

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2022-23 Budget Estimates

Melbourne—Tuesday, 17 May 2022

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

Ms Jaala Pulford MLC, Minister for Resources,

Mr Simon Phemister, Secretary,

Mr John Krbaleski, Head, Resources, and

Mr Anthony Hurst, Executive Director, Earth Resources Regulation, Department of Jobs, Precincts and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

We again welcome Minister Pulford, this time for the portfolio of resources, and officers of her department. We invite you to make an opening statement, and this will be followed by questions from the committee.

Visual presentation.

Ms PULFORD: Great. Thanks, Lizzie, and thanks everybody. You are probably all well aware that our resources sector is booming. The production of extractive materials is up 58 per cent since 2013–14, with production of over 43 million tonnes in 2021, compared to 40 million tonnes in 2013–14, being driven by many things, not least of all Victoria's Big Build infrastructure program. In 2014 minerals exploration investment was at around \$20 million. This year investment is nine times greater at around \$180 million. It is our modern gold rush, among other resources. The level of excitement and energy in this sector and in those investing is quite something at the moment. It is fabulous to have a booming sector, but of course it needs to be very well regulated to protect community amenity and the environment and to ensure that community has confidence in the safeguards and the processes that sit around approvals. That is the role of our team at Earth Resources Regulation, and the task of regulation has grown significantly with the sector boom. PAEC members will have seen this reflected in some of the budget performance measures in this portfolio, where they have fallen short of targets, but I want to assure the committee that there has been quite a significant reform journey underway for a couple of years and that continues apace and the budget provides further investment to respond to that very, very significant demand on the services that are provided. These investments will support our regulator to keep pace with this booming sector, and I am pretty confident when the committee looks at the resources portfolio outcomes in its next reporting period it will see the improvements starting to show benefits in improved approval times.

The 2022 budget has boosted the resources portfolio by providing new funding to regulate the restart of onshore gas exploration. It is of course important to balance the current needs of Victorians with our ongoing and strong commitment to action on climate change and our journey to net zero emissions, given the fact that there are 2 million users of gas in Victorian industry and Victorian households. So while we are on a rapid transitional journey we still obviously have a very powerful imperative to make sure people have the supply that they need to keep warm and to keep their businesses going.

Our state does have some of the strongest climate change laws in the country, and they stand well when compared with those of some of the most ambitious jurisdictions in the world. We are on track to halve emissions by 2030, and we will be at net zero by 2050. But the restart of onshore gas does provide part of the solution to that transition while we explore pathways for those households and businesses to reduce their gas use through the gas substitution road map. Gas will provide part of our energy mix for the foreseeable future, because there are those 2000 households across the state; we cannot just turn the tap off on cooking and heating. I know that here and in every other room in the state there will be strong views about this. We know that we are on a journey. We are working with industry for a safe and sustainable restart, but it has got to be seen in the context of that energy transition that Victoria has underway.

The budget also supports new investment to develop Victoria's critical minerals, minerals such as zirconium and titanium—and you will have all seen a bit of interest in some of these rare minerals in the news a bit of late. Critical minerals are fundamental for high-tech manufacturing like smartphones and computing, solar panels, wind farms, electric vehicles, permanent magnets and battery storage—so in very, very high demand. So new funding for mineral resources regulatory reforms is also provided by this budget to support Victoria to improve regulation and encourage investment by industry, reduce the cost of extractive materials and support additional employment in the resources sector.

Just a couple of comments on rehabilitation as well, if I may, Chair: rehabilitation of sites used to extract resources is a really important priority for our community. Soon after taking on the resources portfolio I visited the Latrobe Valley coalmines. I was very interested to see the scale and to understand the complexity of these mines and to meet some of the people who work in this industry, who have provided a resource that has powered our state for so many decades. As you all know, this industry is in transition, and we work with the industry as they deliver on their obligation to rehabilitation outcomes that are stable, safe and sustainable. To that end members may be aware that earlier this month I announced that the government will legislate a trailing liability provision in relation to sustainable rehabilitation of the Latrobe Valley coalmines. Industry are aware of that and understand what that means in terms of an additional reinforcement for additional community confidence around the obligations that industry have to rehabilitate their sites.

Further on rehab, a little bit closer to where we are sitting today, the Fitzroy Gardens, one of Melbourne's first bluestone quarries, which opened in Melbourne in the 1830s, has been rehabilitated since to become one of the city's finest parks. A little bit further to the north-west, Highpoint Shopping Centre in Maribyrnong was built on a former basalt quarry. In south-east Cranbourne, the botanic gardens and Karkarook Park in Heatherton also are former quarries. Earlier this year I announced new grants to encourage innovative ideas to transform quarries into parks and community spaces across Victoria. That is really a story of a two-part legacy: the first is those materials that enable the construction of public buildings—even this one, back in the day—the houses and the roads and the hospitals and the schools that people are using every day all across the state, but then also after rehabilitation communities are able to enjoy some of their most beloved and special places with their loved ones.

