

Economic Development and Infrastructure Committee

Inquiry into greenfields mineral exploration and project development in Victoria

Government response

Introduction

The Coalition Government welcomes the report and recommendations of the Economic Development and Infrastructure Committee from its 'Inquiry into greenfields mineral exploration and project development in Victoria'.

The Coalition Government is committed to developing the efficient and responsible operation of Victoria's Earth Resources sector as a driver of the state's ongoing economic growth and job creation.

We all have a role to play in delivering this growth responsibly—industry, communities and all three levels of government—and this shared responsibility is reflected in this response.

In responding to the recommendations of the report the Government will:

- Provide a single point of entry for investors in dealing with Government on their projects by establishing Minerals Development Victoria (MDV) within the Department of State Development, Business and Innovation. MDV will be the link between investors and the Victorian Government agencies.

This will provide a more streamlined process for investors, resulting in clearer and more accountable decision making.

- Provide investors with greater certainty around decision making for licence and work approval applications by introducing statutory timeframes within the *Minerals Resources (Sustainable Development) Act 1990*.
- Undertake a significant investment attraction program supported by leading edge geoscience information to ensure Victoria's Earth Resources are recognised internationally.
- Hold the inaugural International Mining and Resources Conference in Melbourne in 2014, opening Victoria to the world.
- Undertake further data gathering and planning to better protect the State's extractive resources for our future development.
- Continue stakeholder and community engagement activities to provide information to Victorians on the balanced approach the Government is taking to the development of the resources sector in Victoria.
- Modernise the notification process for exploration and mining licence applications.
- Provide better reporting on the health of the Earth Resources sector.
- Review aspects of the compensation agreement process and modernise the rehabilitation bond system.

As announced in the State Budget, the Government has committed significant funding to Strengthening Victoria's Earth Resources sector. The outcomes of the EDIC Response will be the platform for that to commence.

The Coalition Government would like to acknowledge and thank all industry, community and government representatives who contributed to this Inquiry.

The Government would also like to thank the Chairman and members of the Economic Development and Infrastructure Committee for their Inquiry and report.

Government response

1. That the Victorian Government establishes an appropriate process to enable open consultation with stakeholders, including local communities, for issues regarding future coal seam gas exploration and development.

SUPPORT

Exploration for coal seam gas in Victoria is at a very early stage. Building community confidence in the industry through greater engagement around these activities is of high priority.

There is currently no coal seam gas production in Victoria. While the location of Victoria's coal resources is well known, the amount of any associated gas and the feasibility of extraction are uncertain.

Exploration for coal seam gas and its potential future development in Victoria is important in helping to identify potential new energy sources. The Government is committed to ensuring that appropriate safeguards and consultation processes are in place before any future exploration or development of coal seam gas is approved. These issues relate to:

- access to land for both exploration and development
- the impact of coal seam gas on water resources
- the level of industry consultation with impacted communities.

Ensuring that the community has confidence in both the industry and the regulations that cover it will be vital to support possible future coal seam gas development in Victoria.

The Government will build upon the existing consultative process through four actions:

1. *Continue and enhance Government engagement activity relating to coal seam gas*

The Government, through the Department of State Development, Business and Innovation (DSDBI), will continue its program of broad community engagement activities in those regions subject to coal seam gas exploration. This engagement will involve conducting information sessions on issues surrounding coal seam gas development, including land access, regulations and environmental impacts. The Government will continue to provide direct briefings to key stakeholders on these issues.

The Government has established the *Earth Resources Ministerial Advisory Council* (the Council), which facilitates engagement between local communities, the Earth Resources sector and relevant government authorities. The Council advises the Minister for Energy and Resources on industry and community perspectives relating to earth resources matters, such as arrangements for land access, consultation and notification. The Council also offers an additional channel for Local Government Authorities, community and industry to raise and address emerging earth resources issues.

2. *Ensure industry undertakes appropriate engagement for all coal seam gas exploration and development*

The Government, through DSDBI, will revise its policy with regard to what it expects and requires of industry in undertaking appropriate community engagement, with particular emphasis on emerging industries such as coal seam gas. The level of engagement will be determined by DSDBI when exploration and development licences are assessed.

The Government will review the *Mineral Resources (Sustainable Development) Act 1990* (MRSDA) and associated regulations to ensure that it has the appropriate powers to implement this action.

3. *Implement the outcomes of the National Harmonised Framework (NHF)*

Once the National Harmonised Framework is finalised by the Standing Council on Energy and Resources (SCER), the Government will ensure that our legislation is consistent with the 18 leading practices within the framework and deliver a balanced outcome for our industry and community.

