

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget Estimates 2019–20 (Resources)

Melbourne—Wednesday, 12 June 2019

MEMBERS

Mr Philip Dalidakis—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallenge

WITNESSES

Ms Jaclyn Symes, Minister for Resources,

Mr Simon Phemister, Secretary, and

Ms Penelope McKay, Deputy Secretary, Corporate Services,

Mr John Krbaleski, Acting Head—Resources, and

Mr Anthony Hurst, Executive Director—Resources, Rural and Regional Victoria Group, Department of Jobs, Precincts and Regions.

The CHAIR: In order to keep my efficient schedule on time, on track, on budget, I now declare open this hearing of the Public Accounts and Estimates Committee. On behalf of the Parliament, the committee is conducting this inquiry into the 2019–20 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community. The committee will now begin the consideration of the portfolio of resources. I welcome the Minister for Resources, the Honourable Jaclyn Symes, and officers from the department. Thank you for appearing before the committee today.

All evidence given is protected by the Parliamentary Committees Act. This means that it attracts parliamentary privilege and is protected from judicial review. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty. Minister, I invite you to make a brief opening statement or presentation of not more than 10 minutes. Minister, over to you.

Visual presentation.

Ms SYMES: The resources sector plays an integral role to job creation investment in Victoria, particularly in our regional communities. We are working with industry and community to grow this sector. To assist industry we are reducing red tape and helping facilitate and make it easier for industry to move from planning to production. We are building community confidence in our minerals sector, improving investment attractiveness and strengthening Victoria's position as a global mining and mining services centre. These are key pillars of the mineral resources strategy that was released last year.

As you can see from the data on this slide, Victoria's minerals sector is on the up, with increased exploration across the state which can lead to potentially more mining. Victoria has seen a huge increase in expenditure on exploration. This enables long-term planning to secure mineral resources that the state needs for years to come and creates those vital jobs across the state. With the success of the Stavelly ground release, we will be releasing a tender of new minerals exploration areas in central Victoria in the Lockington-Rochester area. This is an election commitment and we plan to open it up in the second half of this year.

The government is continuing to implement the \$50 million Target Minerals Exploration initiative, which encourages investment in the state's most prospective minerals and geological provinces and enhances geoscience knowledge, which could lead to further mineral discoveries. We have awarded a total of 15 co-funded grants for mineral exploration projects in regional Victoria across the target's first two rounds.

Victoria's resources industry is undergoing a renaissance, with increased minerals exploration and strong goldmining results, including increases in production at Fosterville, the state's largest goldmine. Mining operations are the backbone of many regional towns, and across the state the industry is employing more than 12 000 Victorians. This is great news for regional Victoria, given that resources projects are regionally based and bring valuable wages and follow-on economic benefits to those communities. They support local energy, retail, education, tourism and recreational businesses.

I can quickly take you through some of our achievements. We released the *State of Discovery: Mineral Resources Strategy 2018–2023*, which helps grow investment and jobs in Victoria while meeting the social and environmental expectations of the community. The former Minister for Resources and the Minister for

Planning released their joint ministerial statement on extractive resources, which implements planning related priority actions. In 2018 we released the tender for the Stavely ground release, which delivered six successful tenderers for six exploration areas and collectively these exploration companies are likely to spend over \$20 million on exploration activities in western Victoria over the five-year licence terms.

Just last week we reintroduced the Mineral Resources (Sustainable Development) Amendment Bill to Parliament. The bill delivers on recommendations from the Hazelwood Mine Fire Inquiry by strengthening and clarifying rehabilitation obligations and post-closure land management.

We are progressing the Victorian gas program, which is a \$40 million science-led program to assess the potential for further discoveries of onshore conventional and offshore gas in the Otway and Gippsland geological basins. We launched the 2018 Victorian offshore petroleum acreage release to help ensure that long-term affordable gas supplies are available to Victorian homes and businesses. We are enshrining the fracking ban into the Victorian constitution to protect Victoria's agricultural sector's hard-won reputation for producing high-quality food.

The new approvals pathway is delivering immediate improvements by enabling quarry and mine operators to notify the regulator about changes to their onsite operations while continuing to meet their obligations to protect public safety and the environment.

The 19–20 budget is ensuring a positive future for the state's minerals and extractives production, which links strongly to the government's infrastructure agenda and commitments. The \$13.2 million initiative protecting raw materials for Victoria's infrastructure pipeline will support the availability of quarry materials to help keep new housing and infrastructure affordable. The \$2.3 million State of Discovery growing confident communities and responsible mining initiative will drive investment attraction and establish a community benefits scheme to support community-based projects in mining-affected areas. The major programs within the \$122.6 million allocated in the budget include the CarbonNet project, the Victorian gas program, the Target Minerals Exploration grants initiative and recurrent operations funding to support the ongoing service delivery of the department.

Melbourne is Australia's fastest growing city. With our population set to almost double by 2050, we need a resupply of extractive resources. The *Helping Victoria Grow: Extractive Resources Strategy* released last year aims to secure extractive resources to allow current and future generations to affordably build homes and infrastructure. The 19–20 budget has allocated \$13.2 million over the next four years to help deliver critical resource, land use and transport planning initiatives. We are working with local councils, industry and the community to make sure potential quarry sites are not built over and that land is available to provide raw material close to where it is needed. It is in every Victorian's interest that new infrastructure and housing remain affordable.