How are we for time? I see that there has been a little bit in the news today around quarries and availability of materials, so I will just respond to that as well because I imagine it will be top of mind for you all. There have been 15 new work authorities approved through this year, which represents 59 million tonnes. The Dandy Premix quarry has just been approved for expansion, so that will provide fine sand for the next 30 years. And there is another: the Latrobe Valley Sands quarry. Whilst not concluded on its journey through the approval process, it has recently achieved a statutory endorsement, which suggests that that is tracking as we would hope through the approvals process, so hopefully we will have some more news on that in the not-too-distant future. That is expected to provide, once its approvals process is concluded, up to 100 million tonnes of sand. So whilst these things are in very high demand, I am confident that we have supply to meet demand as it stands, and we have both regulatory and planning reforms as well as additional resources for the regulator to make sure that we are keeping on top of what continues to be really high demand. That is it from me.

The CHAIR: Thank you, Minister.

Ms PULFORD: I am happy to take some questions.

The CHAIR: Mrs McArthur.

Mrs McARTHUR: Thank you, Chair. And thank you, Minister. Congratulations on supporting the gas industry, because as you know, it is very critical, especially in your and my electorate, for not only keeping people warm but for our industries that rely on gas. I imagine you would like to take the opportunity to support Viva's gas expansion in Geelong as well.

Ms PULFORD: That is not really how this works. The approval processes are done by the regulator, not by questions in a parliamentary committee. But I would be confident that the team will be giving all approvals in their workbook due consideration. I might invite John Krbaleski from our department—did you want to add something?

Mrs McARTHUR: I am very happy for you to endorse it.

Ms PULFORD: We are not endorsing anything today. That is not how it works. But thank you for asking. That facility is—

Mr KRBALESKI: It is an LNG import facility, and there is a proposal in New South Wales for an LNG import facility, which obviously are options that help provide additional supply to keep the security of supply top of mind and prices affordable. But that LNG import facility is something that we work quite closely on with our colleagues in DELWP and take an interest in, and that is part of Minister D'Ambrosio's portfolio.

Mrs McARTHUR: Good. Okay. Well, we will move on. Earth Resources commissioned a PwC report on the future shortfall of construction materials. Across only 14 metropolitan local government authorities the potential cumulative shortfall of materials is predicted to be 248 million tonnes of extractive resources. So given the 2016 PwC report, can you tell us for the various large-scale projects needing construction resources what auditing has been conducted to ensure you have a clear understanding of the readily available supply of materials?

Ms PULFORD: Yes. Our building authorities, of which there are a few, so our Major Transport Infrastructure Authority, with its component parts for different projects, the hospitals building authority—I had the pleasure of their company earlier today in Clayton—and the school building authority, all work very closely with our construction industries, who in turn work very closely with our extractive industries, to make sure that we have a very strong sense of what is required and when it will be required. The demand-and-supply study is being updated this year, and the peak industry organisations in extractives, the CMPA and the CCAA, will have input into that. So the relationship with those organisations is very close, and their insights into what is required are really valuable.

But as I indicated in my introductory comments, we are not in any way naive to the reality of meeting demand with supply and the challenges that come with that, and that is why there is really quite a big program of work and reform underway to make sure that we have particular corridors identified that are appropriate for approval. It is a really appropriate planning reform which started before my time in the portfolio. But we will continue to identify and confirm another six of those critical areas. Again, there are the additional resources the department has been provided with and also there is some of the regulatory reform work that is underway with the commissioner for better regulation to make sure we are doing this in as sensible and practical a way as possible while safeguarding those important considerations of environmental protection and community amenity. Yes, it is a bit to balance, but we are very conscious of what is required, and I feel we have got the resources to do it.

Mrs McARTHUR: So, Minister, that 2016 PwC report also highlighted eight key issues as limiting the expansion of quarries. The second-largest issue limiting production was work plan approvals. What have you done to improve this situation? Has it improved?

Ms PULFORD: The BP3 reports—and I referred to these in my opening remarks and in some of my comments to questions to date—really go to that. We are under unprecedented demand. We would like to be meeting that demand better, but we have both processes and regulatory improvements that have commenced that are ongoing, as well as a big boost to the workforce of people that are doing these. We know that this is a challenge that is not to be taken lightly, but we are I think well prepared and well resourced to meet it. And we have the supply for the demand that we need now, but we need to continue to make sure that that balance is right.

The CHAIR: Thank you. Mr Maas. Ms Taylor.