4. *Understand the impacts of coal seam gas development on our water resources and reflect these in our regulatory processes*

The Government, under the National Partnership Agreement (NPA) on Coal Seam Gas and Large Coal Mining Development, will carry out water resource modelling across the Gippsland Basin. This modelling will progressively develop the information available on water resources in the area and this research will be made publicly available to improve the transparency of decisions made by mining, water, and environment regulators.

Coal seam gas and large coal mining developments requiring an Environmental Effects Statement and with a potential impact on groundwater resources will be referred to the Independent Expert Scientific Committee established under the NPA. The Committee will provide further advice to the Government on coal seam gas developments and water resources.

2. That the Victorian Government in conjunction with industry establishes a framework for monitoring the health and activity of the mining sector.

SUPPORT

Information regarding the health and economic value of the Earth Resources Sector is important to the decision making of industry, government and the broader community.

The Government has previously collected data on the Earth Resources sector. This data will be used more fully to prepare a comprehensive report that will be publicly available. The report will be prepared annually and provide industry, the community and the Government with a clear understanding of the health and activity of the Earth Resources sector. This report will help Government and industry build a shared understanding of the direction the sector is heading and to help inform policy and investment decisions. The report will also demonstrate the value of the Earth Resources sector to Victoria and its continuing role in underpinning the state's economic development.

The Government will develop this report through a two stage process:

- *Strengthen current statistical reporting through DSDBI*

The Government annually reports statistics on the health and activity of the sector through the former DPI's *Annual Statistical Review*. This report will be expanded to provide a more comprehensive view of the sector.

DSDBI will enhance reporting to the Parliament on the health and activity of the mining sector in its annual report.

- *Initiate a working group with industry to improve monitoring and reporting*

The Government will work, in consultation with industry, to identify further indicators that will improve the monitoring of the health and activity of the sector and the quality of available information. A working group comprising government representatives and industry will advise on potential, publicly accessible indicators and how this information is to be obtained. The Government will ensure that information requirements do not unnecessarily increase the regulatory burden on industry.

The working group will also advise on mechanisms that could be used to report this information.

3. That the Victorian Government adopts an integrated whole-of-government approach to the state's resources sector, supported by clear and consistent policies, and that this policy be widely communicated to the resources sector and the broader Victorian community to demonstrate strong support for the sector and its future.

SUPPORT

Earth resources play an important role in Victoria's economic wellbeing and prosperity. The Government is committed to the ongoing exploration and development of the state's earth resources in a sustainable manner so that the sector can continue to play an important role in Victoria's future.

The Government will continue to encourage investment in Victoria's earth resources, and communicate the importance of the sector and its outputs in the broader Victorian community.

The Government will release a statement in 2013 that sets out the actions that the Government will take to support the ongoing development of the sector over a five year period. The statement will provide a clear, coordinated approach to developing the sector and demonstrate the Government's strong support for a prosperous industry.

The statement will include detail of how we will undertake a targeted communications and marketing program to attract investment in Victoria's earth resources. The Government is committed to ensuring that industry and communities understand the Government's support of, and approach to, the Earth Resources sector in Victoria. Through this communication, the Government will further support industry investment in the sector.

The mining world will focus on Victoria in late 2014 when we host the inaugural International Mining and Resources Conference in Melbourne. The conference will showcase Victoria as a global hub for the mining services sector and will be designed to attract investors from the earth resources, technology development and finance sectors.

4. That the Victorian Government works with industry to develop and support a comprehensive community education program that promotes the value of the resources sector to the state.

SUPPORT

The Earth Resources sector and its products and services are an essential part of our economy. Continuing to communicate the significance of the sector to the Victorian economy and our daily lives will play an important part in informing public discussion about potential mineral exploration and project development in Victoria.

The Government will continue to work to improve community understanding of Victoria's Earth Resources sector, the contribution it makes to the state and to local communities and the regulatory safeguards in place.

The Government believes industry should take the primary role in educating the community about its activities as part of the community engagement required for individual projects as well as at a broader level. The Government will ensure that industry continues to adhere to its regulatory commitments in engaging with communities on individual projects, and that those projects meet the necessary standards for development.

While Government has a role of independent regulator, it also has a responsibility to secure the state's economy by supporting the sustainable and affordable provision of base load electricity, natural gas, and materials for construction, infrastructure and manufacturing.