The trial in two local council areas—South Gippsland and Wyndham—to protect the sites by amending planning provisions is currently underway. It is important that locals understand the benefits a quarry can bring in terms of enabling new infrastructure and providing employment opportunities in their area.

Minerals exploration and mining have the potential to create more regional jobs and economic growth. The 19–20 budget minerals initiatives support the government's commitments under the *State of Discovery: Minerals Resources Strategy 2018–23* to grow confident communities, drive investment attraction, encourage responsible mining and promote Victoria as a global mining hub. That is the resources presentation, Chair.

The CHAIR: That is fantastic, Minister. Despite our somewhat condensed time, you are even ahead of that. We move to questions and to Mr Maas.

Mr MAAS: Thank you for that presentation, Minister. Minister, I would like to take you to the topic of new quarries. If I could turn your attention to budget paper 3, pages 258 and 259, output measures for the department show figures around approvals, community and stakeholder engagement information forums, exploration and mining licences and key milestones. Are you able to provide clarification to the committee of what these figures mean for the sector in a practical sense?

Ms SYMES: Yes, I can do that. Thank you, Mr Maas, for your question. Look, it is very important that we make the investment to ensure that we can get the raw materials needed to build all of our infrastructure needs, and we have got some output measures that align with our investment to make sure that we are performing in that regard. We have streamlined processes that make it easier for industry to access and develop the construction materials that are needed. Time and cost savings have been delivered to industry with the introduction of a streamlined assessment pathway for changes to sites that do not significantly increase risk. The changes enable operators to expand their operations without proportionate regulatory oversight. Faster assessments are also benefiting government and communities by enabling the materials, obviously from the quarries, to get to where they need to sooner without driving up our costs. This is how we are meeting our output measures, as you have asked about.

It is good news that industry groups have welcomed the outcomes delivered through the investment to date, and they have expressed strong support for reform progress to continue. We as a government will always consider ways to improve the processes and build greater confidence in the industry, as we have been doing. Our investment has enabled the delivery of the commissioner for better regulation's recommendation from her 2017 report *Getting the Groundwork Right*. The government has been working closely with industry representatives, mine and quarry operators, councils, agencies and other stakeholders to deliver improvements that will secure cost-effective materials through a well-functioning regulatory system.

The major output area that did require attention was the processing of minerals regulatory approvals. This performance measure had remained below the target—95 per cent—for the last three years, averaging around 72 per cent. However, following the allocation of additional funding in the 2018–19 budget to improve earth resources regulation, performance levels in processing regulatory approvals have been lifted, and this performance measure is expected to achieve the target for the 18–19 year of the 95 per cent. I can inform the committee that during the six-month period to December 2018, 111 licence applications and work plans were approved within the agreed time frames out of a total of 113, and it is expected that the 95 per cent target will be achieved in 18–19.

This followed the Earth Resources Regulation-issued *Statement of Operating Change* for extraction of mineral resources that was released mid last year, which sets out the changes that we made for the assessment of operators proposing quarry and mining work activities. A work plan is used by the industry as their primary statutory implement that they use to plan their operations. Work plans must be approved by the earth resources regulator, and we have been streamlining the way this process works. There is now clearer guidance for industry about work plan requirements and new notification pathways that enable quarry and mine operators to simply notify the regulator about low-risk changes to their operations, which enables them to get on with their development and production activities much sooner than had been previously.

We have also worked with industry to develop guidelines so they can take advantage of the changes, including guidance on preparation of work plans and work plan variations, exploration licence guidelines and a code of practice for mineral exploration. This includes continuing to deliver a range of training sessions for industry participants and other agencies on the new procedures for the work plans so everyone is very clear on how it is working. These policy and procedure changes have resulted in the significant turnaround for the regulator in meeting and indeed exceeding the targets as set out in the budget papers.

Mr MAAS: Thanks, Minister. How do these performance results in this year's budget investment relate to giving industry confidence?

Ms SYMES: It is an important question, Mr Maas, because both the resources industry and the private sector had previously been critical about delays in approval processes, and these delays restricted material getting to market and put pressure on the cost for infrastructure projects. As I have identified, we have managed to turn this around. We have got an additional \$13.2 million aimed at the extractive resources, and a lot of that is necessary to help, obviously, with the Labor government's ambitious Big Build agenda.

This year's budget has been welcomed by Brian Hauser. He is the Cement Concrete & Aggregates Australia state director. He said:

This is a tremendous outcome for the quarry sector in Victoria as the Government continues to invest in improving the capability of Earth Resources Regulation to approve new materials supply and for the Government to continue to develop Strategic Extractive Resource Areas ...

The development of the new risk based approval guidelines last year supported by a more capable regulator will ensure both the community and industry will have greater confidence in the release of critical quarry materials supply to support the Government's Big Build.

So it is good feedback when the industry are welcoming the direction that you are heading.

Further, the Construction Material Processors Association general manager also welcomed the changes in the budget, saying that:

The CPMA welcomes the State Government's ... Budget commitment to the extractive industries sector supplying the construction materials necessary for Victoria's record infrastructure investment program.

...

We look forward to working with the State Government to achieve its transport and enhanced community infrastructure goals and trust that these objectives can be achieved Statewide.

So we do work very closely with industry, the regulators and across government to ensure that we can deliver not only an improved and more simple regulatory system but that the resources materials that we need are getting extracted and made available to the projects that rely on them.