Ms TAYLOR: I refer to budget paper 3, page 277, which outlines the key performance measures for the resources department overseen by you as Minister for Resources. I know that one of the performance measures achieved for the last financial year was for at least 82.5 per cent of exploration and mining licences to be active in 2021–22. What is the objective of having an active exploration licence measure?

Ms PULFORD: These resources are licensed for exploration and then, following a whole lot of further approvals, ultimately able to be licensed for extraction and development on behalf of the entire Victorian community. So having a whole lot of licences held that are not being used is a missed opportunity for Victorian communities, particularly regional communities, that can benefit from all the activity that comes from going and looking for resources and then perhaps finding them and extracting them. That is really what that is about. We do not want to have a whole lot of people holding licences that are not being used, sort of sitting in the drawer or whatever. That is not the point of the exercise; the point of the exercise is sustainable, responsible exploration and development of the resources within all of the regulatory arrangements that sit in place to protect amenity, environment and community.

Ms TAYLOR: Makes sense. So the active exploration and mining licences performance measure speaks to the importance of minerals exploration investment across Victoria. Can you please outline the role of the *State of Discovery* in helping to achieve this?

Ms PULFORD: Yes, I can. The *State of Discovery* is a five-year strategy that was released when Tim Pallas was the Minister for Resources in 2018. It sets out the goals and the objectives and the actions that sort of underpin the opportunity and the development of resources. We are very much open for business for this industry. That should go without saying, but just in case it does not, that is our very, very clear message to potential investors and potential industries. We want to grow investment and jobs in the sector, so that is I think made very clear through the strategy. In March we released a minerals sector snapshot that highlighted gold-class exploration results and flourishing minerals production. We have had some recent tenders out to market that are drawing global attention and, as I indicated in the presentation at the outset, really extraordinary levels of interest and investment in the resources that are available here.

Ms TAYLOR: And can you please outline any other initiatives the state has delivered which achieve the objectives of this performance measure, including through the use of geoscience data?

Ms PULFORD: Yes, I will try. This is my first time in the resources portfolio before the committee, so it is a portfolio that I have had for less time than the others. But yes, what has been fascinating to me has been the—not surprising but exceptionally fascinating—application of technology and data, both with soil samples but also increasingly things like artificial intelligence, to be able to make better-informed decisions for exploration around where resources might be and what they might look like. Not terribly long ago—a couple of weeks ago—I was in a field just north of Ararat seeing the soil-drilling samples in an area where there is quite some optimism about finding a significant gold resource. It was amazing to see that firsthand, having learned some of this when we were under restrictions and working from home. But using geoscience data we are able to provide a really, really important resource to industry that helps them better target their efforts and better target their investments and activities. That area that I was in was the Stavely area. That is an area where there is a really high level of interest, and precompetitive geoscience was collected as part of that initiative. There had been a hold on exploration licences there for some time, and then this data was developed so that now we are opening up, I guess, a more valuable resource than we would have been had we opened it up without that data and opened it up earlier.

The CHAIR: Thank you, Minister. Mr Hibbins.

Mr HIBBINS: Thank you, Chair. As has been outlined earlier, the government is very supportive of the gas industry at a time of a climate crisis. I see this budget allocates \$7.7 million over the next three years to regulate the restart of the onshore conventional gas sector and existing offshore gas activity. Can I ask: how many offshore gas projects are currently being regulated by the earth resources regulator?

Ms PULFORD: I might invite Anthony Hurst to respond to that.

Mr HURST: Sure. Can I firstly clarify—

Ms PULFORD: Sorry, just before you do though, can I say I am being sort of jointly verballed by the two of you, by Mrs McArthur and you, Mr Hibbins.

Mr HIBBINS: I would not verbal anyone.

Ms PULFORD: Mrs McArthur described my enthusiasm for gas exploration in terms that she would use, not I, and so I would encourage you to not put her words in my mouth.

Mrs McARTHUR: Minister, do not back down, you are going well!

Ms PULFORD: Thank you both. I know what you are both doing. Anyway, Anthony will help answer your question.

Mr HIBBINS: My comments were merely based on the facts.

Mrs McARTHUR: So were mine.

Ms PULFORD: You are both highly offended, as am I.

Members interjecting.

The CHAIR: Order!

Mr HURST: Am I live to talk?

Ms PULFORD: Yes, please.

Mr HURST: Thank you, Minister. Thank you, Chair. So can I just clarify: you are talking about offshore in Victorian state waters, not offshore outside 3 nautical miles, which is commonwealth waters?

Mr HIBBINS: If it is being regulated by the earth resources regulator, that is what I am referring to.

Mr HURST: Okay, so I will focus on state. There are currently five exploration permits in place, there is one production licence in place and there is one retention licence in place, all within the 3-nautical-mile limit, in state waters.

Mr HIBBINS: Okay, thank you. And how many new offshore gas projects is the government anticipating will require regulation over the next three years?