The Government will take the following actions:

- Develop and initiate a community information campaign that communicates the value of the resources sector to Victorians. This campaign will communicate the role of the sector, together with the role of Government in attracting investment and ensuring appropriate regulation of the sector.

- Work in partnership with industry to create further opportunities to undertake community information activities.

5. That the Victorian Government works together with the Joint Ore Reserves Committee (JORC) and other stakeholders to better define nuggetty gold resources within the JORC framework to encourage greater investment in gold exploration in Victoria.

SUPPORT

The Government will advise JORC of the issues being faced by some industry members with variable resources and work with industry to resolve these issues.

JORC is an independent body responsible for setting earth resource reporting standards. The Code for Reporting Mineral Resources and Ore Reserves sets a minimum standard in Australia and New Zealand for reporting exploration results, mineral resources and ore reserves.

The Government recognises that defining highly variable resources is a difficult issue for industry. The Government will highlight this issue with JORC. Government will also ensure that it accounts for variable resources such as nuggetty gold in its approval processes.

6. That the Victorian Government develops a state-wide integrated, strategic land use policy framework to better manage competing land uses in Victoria. This framework should be subject to periodic review giving consideration to economic, social and environmental factors.

SUPPORT

The Victorian Government supports one state-wide integrated land use policy framework to manage multiple uses.

The existing land use policy framework in Victoria is governed by the *Planning and Environment Act 1987* and related policies and regulations, which consider multiple land uses and also set out processes for community engagement.

The Victorian Government is currently preparing Regional Growth Plans in partnership with local government, communities, state agencies and authorities. The plans will provide broad direction for land use and development across regional Victoria and will be completed by mid-2013.

The Regional Growth Plans will aid future strategic planning by identifying important resources, providing direction for accommodating growth and change, showing which areas can accommodate growth and streamlining planning policy.

Consistent with the recommendation of EDIC, the Government will maintain this single framework while also undertaking the following actions:

- *Involvement by the Minister for Energy and Resources in Planning Scheme amendments*

The Minister will, as appropriate, use existing consent powers under section 35(4) of the *Planning and Environment Act 1987* for proposed planning scheme amendments where they may adversely impact on future mineral or stone resource development. This intervention will only be undertaken following appropriate analysis of any impact on behalf of industry and community needs. Consideration will be given to existing licences, any known mineralisation and mineral prospectivity.

- *The current review of the Environment Effects Statement process*

The Government provided its response to the Parliamentary inquiry into the Environment Effects Statement process in 2012. Government is now proceeding to develop legislation to implement the response that will assist in providing certainty in the approvals process, streamlining the approvals processes and providing for public input into the process.

- *Finalise and implement Clean Coal Victoria's Strategic Plan*

Clean Coal Victoria will develop a Strategic Plan that sets the framework for the next generation of coal mines that will underpin future economic development in the Latrobe Valley together with supporting infrastructure requirements, new technologies, water use and supply. The Strategic Plan will underpin future coal resource protection and will be implemented through state and local planning policy frameworks, buffers and controls.

- *Assess Victoria's Planning framework in light of the National Multiple Land Use Framework*

Following the release of the national Multiple Land Use Framework by the Standing Council on Energy and Resources (as part of the Council of Australian Governments), the DSDBI in conjunction with the Department of Transport, Planning and Local Infrastructure will assess our planning framework in light of the eight guiding principles of the Multiple Land Use Framework to ensure that our planning for multiple and sequential land uses reflects best practice.

- *Undertake a resource assessment prior to exempting land from mining*

The Government will seek to amend the MRSDA to require the Minister for Energy and Resources to take into account mineral values before making a decision to exempt land from exploration or mining licences.

- *Utilise DSDBI as a referral authority for developments near existing quarries*

DSDBI will also become a referral authority for planning applications on land within 500m of an Extractive Industry Work Authority (EIWA) or an EIWA application where there are sensitive land uses.

7. As part of the development of an integrated state-wide strategic land use framework, that the Victorian Government ensures studies are undertaken to determine areas of high prospectivity for extractives and future extractives needs in metropolitan Melbourne and regional Victoria.

SUPPORT

The Government recognises the importance of maintaining appropriate access to extractive resources while supporting the ongoing development and best use of Victoria's land.

Our extractive resources are vital inputs for construction, building and infrastructure. Planning decisions have the potential to restrict or affect access to extractive resources in certain areas of land. This can lead to higher costs for materials and their transportation. The Government will ensure that extractive resources are taken into account in decision-making about land uses so that appropriate access is available to these necessary resources.