We did convene the Extractive Industries Taskforce comprising the major industry associations, along with the state planning and transport agencies, to conduct a statewide demand and supply study to identify the state's extractive resources requirements to 2050, which is a really good piece of work because it is being used widely by government for strategic resource and land use planning purposes and industry operators to inform their operational planning. It has led to the development of what we call the hot list of priority quarries which we can then fast track to ensure that those materials can be extracted. The study serves to highlight the importance of enabling an efficient and timely assessment and approvals process so that quarry operators can expand their operations or upgrade their production equipment to meet obviously the demands of the growing sector in a highly competitive market.

I am pleased to advise committee members that Earth Resources Regulation has doubled the total number of approvals for quarries this current financial year compared to the average over the previous five financial years, and there has been a total of 76 work plan approvals over the five financial years between 1 July 13 and 30 July 18, resulting in an average 15 per year. If you compare that to how we are tracking now, ERR has already granted 30 work plan approvals and notifications so far in the 18-19 financial year. That includes accepting 15 quarry work changes via the new notification pathways. The relationship with industry is good. They are pleased that we are making it easier for them to advance their operations. I would like to thank the regulator for the work that they have been doing to progress this very important issue for the state.

Mr MAAS: Would you be able to give the committee a practical example of how the improved departmental practices are helping companies?

Ms SYMES: I can do that.

Mr MAAS: Good.

Ms SYMES: Now that the companies are able to make a notification process instead of resubmitting an entire work plan, things are able to move a lot quicker and it gives certainty to the industry. As I have said, it means the products are getting to market faster. An important company that I can reflect on is a company in my electorate called LS Quarry. Some committee members might be familiar with the company as it is the company who are supplying the concrete materials to build the West Gate Tunnel Project. Earth Resources Regulation recently approved a notification from LS Quarry, which is just outside of Benalla; it is actually Lima South Quarry. They needed to replace three old mobile crushing plants with a new fixed, more environmentally friendly crusher and conveyor plant. So by following the faster notifications pathways LS Quarry will be able to reduce its noise and dust emissions, thereby controlling two of the most common risks associated with quarries. The equipment upgrade has allowed production to significantly ramp up. They

can produce 550 tonnes per hour compared to 250 tonnes per hour with the old machinery. So it is saving time and allowing it to increase its sales to approximately 600,000 tonnes per annum. The importance of this quarry and the new investment for my home town of Benalla cannot be underestimated. This is a company that has been able to significantly increase its employment numbers, so it is a great local employment opportunity for local people in the north-east of Victoria. Working with the regulator on the approvals for this quarry, it has managed to support the \$70 million new facility for the prefab plant to Benalla, which is where they make the actual materials for the West Gate Tunnel. That is a project that is generating around 330 jobs, so this is a massive industry that is being supported in north-east Victoria, employing local people and having the streamlined processes enabling them to get on with the work that we need them to do to deliver the infrastructure that Melbourne in this instance required.

Mr MAAS: Thanks, Minister, for detailing those efficiencies and that output from a very practical example. If I could take you now to the resources community fund, my question is how has the government's investment in modernising earth resources through the 'State of discovery: growing confident communities' output initiative—that is at budget paper 3, page 68—benefited the community and its understanding of the resources sector, and can you provide information on any new community schemes?

Ms SYMES: Yes. I appreciate the question. Our investment of \$1.3 million in the state of discovery initiative confirms the important work that we are doing as a government to inform the community about the resources sector and of course of the importance of this sector. We have delivered a new Earth Resources website, which is a key point of reference for local communities on Earth Resources Regulation. It is resources.vic.gov.au for those that may wish to check it out. We are receiving a lot of positive feedback on the initiative and its functionality. Improved information is being provided to communities through the newly developed dedicated section on that website called 'Community and land use'. This section has been one of the most frequently visited or accessed since the site launched. I think it is because communities really want greater information about resources and resource activities in their community, so it is great that we are able to provide that. They want to understand why the resource is needed, how they can get involved in the planning processes for proposed projects, what our quarry and mineral resources are actually used for and why we are undertaking scientific research in that regard. The site provides a significant amount of information around understanding the exploration process, how the community can get involved in consultations as well as providing information to landholders, key sites around the state and information on community grants, as you have asked about, to assist local communities to participate in the planning process.

We certainly want local communities to better understand resources, where they come from, why they are important and why they are needed to get on with important infrastructure investments in the state. Obviously without the resources sector we are unable to build community facilities, hospitals, schools, roads, transport and the like, and the infrastructure that Victorians rely on. So coming to the community benefits scheme, which you have asked about, this will see government, industry and community working in partnership. As part of this initiative the regulator will consult with the community and industry to design a community benefits scheme, and that in effect will ensure that mining operators are able to give back to the community that hosts their operations.

So the aim is to deliver measurable benefits with an accountable and transparent scheme. Securing long-term benefits for communities that host mining will provide a catalyst for broader regional economic development also. Some miners are already great operators and involved in their communities. They are giving back to them, and I think that the scheme will only promote the good work that they are already doing and build on it. I can give you an example of—

Mr MAAS: Sure, yep.