Mr HURST: Well, in state waters the existing Beach Energy one at Halladale, Speculant and Black Watch, near Peterborough, is in place. It has been in place for a number of years, but it will be reaching a point where it nears end of life in the coming years. The Beach Energy Enterprise project, a little bit closer to Port Campbell, has recently been granted a production licence and a field development plan. That will produce 160 petajoules over a 15-year life before coming to its conclusion. So they are the current active ones. There is other exploration underway, as I mentioned before, with the exploration permits.

Mr HIBBINS: Okay. Thank you.

Ms PULFORD: Can I just add to that? There are extensive approvals processes in place, and there is a mischievous campaign getting around on social media that suggests that there is drilling required as part of these activities, and that is not the case. So let me take the opportunity to debunk that myth that is doing the rounds in some parts of Victoria.

Mr HIBBINS: Thank you. Since the government's lifting of the ban on onshore gas drilling, how many applications are now being assessed?

Ms PULFORD: Anthony?

Mr HURST: Onshore there are currently 12 production licences, but that also includes the underground gas storage licences around the Lochard Energy site as well as the carbon capture and storage one with the CRC for carbon storage. There are 10 exploration permits in the Otway Basin in south-west Victoria and also in

Gippsland. There is one special drilling authorisation, which is a special class of authority to allow someone to drill from onshore on someone else's tenement to offshore, and then there is one retention licence.

Mr HIBBINS: Okay. Thank you. Do you anticipate any further onshore gas applications that will be required to be assessed over the next three years?

Mr HURST: There will be a series of approvals that will need to be put in place, depending on the work programs that each of the tenement holders comes forward with. We work through as they are developing their exploration activities to understand what those work programs are and assess them. That includes operational plans, that includes environmental plans, consultation plans for local communities, and then depending on if they move into a retention licence or a production licence, there are a series of milestones that are attached to each of those tenements which they then have to meet by certain dates.

Mr HIBBINS: Okay. Thank you. We have got about 20 seconds. I probably will not get to the next question, but maybe we will pick up some time later. Thanks.

The CHAIR: Thank you. Ms Richards.

Ms RICHARDS: Thank you, Minister, and officials. I would like to explore the north central goldfields—I do not want to personally—

Members interjecting.

Ms RICHARDS: I cannot believe it is only Tuesday.

Ms PULFORD: Its ship has sailed.

Ms RICHARDS: Minister, I refer you to your presentation. You celebrated the completion of the tender process for the north central goldfields ground release in October 2021. I do not think most people understand how important minerals investment is for local regional and rural economies in Victoria. Can you please outline the expected investment Victoria will see as a direct result of the north central goldfields tender process?

Ms PULFORD: Yes. This is very exciting. When I talked about the very, very significant increase in investment, a large proportion of the dollar value of it relates to minerals and particularly gold. I grew up in Castlemaine, went to the high school in Bendigo and now live in Ballarat. I feel like I have been hanging around the history of the goldfields all my life one way or another. But what has been amazing to me to learn since taking on this portfolio is that we have an estimated 70 million ounces of gold yet to find in Victoria.

Now, for context I would encourage you all to look up at the amazing decorations in this building: the opulence of the Victorian Parliament was built with the funds of the gold rush. The 75 million to find compares to the 80 million found to date, which strikes me as quite extraordinary. Anyway, that is why there is so much interest. We had an election commitment to undertake the north central goldfields ground release. The tender outcomes were announced in October of last year. There were four blocks of land that were released through the tender, so two successful tenders: Fosterville gold mine, the operators of the mine just outside of Bendigo, were successful in securing blocks 1, 2 and 3; the other organisation was Southern Star Exploration, and they secured block 4. So through the process, as part of the licence conditions, the tenderers make commitments around what their investment will be. So the total across the four blocks is over \$100 million worth of work that will be expended.

Ms RICHARDS: Thank you. I would like to perhaps go a little bit further and get some details about how this exploration investment can result in local jobs and of course business opportunities for local communities.

Ms PULFORD: Yes. So you see this in places like Ararat and Stawell. You see this in Bendigo and in Ballarat, where you have got significant activity and of course, with different resources in different communities, in other ways as well.

We have quite amazing mining supply and product development companies, and I can think of a couple that immediately spring to mind in Ballarat that I have got to know a bit over the years, incredibly specialist mining engineering businesses that then go on to employ a whole lot of people and export either products or expertise

to gold-mining countries all across the world. Whilst I am less familiar with the scene in Bendigo, I believe that to be the case there as well.

So in Bendigo alone—obviously adjacent to this area that we are taking about—there are 42 mining-related businesses and 782 manufacturing businesses that are involved in production for and support of the local mining sector. Mining in Bendigo, including exploration and mining, generates over \$1 billion in revenue each year, a \$402 million contribution to the Bendigo economy, \$130 million each year in wages and salaries and then export value of \$951 million. So it is very, very significant. And yes, we wish the successful tenderers every success in their next steps.