We will achieve this through the following actions:

- *Work with the extractives industry to modernise Work Authorities*

The Government will work with industry to modernise the assessment and operation of Extractive Industry Work Authorities. As part of this work, the Government will consult with industry regarding the reporting requirements of Work Authority holders to report stone reserves. This data will contribute to a strong, comprehensive resources data set for sound policy and regulatory decision-making.

- *Co-funded geoscience studies to identify extractive resources*

The Government will explore the establishment of a co-funded approach with industry. This robust and independently tested geoscience data will contribute to greater understanding of the resource within Victoria. The data will be used as an input into policy and planning processes.

- *Establish a taskforce to identify current resources and future needs*

The Government will establish a taskforce with representatives from the extractives industry and the government, including the Department of State Development, Business and Innovation and the Department of Transport, Planning and Local Infrastructure. The taskforce will oversee independent studies to quantify resources and estimate future needs. A key focus of the taskforce will be to ensure that the studies provide robust information which can be used to develop recommendations for the active management of the resource.

- *Incorporate Extractive Industry Interest Areas into Regional Growth Plans*

The Regional Growth Plans process enables the identification of resources that may require preservation and maintenance in strategic land use planning. The Government will incorporate the existing Extractive Industry Interest Areas into the Regional Growth Plans to ensure that identified extractive resources are taken into account during any future planning scheme amendments in regional areas.

- *Identify and implement the most effective mechanism to ensure appropriate planning protection for extractives*

Based on the information obtained through the above studies the Victorian Government will consider options to ensure effective planning protection for extractives. The preferred option will take into consideration known resources and future supply and demand issues.

8. That the findings of the extractives prospectivity and future needs studies be incorporated into the state-wide strategic land use framework, be protected in local planning schemes, and have appropriate post-extractive uses identified that are consistent with and sensitive to abutting areas.

SUPPORT

The Government recognises the importance of protecting our current and future extractives industry through clear identification in local planning schemes.

The Government will achieve this through the following actions:

- Incorporating the existing extractive industry interest areas into the Regional Growth Plans.
- Where necessary, use the existing provisions under the *Planning and Environment Act 1987* for the Minister for Energy and Resources to not consent to changes to planning schemes that may affect stone.
- DSDBI becoming a referral authority for developments near existing quarries.
- Subject to the results of the studies on extractives prospectivity and future needs, the Government will consider the most appropriate method to protect resources within the planning framework.

9. That the Victorian Government reviews the system in which landholders are notified by mineral or extractive licences applications covering their land, to ensure, where appropriate, directly affected landholders receive timely, written notification.

SUPPORT

The Government will review advertising requirements to improve notification and the provision of relevant information.

The Government recognises that the notification and advertisement of applications and licence information are important in helping affected landowners and community members to understand the type and timing of earth resources activities that may take place.

In undertaking this review the Government will:

- *Review information requirements*

The Government will review requirements for the provision of information about proposed earth resources activities by applicants to landowners and community members. As part of this review, the Government will ask the Earth Resources Ministerial Advisory Council to provide advice about how these requirements could be improved.

- *Introduce new advertising requirements about proposed activities*

The Government will require applicants to adhere to new advertising requirements that provide greater information about proposed activities under a licence. The content of advertisements must contain links to company websites (or alternatives). The specific information will be determined in consultation with the Ministerial Advisory Council, with the objective of providing simple and transparent information and an opportunity for community engagement.

The Government will also require applicants to include DSDBI's website address in their advertisements to enable landowners and community members to access Government information about the licensing process. DSDBI's website will contain information on:

- licence types
- the licensing process
- licensee obligations
- landowner and community roles and rights.

This standard information will inform the community about the process and to understand their rights.

- *Require notifications in local newspapers to cover the licence area*

The Government understands the importance of applicants widely advertising licence information in a timely fashion. The Government will reform advertising requirements in the regulations to ensure that the above information is distributed in one or more local newspapers that most effectively cover the licence area and one state wide newspaper.

Direct notifications

Mining and Prospecting licences

Mining and prospecting licence applicants must continue to provide written notice directly to the landowners within two weeks of the licence application being awarded ranking, in addition to these advertisements.

Exploration and Retention licences

Exploration and Retention licence applications must continue to notify landholders via newspaper advertisements. Direct written notification about an exploration or retention licence application to all landholders is impractical due to the typically large area of such tenements. This could involve large numbers of landowners and cause undue concern to many people whose land will never be accessed for the purposes of exploration or retention activities.

When any licence holder proposes to undertake an activity on private land, they are required to obtain the consent of the directly affected landowner or enter into a compensation agreement with them in order to gain access to that land.