Ms SYMES: So the Fosterville goldmine runs a community grants program that assists community groups to undertake a wide range of activities that contribute to the social, educational, recreational and environmental aspects of local communities. Grants of up to \$5000 are available, and this year marks the 14th year that the Fosterville goldmine community program has been running. In that time 192 local community groups have been awarded \$281 000. So it is really good work. Communities that know about the operations in their backyard and feel as though the organisation cares about the community tend to be an ideal situation. I would point to some research undertaken by the CSIRO that found that trust is central to building strong relationships

between industry and the communities they work alongside, and that equitable sharing of benefits from mining was one contributor to Australia's trust in accepting mining industries. So we have seen a significant shift in recent times in the way that the mining industry want to communicate and engage with the local community they operate in, and I think there is a real acceptance that they want to be part of the community and ensure that they are able to give back to them.

Mr MAAS: Would you be able to talk the committee through how the government's investment is making it easier for industry to access and develop materials needed, and how does this benefit local communities?

Ms SYMES: Yes, sure. I think the best answer in response to that would be to bring you back to the joint ministerial statement for extractive resources that was put out by the Minister for Planning and the former Minister for Resources in August last year. It includes the initiative to streamline the approvals processes and expand production at the hot list that I referred to earlier. Of the 11 quarries on that hot list, they will provide an additional 160 million tonnes of extractive resources, which are necessary to supply the infrastructure projects. These are rock, sand and gravel quarries. Of the 11 quarries that have been selected for the hot list and fast-tracked, four have now been granted approval to expand production, and that was as of June. The investment is benefiting the government by enabling that supply of construction materials to get to where it needs to at an affordable cost. As I have said, access to these materials is critical to meet the needs of the state. The budget has allocated more than \$13 million over the next four years to help deliver the critical resource, and the land use and transport planning initiatives that are set out in the strategy are being enacted.

The extractive materials make up about 35 per cent of construction costs, so it is really important to secure quarries that are close to where they are needed to build the infrastructure that we are embarking on. Transportation of extractive resources is expensive, and to meet future demand we need to make sure that we are taking action now and identifying the sites and locations that are necessary. So the initiative will enable work that is being trialled to scale up in the same way that industry is scaling up to meet demand to build more homes, schools, hospitals, transport and the like.

In my presentation I referred to a trial with two local councils—South Gippsland and Wyndham. What we are doing there is protecting potential quarry sites for the future by amending planning provisions—they are obviously on the fringes of Melbourne, those two areas—and making sure that people are not building houses up against where potential quarry sites might be. It is pretty important work. So we are giving the Victorian community certainty on where the future extractive resources will be located and making sure that this is a very transparent and informative way to communicate with the community.

Mr MAAS: I might take you to the METS sector.

Ms SYMES: A very exciting sector.

Mr MAAS: And for the benefit of Hansard, the Mining Equipment, Technology and Services sector. Minister, we know how vital local employment opportunities are to regional areas, so if I could point you to budget paper 3, page 73, the paragraph on 'state of discovery' shows some potentially exciting developments in the METS sector. Minister, how does the 2019–20 budget deliver for regional small to medium-size businesses in the mining sector?

Ms SYMES: Yes, thanks very much for the question, Mr Maas. The METS sector is a really exciting and dynamic part of the mining industry and of course the resources portfolio. We have a world-leading METS sector which contributes nearly \$14 billion to the Victorian economy, and the government wants to help promote and secure the future of this sector. We want them to grow; we want them to prosper. It is the sector that facilitates all mining activities now and into the future, and it is a job-generating opportunity for the state, particularly in country areas. Mining companies here and around the world need Victoria's METS expertise, products and technology development to reduce costs, increase mining efficiency and reduce its environmental footprint.

Machine maintenance, mine planning, corporate social responsibility, information technology, engineering, research, design and development—they are just some of the employment opportunities that fit into the METS sector. Effectively, the way I look at it, the mining sector does not operate without the METS sector component.

So it is a really important part of the industry to support and, excitingly for my portfolio, it has really got a great opportunity for future growth creation. So that is why in this year's budget we have allocated \$1.3 million to develop a business accelerator program specifically for the METS sector, and the funding will be further utilised to leverage opportunities for collaboration between industry and universities through a Victorian METS hub. The opportunities for the METS sector to further expand into overseas markets are endless. We certainly have some of the best and brightest here in our state and their expertise is certainly sought after from all pockets of the globe. The government's investment will assist in further capitalising on those opportunities.

With recent increases in the discovery of mineral sites the METS sector is only going to grow, so we need to support that sector to ensure that the minerals sector can grow also. The International Mining and Resources Conference, of which the government is a major supporter, will be later this year and will provide a unique opportunity to showcase the Victorian METS sector, its research and development potential, and it will be a global audience that we will be showcasing to through that conference.

Here in Victoria we are going through a minerals and mining renaissance, as I have identified, and our METS sector will play an integral part in helping our mining companies discover, extract and process the resources that are needed, and as I have identified, the resources are just vital to everyday life—whether it be roads, houses, computers, electric vehicles, solar panels, storage batteries and the like. These are necessary resources, and we are supporting the industry to make sure that they get to where they need to go.

Mr MAAS: Thanks, Minister. Careers in the METS sector seem like a growth area. Can you tell us what the government is doing with respect to that?

Ms SYMES: Yes, I can. We are taking action to grow investment in the METS sector, and I want to really highlight that we want to create pathways into the METS sector. Just recently I announced a partnership with the Australasian Institute of Mining and Metallurgy—we call them AusIMM—to entice a new generation of students into the state's resources sector. The collaboration will involve the industry and academia to attract and retain the best professional talent to this exciting sector. It will also target women to entice them into the sector, and the alliance will make scholarships available to get more women at senior levels, particularly those who have a STEM background—so science, technology, engineering—

The CHAIR: Minister, sorry to interrupt you, but it is a nice segue to talk about women and talent. Ms Vallence, the chair is yours.