Ms RICHARDS: Thank you, Minister.

The CHAIR: Thank you, Minister. Mrs McArthur.

Mrs McARTHUR: Thank you, Chair and Minister. Now, industry says there is not enough construction gravel, sand, rock et cetera for their requirements, and more than five key quarries across Melbourne's north and east that supply the city's construction and infrastructure developments are said to close in the next five years. Has your department undertaken an audit on future availability of these essential materials?

Ms PULFORD: I think I have sort of substantially answered this with my earlier comments. These things are regularly assessed with input from industry. The latest demand supply study will be updated again this year, but the dialogue with industry on the availability of resources is sort of an everyday proposition. The department is in constant contact. My office is in regular contact with industry leaders as well, and of course with the extent to which government is contributing as a customer to a booming construction sector, our various building authorities and the construction companies that they contract to, small, medium and large, also provide invaluable information about what is required. So we have what we need at the moment, but we have to keep on the job of making sure that we have sufficient materials coming online to meet what will be very, very significant demand.

So, again, I did sort of run through this at the start, but there have been 15 new work authorities approved and a very significant expansion at Dandy Premix, and we have every reason to believe that the Latrobe Valley Sands quarry, which is also very significant in its scale, is progressing well—through not to the final stages of the approval process but to the statutory endorsement, which is an important step on that journey.

Mrs McARTHUR: Well, Minister, have you got any supply coming online near Melbourne?

Ms PULFORD: The supply? Well, Dandy is in Dandenong.

Mr Krbaleski interjected.

Ms PULFORD: In Grantville. Sorry, Dandy is in Grantville. In Melbourne—I might invite the department to provide you with a bit more detail, but let me just start by saying it is really important that the gap between where materials are sourced and used is minimised for cost of transport, not to mention the wear and tear on the roads but also cost to industry and therefore to people who might be buying a house or renovating, or indeed cost to taxpayers of projects being delivered. So having resources handy to where they are being used is a very, very important part of what we do in this portfolio, and again I just reflect on SERA, the acronym that stands for strategic earth resources extractive—hang on, I am going to get John to help me with this. Anyway, we have two SERAs. We are having six more. That is the reform with planning, to make sure that areas are clearly identified for their resource, and that is really with a view to making sure that everyone is clear—industry, community and local councils are clear—that that is an area that has been identified as a strategic extractive resource area for its potential. In terms of locations closer to Melbourne, are you able to assist with this?

Mrs McARTHUR: Just on that point, Minister, can I ask you about government projects in Melbourne that are importing sand from New South Wales and rail ballast from west of Ararat at extraordinary cost to the budget, the state's roads and the environment. What are you doing to increase the availability of locally sourced material?

Ms PULFORD: I have spoken to that a fair bit already. We have a whole lot of new work authorities. We have expansions underway.

Mrs McARTHUR: Should we be going quicker? Should we be moving quicker?

Ms PULFORD: We are going as quick as we can. I think the BP3 figures show you that, yes, if we could go quicker we would go quicker, but we are doing everything we can so that we can be going quicker. But these are things that need to be done well as well, and it is important for the community to have confidence in the approvals processes. It would be doing no-one any favours to be approving things without proper consideration of the community impacts, the environmental impacts and the like, and so that is why these things are thoroughly regulated. But we are working to improve the nature of that in all sorts of different ways, as well as additional resources, because we know we have a task on our hands, and we are very focused on that task.

Mrs McARTHUR: Thank you, Minister.

The CHAIR: Thank you. Mr Maas.

Mr MAAS: Thank you, Chair. Thanks, Minister. Look, noting that we have already gone down the path of extractives initiatives, I would just like to keep—exploring?—expanding upon that, if we could.

A member: Digging, I think is the word.

Ms PULFORD: Digging. How long did it take?

Mr MAAS: Digging. In budget paper 3, page 277, there is reference to the key performance measures for the department. One of the performance measures was for 95 per cent of extractives industry work authority plans to be processed within regulatory time frames. I was hoping you would be able to outline for the committee why this target was not reached.

Ms PULFORD: In our earlier hearings in both the employment portfolio and the small business portfolio we talked a bit about the quite critically tight labour market that we have here in Victoria, indeed around the country and in a whole lot of other countries around the world at the moment. It has taken some time for the department to fill a number of roles that have a particular skill and expertise required. We are slightly below the performance target in terms of work authority plans. But we are undertaking a number of things to make sure that we can catch up and move that bit of a backlog out of the way, and we have certainly been communicating with the industry about both the regulatory reforms but also the additional investments that we are making to ensure that their approvals are being dealt with as quickly as can reasonably be done.