Extractive licences

The current notification process for extractives will continue. The applicant must enter a private contractual agreement with the landowner (who owns the extractive resources) prior to accessing and extracting the stone resource. The applicant must also prepare a Community Engagement Plan to be included in a work plan for submission to the Department.

10. That all new applications for exploration licences be advertised on the Department of Primary Industries' website with an interactive, searchable, user-friendly interface.

SUPPORT

The DSDBI will reformat relevant sections of its website to provide clearer information about applications.

Clearer and more accessible information will be placed on the DSDBI website to support the public's understanding of the nature and scale of proposed exploration activities.

DSDBI will update information about exploration licence applications by updating its website on a timely basis to ensure that licence application information is transparent and readily available.

DSDBI will also review its website to identify ways to improve its usability. This will include adopting a user based focus to web design, with easily recognizable entry points for specific stakeholder groups, and identifying opportunities to provide further searchable information about licence applications.

11. That the Victorian Government, through the Department of Primary Industries, notifies local governments of applications for exploration licences that are located within their jurisdictions.

SUPPORT

The Government will continue to provide notifications about exploration licences to relevant councils.

The Government appreciates the need for ongoing communication with local governments. The provision of information about exploration licences helps councils to understand applicable processes and project proponents. This information also enables councils to assess the degree to which they will engage and participate in licensing processes.

To achieve this, the Government will continue to:

- *Notify local governments about exploration licence applications in their area*

In response to local government requests for information about exploration licences in their area, DPI introduced a notification process in November 2011. The notification includes a map of exploration licence area and licence details. DPI officer contact details were also provided, along with DPI's landowner information booklet and relevant fact sheets.

DSDBI will continue to provide these notifications to support and inform council processes.

- *Provide information sessions to local government*

DPI has held information sessions for local governments and the Municipal Association of Victoria since June 2011. The Government will continue to provide these sessions as a complementary measure to assist councils to understand broader licensing processes.

12. That the Victorian Government, at an appropriate time, reviews the outcomes of the reforms to mineral licences implemented by the stage one review of the Mineral Resources (Sustainable Development) Act 1990.

SUPPORT

The Government will review the recent licensing changes after five years' operation to assess whether the regulatory reforms are appropriate and effective.

The Government supports regular reviews to ensure regulation meets its specified objectives, unnecessary costs to business are minimised and to promote a culture of continuous improvement in line with principles expressed in the *Victorian Guide to Regulation*. Such reviews also give the community greater confidence that regulations remain consistent with community expectations and values.

The Government introduced new mineral licences in 2012 through the *Mineral Resources Amendment (Sustainable Development) Act 2010* to align government and industry processes and provide increased security of tenure for licence holders.

DSDBI will review the new licence types after the reforms have been in operation for an appropriate time, given the scale of the changes and the time required for these changes to take effect. The Government expects to review the changes after five years (in 2017) in order to gauge the impact of the licences in a meaningful way, however any such review could be brought forward depending on circumstances.

The review will inform any appropriate legislative change.

13. That the Victorian Government considers ways of improving access to Crown land for mineral exploration as part of the wider review of land use priorities in Victoria.

SUPPORT

The Government will review arrangements for access to Crown land to ensure that processes are streamlined and effective.

The Government is committed to reducing regulatory burden, delay and cost while ensuring environmental and heritage values are protected in line with community values.

The Government will consider options to improve the timeliness with which consents may be given for access to Crown land through the following actions:

- *The Victorian Environmental Assessment Council (VEAC) review of arrangements for access to Crown land for prospecting*

VEAC will investigate the most appropriate circumstances for providing access to additional areas in specified national parks for recreational prospecting. This review is scheduled for completion by mid-2013.

- *Review the list of rivers and streams excluded from low impact prospecting under a miner's right*

The Government will review the list of streams and rivers that are currently excluded from low impact prospecting activities under a miner's right.

- *Review section 40 of the National Parks Act 1975*

Section 40 of the *National Parks Act 1975* establishes approval requirements in relation to licences that pre-date the creation of a park. The Government will review the workability of section 40 of this Act to identify potential opportunities to streamline and modernise this process.

14. That the Victorian Government conducts a review of compensation agreements under the Mineral Resources (Sustainable Development) Act 1990 to encourage fair outcomes for those with a specified beneficial interest directly and adversely affected by mineral exploration.

SUPPORT

The Government has requested the Earth Resources Ministerial Advisory Council to review appropriate aspects of the compensation agreement process under the MRSDA.