Ms VALLENCE: Minister, thank you. The first question is actually to you, Secretary. Secretary, on what date—I am just after a date—did you first become aware of the Treasurer's action to impose a royalty tax on goldminers?

Mr PHEMISTER: What date did I become aware?

Ms VALLENCE: Date.

Mr PHEMISTER: On budget day.

Ms VALLENCE: Minister, on what date did you first become aware of the Treasurer's action to impose a royalty tax on goldminers?

Ms SYMES: Look, I do not keep records of specific dates of when I learn about particular government initiatives, but I am more than happy to talk you through the gold royalty from my perspective.

Ms VALLENCE: No, I just want to know what date you were aware. Was it on budget day? Was it before budget day?

Ms SYMES: Before budget day.

Ms VALLENCE: Before budget day. Close to budget day or sometime before?

Ms SYMES: I am not in a position to devolve conversations that happened before budget day, but I will let you know that I knew about this before budget day.

Ms VALLENCE: Okay. Minister, referring to budget paper 3, page 123, given that back in early March, 8 March, you were quoted as saying:

Victoria's wealth was built on goldmining and the industry remains integral to creating regional jobs—
and—

We're supporting success stories like Fosterville to keep producing and employing locals.

Why are you supporting? If you knew about it before budget day, why are you supporting a tax impost on an industry that is such a big employer—around 1000 direct jobs and around 5000 for the sector? Why are you supporting that tax?

Ms SYMES: Yes, sure. I think, as the Treasurer has articulated, it is the responsibility of government to provide a fair and equitable and progressive tax system. When I became Minister for Resources I was quite surprised to learn that the only major gold-producing jurisdiction in the world that does not have a gold royalty is Victoria.

Ms VALLENCE: We have not had one for a long time. It is not really an excuse to impose a tax. I mean, we do know that gold is much harder to extract—it is much deeper down in the ground—and it costs more to extract.

Ms SYMES: Look, I think it is—

Ms VALLENCE: It is not really on a level playing field with other jurisdictions, Minister, would you say?

Ms SYMES: No, I dispute that, Ms Valence. I would say that gold, like any other resource, is owned by the people of Victoria, and expecting a fair return on a resource once it is sold is a good policy position for the government to take. In relation to this—

Ms VALLENCE: Even though it is less attractive for investment and it will impact jobs?

Ms SYMES: No—well, look, I will take you to some comments from the sector. Navarre Minerals managing director, Geoff McDermott, said the royalty was:

... 'not a big deal' and would not convince his company to change—

any of its plans:

You would hope your margins were greater than 2.75 per cent if you were opening a new mine' ... 'I don't think we should be waving our arms about it, it is a very small amount and at the end of the day the minerals belong to the state and we want to pull our weight like other industries.

We have a royalty that applies to all resources in this state. We are fixing an anomaly where gold was an outlier, and as of January 2020 we will be rectifying that.

Ms VALLENCE: And you would know that that is a selective quote and that other miners are saying differently. Minister, given the Minerals Council of Australia Victoria director James Sorahan said:

The Andrews government has not consulted or listened to regional communities that rely on—
these—

... jobs that mining delivers in Victoria ...

can you advise what consultation was done with the mining industry before the imposition of yet another tax?

Ms SYMES: Sure. What needs to be understood in relation to this matter is that the resources industry, and gold in particular, is very market sensitive. So to flag to the industry in a selective way that you are going to introduce a gold tax, a gold royalty would be very irresponsible.

Ms VALLENCE: So no consultation?

Ms SYMES: So making a public announcement so that the world at large finds out at the same time is a prudent approach for a government to take. Following the budget announcements I have met with the Minerals Council of Australia, Victorian division, twice, and I have met with them with the Treasurer, and we have committed to ongoing conversations in the lead-up to the implementation of this in January 2020. So I meet with people in the resources sector all the time.

Ms VALLENCE: Meeting with them is not necessarily consulting with them on a tax. But Minister, thank you; we will move on.

Ms SYMES: We have given a commitment to consult with them in the lead-up to the implementation of the gold royalty in January 2020, and they have welcomed that engagement.

Ms VALLENCE: We will move on. Now moving on to budget paper 3, page 73. With the Australian Energy Market Operator *Gas Statement of Opportunities* declaring:

... reserve estimates have reduced, and producers are declaring more gas resources commercially unviable. Consequently, production from the southern gas fields is expected to decline over the 20-year outlook—

will you now admit that a moratorium on gas exploration is redundant and needs to be scrapped immediately so that Victoria has enough gas for consumers?

Ms SYMES: No.

Ms VALLENCE: So with the Victorian gas program that you referred to in your presentation, why are you exploring for gas if it is your policy to have a moratorium in place?

Ms SYMES: The moratorium is a temporary measure.

Ms VALLENCE: So when will that temporary measure be lifted?

Mr RIORDAN: There have been reports in the last week of businesses upping and threatening to leave Victoria because they cannot access gas.

Ms SYMES: Can I answer Ms Vallence's question?

Ms VALLENCE: If it is temporary, give us a timeline. Can you provide a timeline?

Ms SYMES: Isn't that the definition of a moratorium? The moratorium is in place so that the research and science can be completed so that they can provide advice to government so we can make a decision.

Ms VALLENCE: So what is the time line for the decision-making, Minister?