Mr MAAS: Great. Thank you. Would you be able to explain what improvements have been implemented on the regulatory side to accelerate the assessment of new and expanding quarries to meet the performance measure that has been outlined?

Ms PULFORD: There is a process of streamlined approval for a number of priority quarries, which will bring 90 million tonnes or so of material to market over the lifetime of those quarries. There is a better approvals regulation program, which is about improving the processes for work plan approvals for proponents, so reducing approval times and improving interactions for businesses that are seeking approvals throughout. Some of these improvements to processes have been underway for a number of years. There was a previous program back in 2017 undertaken in partnership with the commissioner for better regulation. This is an area where we know it has been important as demand has grown exponentially that we have needed to really redesign some of our processes and purposes and increase the sheer scale of the team to respond to the scale of the task. You see level crossing removals occurring like it is going out of fashion—and I imagine many of you have these happening across your electorate—school projects, hospital projects, of course housing construction in parts right across Victoria, new road projects, and maintenance and upgrades of existing transport networks. It all requires materials, and so we are busily in the background, behind all of those things, making sure that the materials are making their way where they need to as best they can, and again, in keeping with Mrs McArthur's question earlier about materials close to activity, that is really, really important too. So that is always very much top of mind.

Mr MAAS: Thanks, Minister. With 30 seconds to go I might leave it there.

Ms PULFORD: Okay. Thanks, Gary.

The CHAIR: Thank you, Mr Maas. Mr O'Brien.

Mr D O'BRIEN: Thank you, Chair. Minister, just getting back onto gold, I am interested to know how we know that there are 75 million ounces of gold that we do not know where it is. Anyway, that is a logical question that we can maybe put to one side.

Ms PULFORD: Yes. I have some people here who can help us answer that. There is a geological survey of Victoria that has provided that.

Mr D O'BRIEN: Yes. It is out there, we know it is there, we just do not know it is there, basically.

Ms PULFORD: We think we know where it is.

Mr D O'BRIEN: The gold royalty, though—are you prepared to consider reform of the arrangements there, as requested by industry, in the sense that we have a lot of small mines that, when they get towards the end of their useful life, if you like, the tax brings their operations to a premature end. If there was a rebate of some sort at that point, where they could continue exploration or eke out the last little bits of the mine, is that something you are prepared to consider? I am assuming you are not going to remove the royalty.

Ms PULFORD: In a formal sense a decision around the royalty and responsibility for the administration of the royalty sits with the Treasurer, which I imagine you know, but of course it is a royalty that applies to an industry that I am responsible for. In the budget two years ago the Treasurer announced removal of the royalty exemption for gold from the start of 2020. This is about ensuring that Victorians get a similar return from the mining of the state's very significant gold resource.

Mr D O'BRIEN: No, I get all that, Minister. It is about whether there is a rebate for those marginal mines towards the end of their life.

Ms PULFORD: The government has no plans to change the current arrangements, and I would challenge you to perhaps provide further detail either through this hearing or another of a circumstance where this has had a significant adverse impact on an operation, particularly in the context—

Mr D O'BRIEN: It is not even two years in, and for the record, we ask you the questions; we are not providing answers to you. But this is the evidence of the industry—

Ms PULFORD: Is it?

Mr D O'BRIEN: that it will bring about the premature end of some mines if there is not some reform.

Ms PULFORD: Well, you are asserting that; I would disagree.

Mr D O'BRIEN: Okay. Can I move on back to Latrobe mine rehabilitation. In your media release of 6 May you flagged an increase in Latrobe Valley mine rehabilitation bonds, which could increase wholesale electricity prices. Will you be announcing that before the election?

Ms PULFORD: The bonds are reviewed every five years.

Mr D O'BRIEN: Yes. That does not answer the question, Minister. Will you be announcing the review of the bonds—what they will be—before the election?

Ms PULFORD: Well, it occurs every five years. We could announce that it is happening, but I am pretty sure we already have because people that have those mining licences know that that is happening.

Mr D O'BRIEN: I am talking about the broader impact on the wholesale electricity market and also for the people of Victoria. If there is going to be a 200 per cent increase in bonds, we should know before the election.

Ms PULFORD: Okay. I will invite Anthony to describe to you the process by which the review is undertaken.

Mr D O'BRIEN: I do not need the process. I just need to know when it is going to be done.

Ms PULFORD: It is going to be done this year.

Mr D O'BRIEN: I am asking: will it be announced before the election in November? We know when the election is—26 November.

Ms PULFORD: Yes, sure.

Mr HURST: We are preparing to conduct the five-yearly review of the rehabilitation liabilities and bonds for the three coalmines in the Latrobe Valley. That will be an iterative process with the three mine licensees. We will start that in the second half of this year. The time line will then really depend on how the licensees respond to us. It is a proponent-led exercise where they have to assess the liabilities. They bring that back to us, we proof it and then if we are satisfied with that, we issue a further rehabilitation bond. If there is a bit of toing and froing, which I would imagine with fairly complex mine sites there will be, we will then work through and resolve those details.