The MRSDA (Part 8) outlines heads of agreement and provides guidance on the circumstances where compensation is payable. It also sets out how compensation disputes will be determined and sets some restrictions on the total amount of compensation to be paid.

The Government supports the principle that the content of a compensation agreement is a matter for negotiation between private parties. The Government does not propose to review the outcomes of agreements, as individuals are best placed to negotiate arrangements suited to their circumstances.

15. That the Victorian Government reviews the current rehabilitation bond system in comparison with alternative existing mechanisms, taking into account the end-of-mine-life environmental legacies, whilst honouring obligations for rehabilitation of specific sites.

SUPPORT

The Government has reviewed the rehabilitation bond system and will implement reforms to ensure bonds are proportional and effective.

The Government understands that bonds can impose significant costs for some industry members during the early development phases of their projects and may prevent the commencement of mining and quarrying projects. The Government will reduce the impost that the rehabilitation bond scheme places on some mining and quarrying projects to start up, assisting in ensuring capital is available to commence operation, while continuing to ensure the same rehabilitation outcomes are achieved.

The Government has completed its review of the current rehabilitation bond scheme as part of the MRSDA review and will take the following actions:

- *Introduce a start-up bond scheme*

The scheme will allow for reduced bonds of up to 50 per cent during the start-up phase of new mining and quarrying projects, when the risk of default is low and additional liability to the Government is minimal. The discount will apply for a period of up to five years, after which the bond will be set at the full amount.

- *Implement a cash bond system*

A cash bond system for individual bonds up to \$10,000 will be introduced as an alternative to bank guarantees in appropriate circumstances. Cash bonds will provide benefits to smaller operations through reduced banking and transaction costs relative to bank guarantees.

- *Introduce a late bond lodgement penalty*

Currently there is no disincentive for a proponent to lodge a bond after a due date, thereby potentially leaving increased risk with the Government. The introduction of the penalty will address this regulatory shortcoming and will allow the Government to recover the administrative costs associated with the late lodgement of a rehabilitation bond.

The Government will review these reforms after five years.

16. That the Victorian Government examines the feasibility of reducing or removing royalty charges on overburden material for extractive developments.

SUPPORT

The Government will review the royalty charges on overburden materials for extractive developments.

The Government is aware of industry concerns regarding royalty rates that apply to low value extractives overburden. This overburden is generally a by-product of accessing extractive resources and is a low value product.

The Government will ensure that royalty charges on overburden material are proportionate to the value of the product. To achieve this, the Government will review the royalty charges on overburden materials for extractive developments.

The review will consider an alternative royalty structure for low value materials produced from extractive developments.

17. That the Victorian Government develop a clear policy position on the future role of the Mining Warden.

SUPPORT

The Government recognises the importance of the role of the Mining Warden and continues to support the function and independence of the office.

The Government supports a strong, independent Mining Warden that assists industry and the community in reaching consensual resolution to disputes through investigation and arbitration. The Government will support this through:

- the commitment to the continued operation of the role, function and independence of the Mining Warden in Victoria, and
- the current review of the scope and resourcing of the office's activities to ensure that it functions efficiently. The Government will release a discussion paper and invite submissions for the review.

18. That the Victorian Government establishes statutory timeframes under the Mineral Resources (Sustainable Development) Act 1990. These timeframes must be binding upon the Department of Primary Industries and its referral agencies, incorporated into annual reporting requirements and be equivalent to Australian best practice.

SUPPORT

There are currently no statutory timeframes pertaining to key departmental approvals processes under the MRSDA. To provide investors with greater certainty regarding the processes of the MRSDA we will do the following:

Work Plan Approvals

The Government will amend the MRSDA to include a statutory time frame of 30 days in which the DSDBI must respond to applications for the statutory endorsement of work plans and work plan variations.

This will require the department to respond to such applications, either with an approval, refusal, or forwarding to the required referral authority, or request to the applicant for a revision, within 30 days.

This new statutory timeframe will ensure that decisions will be made in a more timely manner.

Where referral authority responses are required under the statutory endorsement process the statutory time frame of 30 days will remain.

In the event that applications are complete and meet the requirements of the Regulator and Referral Authorities, these amendments will mean that under the new statutory timelines all responses to work plan applications will be addressed within a maximum of 90 days.

Licence Approvals – Exploration and Prospecting

For the granting of exploration licences and prospecting licences, the Minister will grant or refuse the licence within a time period of 90 days of the date of acceptance, on the proviso that the proponent provides all required information.

