,000
Net cash cost (\$/oz)	800 - 850*

* 2011 net cash cost assumes an exchange rate of US\$/A\$1.00."

(<http://www.northgateminerals.com/OperationsProjects/australian-operations/stawell/current-operations/default.aspx>)

Donald Mineral Sands is the world's largest undeveloped zircon project and is partially located in the Northern Grampians Shire. It is proposing to mine up to 7.5 million tonnes per annum, producing 500,000 tonnes per annum of heavy mineral concentrate for export to China.

There are numerous subsidiary businesses within the shire that support extraction and exploration work carried out by the above businesses, particularly Stawell Gold Mine.

Fees, charges and royalties.

The Local Government Act (1989) Section 154 (2) (e) exempts from rateable land: ... (e) Land which is used exclusively for mining purposes"

As a result Council derives no direct ongoing benefit from mining. Council is required to provide services to these businesses such as access road etc, but are unable to draw a contribution through rates. Whilst, Council recognises the significance of the sector it is believed a fair and equitable solution to this issue could be reached.

Council appreciates the opportunity to make this submission to the Economic Development and Infrastructure Committee on Greenfields mineral exploration and project development in Victoria, and would be happy to speak further in support of the above should that opportunity also be available.

Yours sincerely



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DIRECTOR MARKETING & COMMUNITY