Ms SYMES: July next year.

Ms VALLENCE: Sorry?

Ms SYMES: July next year.

Ms VALLENCE: July next year. Okay, thank you. On that Victorian gas program, if you look at budget paper 3, page 258, over 14 per cent of the milestones—the measure in there—in the 2017-18 period were missed. Can you explain which milestones were missed during that year?

The CHAIR: I think it is time for you to take over, Deputy Chair. I was wrong before.

Mr RIORDAN: No, no, we are just waiting for an answer and then I will take over. All sorted.

Ms SYMES: I might refer that question, if that is okay.

Ms VALLENCE: We will take that on notice?

Ms SYMES: No, no, we can get an answer.

Ms VALLENCE: Oh, refer. I misheard.

Mr KRBALESKI: So milestones in relation to CarbonNet, where CarbonNet was looking at commercialisation options—this is a pretty fast-moving environment. Last year the international Intergovernmental Panel on Climate Change said that there needs to be greater action in relation to achieving the Paris commitments, and it called out greater action in relation to carbon capture and storage where costs of mitigation would double if carbon capture and storage was not there. Last year, COAG also charged Australia's chief scientist to go away and develop a national hydrogen strategy, which calls out CarbonNet as well.

Ms VALLENCE: So that was the milestone; it was that and that only that was the milestone?

Mr KRBALESKI: Two milestones in relation to CarbonNet. There was also delivery of milestones in relation to grant agreements where we pay on the achievement of milestones, and there were two target exploration companies that did not deliver their exploration reports in time so we could not pay them. When they deliver those exploration reports we will assess those and look to pay them.

Ms VALLENCE: Thank you, I will cede now to the Deputy Chair.

Mr RIORDAN: Minister, with the major projects going on in Melbourne at the moment and the very well-known fact of the dwindling supplies of sandstone and concrete et cetera, my question is: how many applications for new quarries and resources have you approved in the last 12 months?

Ms SYMES: Thank you for your question and I can confirm that there has been a lot of activity in relation to approvals in the mining sector.

Mr RIORDAN: No, no I am talking specifically about new approvals, not mine extensions or quarry extensions, new approvals—actual new resources.

Ms SYMES: Yes, so the information that I sought on this specific question, because I was anticipating it, was that in the last four years there have been nearly 50 new quarries to receive approval.

Mr RIORDAN: And how many of those have commenced? Because I can report, Minister, in my electorate, which is on the world's second-largest volcanic plain, not one new quarry has commenced in the last five years. There have been approvals given, but none of them have started.

Ms SYMES: I am more than happy to come back to you with some information on that.

Mr RIORDAN: Okay. So with the known shortage, have you had inquiries to your department from the sector talking about the complete lack of supply going forward for class I and class II rock, which of course is essential for construction of multistorey apartment buildings and tunnels and other things?

Ms SYMES: Yes. Look, I think I answered a lot of that in my responses to Mr —

Mr RIORDAN: No, but specifically that class of rock. So what measures are you putting in place to make that rock available for the various programs?

Ms SYMES: We might take it on notice in terms of the grade.

Mr RIORDAN: You will take that on notice. And is it true, Minister—

Ms SYMES: But what I do want to point out is that we have made the process more streamlined.

Mr RIORDAN: No, Minister, it does not matter how streamlined it is. The question is: it is not available.

Ms SYMES: Of course it does. I have got a quarry just in my electorate in Kilmore, which we have just—

Mr RIORDAN: You confirmed before you are approving them, but they are not starting.

Ms SYMES: We are ramping up approvals.

Mr RIORDAN: So there is quite a difference between the amount you approve and how many have actually started, and unless it starts, the rock is not available.

Ms SYMES: You are trying to answer the question that you have asked me.

Mr RIORDAN: No, I am asking you to confirm it and, A, you cannot confirm it, so that is a concern—

Ms SYMES: Well, you have decided to answer it.

Mr RIORDAN: because it is highlighted as one of the biggest structural problems to your development program and you have not got a solution.

Ms SYMES: I have just outlined that we have streamlined processes to make sure that the approvals processes are quicker. We have made work plan variations and new work plans easier—

Mr RIORDAN: Minister, it is not about the approval; it is about the actual start-up—the operation. There are still barriers in place to get them operating. Minister, is the current regime in Victoria—does it discriminate against smaller operators starting up compared to large multinationals for providing base rock and material?

Ms SYMES: As I said, we have got a regime where we are open for business, we are approving approvals at a faster rate than has been done in decades—

Mr RIORDAN: But you cannot confirm how many have started?

Ms SYMES: We are going through the processes much quicker than—

Mr RIORDAN: So you cannot confirm how many have started?

Ms SYMES: You are jumping from one question to the next question. Can I finish an answer?

Mr RIORDAN: I am just asking you if you can confirm how many have started and you cannot. Can you tell us—

Ms SYMES: No, that was not the question you asked.

Mr RIORDAN: Well, it is the question I am asking.

Ms SYMES: You asked about support for medium and small businesses and now you are going back to the question you previously asked.

Mr RIORDAN: No, I have asked you how many small business operators have been able to get a quarry approval and start a quarry.

Ms SYMES: No, you did not; you asked if they were discriminated against. You are not even reading your questions properly.

Mr RIORDAN: Yes. So the answer is?

Ms SYMES: To which question of the three that you have changed up?