However, this 90 day period will not include processes that are outside of the State Government's control, including the time taken by proponents to satisfy additional information requests by the Minister, the time taken to undertake Mining Warden investigations and the time taken for proponents to make Native Title agreements.

Licence Approvals – Retention and Mining

For Retention and Mining licences, pendency provisions will remain in the MRSDA assuring continuity of tenure of existing underlying licences during the application process. These will be treated similarly to exploration licences and prospecting licences, however Government will commit to processing these applications within a 120 day period to account for the additional complexity of assessing the requirements for mineralization reports and suitable work programs. A statutory timeframe will be inserted into the MRSDA to reflect this.

The DSDBI will consult with the resources sector during the development of these legislative amendments and their related procedures, with the objective of balancing the needs of licence holders, communities and regulators.

19. That the Victorian Government considers redirecting the regulatory focus of exploration, mining and extractive work plans towards outcomes and away from prescriptive conditions, in order to better manage risk and achieve socially, economically and environmentally sound outcomes.

SUPPORT

The Government will continue the reduction of red tape in the Earth Resources sector where it does not have a detrimental effect on local communities, economies or the environment.

The Government will:

- Introduce changes to work plan requirements in the minerals regulations that are more risk based and outcomes based and less prescriptive, where such an approach is effective and practicable.
- Revise the definition of low impact exploration to a risk based definition that considers the level of environmental impact. The statutory definition of low impact exploration will be amended to permit narrow diameter drilling without the requirement of a work plan. This will significantly reduce regulatory burden for explorers undertaking low impact exploration which has very minimal risk to the environment or cultural heritage while maintaining the same level of protection for the environment and communities.
- Amend the MRSDA to enable work approved under a work plan to be carried from one licence type to another, eliminating the need to reapply for previously approved work.
- Amend the MRSDA to allow smaller, low risk mines to be exempted from work plan requirements and be able to operate under a binding Code of Practice. The exemption and the Code of Practice would be similar to those already applying to small quarries.

20. That the Victorian Government considers the recommendations of the Victorian Competition and Efficiency Commission's report *A sustainable future for Victoria: getting environmental regulation right (2009)* to improve the transparency and efficiency of the Environmental Effects Statement process in Victoria.

SUPPORT

The Government supports the reform of the Environmental Effects Statement process to create certainty for industry and improve efficiency while also ensuring sound environmental outcomes.

The Government recognises that regulatory processes need to be transparent and effective to provide industry with the confidence to proceed with investment in exploration and mining. The Government is also committed to ensuring that Victoria's environment is appropriately protected. The Government will therefore reform Victoria's environmental impact assessment process and its coupling with approval processes to deliver better outcomes for the state's economy, community and environment.

The Government has taken the VCEC report recommendations on the Environment Effects Statement into account in developing the Government response to the Environment and Natural Resources Committee inquiry into the Environment Effects Statement process in Victoria. In line with that response released in 2012, the Government is working towards reform of Victoria's environmental impact assessment process to provide:

- Clear objectives and transparent processes to increase certainty for all stakeholders.
- A suite of environmental impact assessment options that can be applied to match the level of environmental risk arising from individual projects.

- Coupling of approvals processes with the environmental impact assessment processes, to streamline information and consultation requirements as well as decision-making, in order to reduce time and costs.

21. That the Victorian Government develops a 'one-stop-shop' framework to provide a single point of entry into Victoria's regulatory system for the full range of resource sector activities from exploration to production under the Mineral Resources (Sustainable Development) Act 1990.

SUPPORT

To achieve this, the Government will:

- *Establish Minerals Development Victoria within DSDBI to be the single point of entry for investors and the link between investors and Victorian Government*

This will enable DSDBI to undertake a lead agency role within government to facilitate the delivery of investment in the Earth Resources sector. This will be based on the model considered in the national framework (the South Australian model).

The model will include the following areas of focus:

- provide a single entry point for proponents to detail their project and requirements, obtain information on approvals processes and initiate dealings with Government.
- assign a case manager who will intensively step proponents through the approvals process and act as an agent who deals with other agencies on behalf of proponents.
- provide a project managed, transparent and scaled approach to facilitation.
- ensure formal and coordinated decision making arrangements across agencies are in place.
- establish, monitor and report on approval timeframes to improve the transparency of timeliness in the approval process.
- identify significant imposts and seek resolution.
- establish project reference groups as required with senior representation from relevant agencies to proactively identify and manage strategic and policy risks to provide all stakeholders, including industry and community, greater certainty for earlier decision making.