Mr D O'BRIEN: Do you expect the bonds will have to go up again?

Mr HURST: I would expect that the bonds will need to change in line with the changing circumstances on each of the mine sites. Hazelwood has now moved into closure mode and rehabilitation, so there is a piece of work that is different there. Yallourn has obviously had the issue with the Morwell River diversion channel, so that is an added liability potentially that has to be considered in that, and they have also announced that they are going to finish mining in October 2028, which has an impact on the size of the void and therefore the scale of the rehabilitation. At AGL Loy Yang they have announced a demerger, so we will be looking at the state of play in terms of where they have reached mining and what their forward plans are so we understand where that liability is and therefore the bond. But it will be important to get that bond in place so that the parties involved in that transaction understand the costs that are on the table. In terms of the flow-on effects on electricity, the companies already provision for rehabilitation liabilities. Whether or not the current bond reflects that—

Mr D O'BRIEN: That is quite possibly going to change dramatically, though, so—

The CHAIR: Mr O'Brien, I am allowing Mr Hurst to finish his answer to your question, but your time has expired.

Ms PULFORD: If I could just add, though: the operators of those mines know what their obligation is.

Mr D O'BRIEN: Why the press release on 6 May then to say, 'We're clarifying the obligations'? I did not understand that media release.

The CHAIR: Mr O'Brien, your time has expired.

Ms PULFORD: Well, we want—

The CHAIR: Thank you, Minister. Thank you, Mr O'Brien. Your time has expired.

Mr D O'BRIEN: We only got 20 minutes for this, Minister.

The CHAIR: Mr O'Brien, I will pass the call to Mr Richardson.

Mr RICHARDSON: He just keeps mining and extracting and rocking along. Here we go. Stakeholder and community engagement performance measures, Minister, I want to take you to. I refer to budget paper 3 at page 277, which outlines the key performance measures of the resources department overseen by you as the minister. I note that one of the key performance measures and indicators was that at least 55 community and stakeholder engagement information forums were delivered in the 2021–22 financial year, and for the committee's benefit I am wondering if you can provide further information on this.

Ms PULFORD: Yes. Thank you. A higher number of forums have been delivered than the original target, and that is in part due to the announcement of outcomes from the north-central Victorian goldfields ground release, which we were discussing earlier. Stakeholder and community forums delivered in the 2021–22 financial year touched on a range of resource topics, including gas, Stavelly, new and updated regulation, extractive projects and processes, as well as mining proposals in search of other minerals such as gold, copper, zinc and rare earth. During 2020–21 there were 50 forums held, which was on target, and the number of participants—if you are interested, Tim—was 1380 people in the previous year.

Mr RICHARDSON: Does the expected outcome of the forums for 2021–22 include every single stakeholder and community engagement process that was delivered?

Ms PULFORD: No, not every single one—the key ones.

Mr RICHARDSON: And for the committee's benefit, just in terms of encouraging more of that community participation and engagement, I am wondering if you can provide a couple of examples of how this government is emphasising the importance of stakeholder and community engagement in that performance measure in the Victorian budget?

Ms PULFORD: One example is the new petroleum regulations that commenced in November last year related to the restart of conventional onshore gas, which Sam asked about earlier. Under the new regulations there are a number of additional factors to be considered in decision-making on authority applications and operational plans—the regional economic benefits, social and environmental risks, impacts of the work program and likely benefits of the program relative to likely risks—to the extent that these can be managed at a regional level. The regulations also include additional requirements for public submission processes to occur in relation to retention and production licence applications. So these are, I guess, a couple of examples of the kinds of opportunities and issues upon which community members will wish to have input.

Mr RICHARDSON: And is there a project-specific example that you can give for the committee in the type of community engagement program that is run for a proposed project as per the performance target?

Ms PULFORD: Yes. Bev will be interested in this. She is halfway into the next hearing by the looks of it. No, sorry, I am just kidding. Right through the Stavely Arc, which runs right through our shared electorate, there were community pop-in sessions in Nhill, Dimboola, Mortlake and Terang along the length of that arc, where we believe that resources are there to be discovered. Those occurred prior to the section 7 exemptions lifting, which was part of that process around Stavely Arc. Local councils—of which we have I think about 24 in our electorate; not all of those in the Stavely Arc but many of them actually—also were provided with briefings and engagement with Landcare groups. I had the opportunity to meet some Landcare leaders when I was in the area a couple weeks ago and heard a bit about the work that they are doing on rehabilitation through that area in partnership with industry. The Wimmera Southern Mallee Regional Partnership as well as the nine councils, local farmers and groups were there—the VFF local groups as well and local environment groups. So, yes, it is the kind of activity in which everyone has an interest and everyone has a view on, so there are lots of opportunities but there is also lots of need to make sure that people have the opportunity to know what is going on, what is planned and what is proposed.