Mr RIORDAN: Well, the multiple questions. How many have started? You cannot say. How many small operators, small quarry operators that are proliferating in regional and rural Victoria, have been able to start a quarry in the last three years?

Ms SYMES: I will ask Mr Hurst to provide you a very comprehensive answer on our support for small operators in this resources portfolio.

Mr HURST: Sure, I am happy to answer that. So for smaller operators, they can operate under a code of practice, which means they do not need to go through the complex work plan approval process, subject to them getting their local council planning permit.

Mr RIORDAN: And how many of those have been approved in the last three years? Could you provide that on notice?

Mr HURST: I can actually get that information on notice. I can tell you that over the last four years there have been 47 new quarries granted approval.

Mr RIORDAN: So what we are wanting to know is how many have started.

Mr HURST: We can get that on notice.

Mr RIORDAN: Okay. So can we, in that figure, have separated out quarries that have been started for wind farms, because the planning permits for wind farms allow for a quarry to be built for a wind farm, but then that quarry cannot be used for local shires and local communities to use, so it is a limited resource which you manage to approve and get operating quite quickly but do not allow other communities to use. So exclude quarries specifically for wind farms.

Ms SYMES: Mr Riordan, we will endeavour to provide as much information as possible in relation to the confusing series of questions that you have put to me in the last 2 minutes. I promise we will give you a list.

Mr RIORDAN: Minister, it was not confusing. It is: how many approved; how many started? Quite simple.

Ms SYMES: I can get you that.

Mr RIORDAN: I mean, it is a simple question. The industry has been very, very vocal on the fact that you cannot get an extractive industry started in this state. We have got news today that we are running short of supplies with the only solution that we are going to have to import rock to a state—

Ms SYMES: No, we are not.

Mr RIORDAN: So we are not importing rock at all?

Ms SYMES: No. We do not need to import rock. We have got the supply and the future supply. We are working through the approvals.

Mr RIORDAN: So you are on the record: we will not be importing rock into the state of Victoria.

Ms SYMES: We are not in a position where we need to import.

Mr RIORDAN: Will we be importing sand?

The CHAIR: That is the only rock that is coming into Victoria—*Fraggle Rock*.

Mr RIORDAN: Sorry, Chair, this is a serious question. This is at the heart of the so-called development program that this government has. It needs—

Ms SYMES: There is no raw materials shortage in the state.

Mr RIORDAN: There is no raw materials shortage? There will be no import of rock and no import of sand?

Ms SYMES: What I am saying to you is that—

Mr RIORDAN: No, you did say that, Minister.

Ms SYMES: We have a very strong resources sector. We have an endless supply of opportunity to extract, and we are providing the regulatory framework to make sure that our businesses can get—

Mr RIORDAN: An endless supply of opportunity does not build the buildings or build the tunnels or put the wind turbines up.

Ms SYMES: I think I have outlined the significant investment that the government is making to ensure that we are getting the quality of materials that we need to respond to the infrastructure build that the state requires, and we are making regulatory changes to make sure that it is easier for industry to get through the processes that are required to produce that.

Mr RIORDAN: Last question: the Mineral Resources (Sustainable Development) Act 1990 allows for certain areas to be exempted from resource activities. What areas have been exempted or are being considered for exemption?

Ms SYMES: I will ask Mr Hurst to respond.

Mr HURST: Sure. There are essentially three key areas. One was in the Stavely province in western Victoria, which was the area that we set aside on the expiry of a number of old licences so that that could lead to a coordinated ground release and tender process to attract new explorers and investment in western Victoria. Six areas have been released.

Mr RIORDAN: When was that done?

Mr HURST: Stavely was released late last year.

Mr KRBALESKI: Last year, yes.

Mr HURST: So we are going through the licensing process now for some of those.

Mr RIORDAN: And nothing has commenced?

Mr HURST: One of those licences has already been granted. They do need to get the native title approvals to complete that licensing process. There is a section 7 exemption I have recently put in place on the You Yangs state regional park due to the potential conflict between existing recreational and nature conservation purpose for that state park compared to the low mineralisation value of the resource there—so having regard to the criteria in the act for using a section 7. There is also a section 7 in place in the Latrobe Valley for some of the coal-related areas, and there is also a section 7 that has been put in place in the area which we broadly described as the Lockington area, north-east of Fosterville, again, for the purpose of a strategic ground release later this year.

Mr RIORDAN: So finally then, Minister, with the well-known shortage that you were saying is—

The CHAIR: Sorry, Deputy Chair, I have given you 2 more minutes than I should have. That is how helpful I am. Mr Hibbins, I shall not take any time away from you, so we will now be going past my intended clock-off.

Mr HIBBINS: Thank you, Minister, and your team. I wanted to ask about, first of all, the Victorian gas program. A lot of the issue—and I spoke to the Premier about this—was reconciling the government's approach to getting to net zero carbon emissions by 2050 and interim targets that it is due to set in March 2020 and its approach to looking for new fossil fuel projects. Can I get some understanding—the Victorian gas program is due to complete in 2020. Which month in 2020 is it due to finish up?

Ms SYMES: June.

Mr HIBBINS: June. Okay. And then the decision around the onshore gas moratorium, when is that due to be made?

Ms SYMES: June.

Mr HIBBINS: June. Great. But the decision in terms of interim emissions targets is prior to that, in March.

Ms SYMES: Yes.

Mr HIBBINS: Doesn't that seem to be the wrong way around? If you are still deciding whether you are going to continue new fossil fuel projects in Victoria, yet you are making decisions about interim emission cuts prior to that, how is one informing the other?