22. That the Victorian Government considers the recommendations of the Policy Transition Group's Report to the Australian Government (2010) that the Productivity Commission be directed to conduct a review of regulatory barriers faced by exploration companies in Australia.

SUPPORT

The Government will actively provide input into the Productivity Commission's review of regulatory barriers faced by exploration companies in Australia.

The Productivity Commission is currently conducting an inquiry into the non-financial barriers to mineral and energy resource exploration. The Government is committed to the removal of unnecessary regulatory burden and other barriers to exploration and supports the efforts of the commission to identify them.

The Government has provided input into the terms of reference for the inquiry and will continue to engage in the process through:

- contributing to the Standing Council on Energy and Resources submission, *Levers to improve Australia's Global Position for Attracting Exploration Investment*, to the inquiry; and
- addressing the recommendations of the inquiry.

23. That the Victorian Government considers facilitating the establishment of a framework for an integrated mineral resources initiative such as South Australia's Plan for Accelerating Exploration, to drive new minerals exploration to encourage investment and economic development in Victoria.

SUPPORT

The Victorian Government will deliver a suite of actions to achieve higher levels of investment in exploration and resource development, using the South Australian Plan for Accelerating Exploration (PACE) as a guide and aligned with the needs of local industry.

This will be underpinned by this EDIC response and the release of "*Developing Victoria's earth resources*" which will outline the Government's plans for the future role of Victoria's Earth Resources sector, with a key focus on attracting investment and economic development in Victoria. The Geological Survey of Victoria (GSV) will continue to collect, develop and deliver leading edge geological models and data. This will enable us to ensure the investment market has complete and up to date information of future opportunities in our Earth Resources sector.

In addition the following will be implemented:

- *Deliver a new pre-competitive regional scale geological data program to facilitate the identification of new resources and attract new exploration to the State*

Government will undertake a new program focused on collection of targeted, precompetitive regional scale data to encourage investment in minerals and energy exploration. This will also assist Victoria in meeting its renewed commitment to precompetitive geosciences through the National Exploration Strategy. Through new geological/geophysical survey information and the development of new geological 3D models, the opportunities for greater investment in the State will be highlighted and promoted to industry.

- *Undertake a new investment attraction campaign*

The Government will intensify its activity within investment markets for earth resources projects, demonstrating the value of our resources and the competitive nature of Victoria. The Government will work with local and international industry networks to identify resource development opportunities and tailor marketing initiatives.

- *Online Applications Processing*

An online processing system will be developed to streamline licence and work plan applications and allow for the tracking the progress of these applications. This will improve the transparency of the application process.

24. That the Victorian Government strengthens Victoria's role in research and innovation, through facilitation of partnerships between the Government, universities and the resources sector.

SUPPORT

The Government recognises the important role that research and innovation has in promoting industry development and providing benefits to the wider economy.

For many years the Victorian Government has worked in partnership with Federal Government bodies, universities and the resources sector to undertake research and innovation that has resulted in a stronger and a more innovative Earth Resources sector.

The Government will continue to provide support for research and innovation where private investment is suboptimal and there are sufficient positive spill overs to benefit the wider economy. Victoria will focus its support on research that is in the state's interest and delivers tangible benefits.

The Government is currently supporting a range of research and innovation activities through funding contributions. These are:

- research and development to use carbon capture and storage (CCS) resources found in this region through provision of \$30 million to the CarbonNet Project and supporting the development and demonstration of CCS.
- developing skills and capability in the mining sector through support for Monash University's new Division of Mining and Resources Engineering.
- technological development, research and innovation for brown coal through the Advanced Lignite Development Program, in conjunction with the Commonwealth Government.
- ongoing research into carbon capture and storage technology on a commercially significant scale through the Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC).

25. That the Victorian Government establishes a process that determines local infrastructure requirements for mining development projects, facilitates plans to meet those needs, identifies appropriate funding models, and minimises adverse effects while maximising benefits for local communities.

SUPPORT

Government recognises the need for early identification of significant infrastructure that may be required for earth resources projects. In addition, investors need to be aware of the impacts on local infrastructure of their projects, and the costs associated with it, when developing their project plans. Minerals Development Victoria will work with proponents and other agencies to address these issues from an early stage.

To achieve this, Minerals Development Victoria will work with project proponents, local government and other agencies to:

- consider the infrastructure requirements and/or impacts of mineral projects
- identify and facilitate an appropriate planning process, and
- ensure funding arrangements are in place to support achievement of the necessary infrastructure.