Mr RICHARDSON: Fantastic. Thank you.

Ms PULFORD: No worries.

The CHAIR: Thank you, Mr Richardson. Mr Hibbins.

Mr HIBBINS: Thank you, Chair. On 28 April this year the earth resources regulator granted a gas production licence for Beach Energy enterprises in Victoria's Otway Basin. The media release announcing that said:

Beach Energy will require further approvals from Earth Resources Regulation, the Department of Land, Environment, Water and Planning ... and National Offshore Petroleum Safety and Environmental Management Authority—

that is quite the acronym—

... before it can ... produce gas ...

I have just got a few questions, and I understand if you do not have the information on hand. We can take it on notice. But firstly, what are the further approvals that are actually required from each of those different bodies?

Ms PULFORD: I think Anthony will be able to help you with that. But yes, one approval does not a project make in this type of work, and so there are a number of different approvals. Anthony will be able to help you understand how they intersect and how they are sequenced. Thank you.

Mr HURST: Thanks, Minister. Yes, there are a range of approvals still to follow through for Beach Energy's Enterprise Project. We recently approved the production licence and the field development plan. The further approvals that will be required will come from NOPSEMA, the national body, which will look at well integrity and safety. The Department of Environment, Land, Water and Planning in Victoria is then responsible for pipeline approvals on land. There are a number of other operational components that we will work with Beach Energy on to finalise approvals. One of those is a special drilling authorisation, and despite the title it is actually not authorising new drilling, it is just authorising the repurposing of the existing exploration well, which goes from onshore to offshore, down about 2 kilometres underground, to convert it into a production well.

Mr HIBBINS: Okay. And what processes will Beach Energy go through in relation to each of those approvals?

Mr HURST: I might take the detail on notice if you do not mind, but there are a number of steps to work through in terms of them submitting plans for approval to each of the relevant authorities—DELWP, NOPSEMA, us—on each particular element, and that also coincides with a number of consultation steps, some of which are underway.

Mr HIBBINS: Okay. When you say 'consultation', will that involve community consultation?

Mr HURST: Sorry? I just missed part of that.

Mr HIBBINS: When you say 'consultation', will that involve community consultation?

Mr HURST: Yes, very much so: community, landholder, you name it. Commercial fishers and lobster fishers out at Port Campbell and the like have been actively involved in those processes now for a number of years.

Mr HIBBINS: Yes, and will any of those processes include the calculation of carbon emissions from the new gas production?

Mr HURST: As part of the decision-making around the production licence and field development plan and the like, we have to consider the climate Act in Victoria, and so we look at that with reference to the government commitment to net zero emissions by 2050, bearing in mind that the enterprise project has a resource life of about 15 years, so short of that time. So we look at it in terms of the net emissions within that context and require Beach Energy to submit a plan which fits within that context for our assessment, and therefore approval, of the production licence and field development plan. And we will do the same for the special drilling authorisation.

Mr HIBBINS: Okay. Thank you. I just want to go back to one of my previous questions. Previously you mentioned 12 onshore gas production licences. Are you able to provide the committee a list of those licences?

Mr HURST: Yes, we can. They are also published on our website.

Mr HIBBINS: Yes. Okay, thank you. Minister, finally, I have a question. We talked about the Dandy Premix quarry—the approval of that quarry. That is in the Western Port, and there are native woodlands in the Western Port. This is coming at a time when we are already suffering as one of the most cleared states in the country in terms of native vegetation clearing. Is the government putting mining ahead of the environment in these sorts of decisions?

Ms PULFORD: The planning minister recently approved the amended permit for Dandy Premix at Grantville. The final approval was shaped by community feedback, with protections in place to ensure we can maintain access to those resources without compromising the environment. It is not an either/or proposition. The amended permit includes requirements for Dandy Premix to secure conservation and rehabilitation obligations and to commit to offset arrangements through an offset management plan, revegetation programs and end-of-life rehabilitation in consultation with the community. And before work can commence, under this permit the operator needs to address conditions set in the minister's approval and seek ERR approval of the final work plan. We always seek to ensure that these approvals and that this activity occur within an environment where our environmental assets are protected.

Mr HIBBINS: Thanks, Minister.

Ms PULFORD: Thanks.

The CHAIR: Thank you. And that concludes the time we have set aside for consideration of the resources portfolio with you today. Thank you for appearing before the committee in this capacity. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

The committee will now take a short break before moving to consideration of the innovation, medical research and digital economy portfolio.

Witnesses withdrew.