Ms SYMES: Well, as you know, Mr Hibbins, gas is a transitional fuel.

Mr HIBBINS: Well, that is a matter of opinion.

Ms SYMES: All right. What I can say is that I have got commitments to deal with both, and I will do so accordingly.

Mr HIBBINS: Okay. Can you tell me about the Victorian offshore petroleum acreage release and provide a bit of information about that? I am interested.

Ms SYMES: Generally?

Mr HIBBINS: Yes.

Ms SYMES: Sure. I might get Mr Hurst to give you a general overview of it, if you like, Mr Hibbins.

Mr HURST: Certainly. So Victoria has responsibility for petroleum, gas and oil exploration and development within 3 nautical miles of the coastline; the commonwealth has outside the 3 nautical mile line. The Victorian government's position is to support further exploration and development of offshore gas, as is the case of the development of the Beach Energy project down near Peterborough. The area is prospective for further discoveries. The Geological Survey of Victoria is doing further work in that area as well. There was an aerial gravity survey conducted a little while ago to help identify those broad geological formations based on the density of the rock formations underneath. The areas have been released via a competitive tender process and adjoin similar areas in commonwealth waters. We are currently going through the process of evaluating the tenders that have come in. The expectation is that any tenders that lead to the allocation of a tenement would be for the supply of domestic gas.

Mr HIBBINS: Okay. Thank you. And so the time line for that release?

Mr HURST: Currently we are assessing the tender process. I will not go into too much more detail about that because of the commercial sensitivity of that relevant to the players that have put their hats in the ring.

Mr HIBBINS: Okay. All right. Thank you. Can I move on to the coal-to-hydrogen project.

Ms SYMES: The what, sorry?

Mr HIBBINS: The coal-to-hydrogen project. My understanding is that the government has got an 'open for business' approach to new coal projects. The funding profile in previous budgets has indicated that \$25.6 million is to be expended in this financial year. Is that still the case?

Ms SYMES: That is not a matter for me, Mr Hibbins; it is a matter for the Treasurer.

Mr HIBBINS: Right. So this does not fall under resources?

Mr KRBALESKI: No.

Mr HIBBINS: Why is that?

The CHAIR: I can answer that if you like, Mr Hibbins. It was under the investment portfolio in the previous government—

Ms SYMES: There you go. That is it.

The CHAIR: and it has stayed with the investment minister in this government as well.

Mr RIORDAN: It is the minister for helping ministers again.

The CHAIR: It was a policy that I was responsible for as a minister in the previous government.

Mr D O'BRIEN: Yes, but you are the chair now, Chair. You are not meant to be answering the—

The CHAIR: I am trying to be helpful.

Ms SYMES: Thank you, Chair, for the clarification.

Mr RIORDAN: That is nine out of 10 ministers you have been helping.

The CHAIR: He has asked a question, and I am offering the answer. I am being helpful.

Mr RIORDAN: Ever helpful.

Mr HIBBINS: I have not got any further questions, but I have asked the resources minister about coal, and could not get an answer to that—back to the Treasurer. I have asked the minister responsible for ride sharing about Uber Air—not responsible.

The CHAIR: And I am being helpful.

Mr HIBBINS: I have asked the roads minister about road project advice—not responsible.

Mr MAAS: It is not easy being Green.

Mr HIBBINS: There is an issue with this government about who is responsible for action—

Ms SYMES: You need to take a leaf out of Mr Walsh's book; send them through a bit earlier.

The CHAIR: Why don't we take it offline, and I will tell you about the coal-to-hydrogen project tomorrow morning at breakfast? I will even buy you a coffee.

Mr RIORDAN: I think we could take the whole hearing offline, Chair. It seems that you have got the whole state under control. It is a shame that that has not been recognised in ministerial responsibilities.

The CHAIR: Deputy Chair, you are too aggressive for my liking. You can buy your own coffee.

Mr D O'BRIEN: Chair, can I just clarify something? Minister, you said about the moratorium—the decision being made in June—

The CHAIR: It is actually Mr Hibbins's time.

Mr HIBBINS: I will cede my time at this point.

Mr D O'BRIEN: On the moratorium, is there a decision to be made, or does it simply expire in June next year—the conventional gas moratorium.

Ms SYMES: It is due to expire on 30 June.

Mr D O'BRIEN: There is a sunset clause in the legislation, I think, so the government does not need to make a decision. It will just expire naturally, unless otherwise action is taken?

Mr KRBALESKI: Correct.

Mr HIBBINS: Thank you for the clarification.

Ms SYMES: Sorry if it was not clear earlier.

Mr HIBBINS: No more further questions.

Mr D O'BRIEN: I have got more, Chair. I have got more if we have got more time.

The CHAIR: It depends. Are you happy for me to close the session off, Mr Hibbins?

Mr HIBBINS: I have got no further questions. Any further decisions are up to you, Chair.

The CHAIR: Great. In that case, thank you very much for appearing before the committee, Minister. The committee will follow up on any questions taken on notice in writing. Responses will be required within 10 working days of the committee's request. I thank all ministers and officers who have given evidence to the committee today, Hansard and indeed our secretariat. The committee will resume its consideration of the 2019–2020 budget estimates same time, same place, same bat channel, tomorrow morning at 8.30 a.m. Be here. I declare this hearing adjourned.

Committee adjourned.