

Position Paper

Extractive Industries in East Gippsland



Acknowledgement of Country

We acknowledge the Gunaiakurnai, Monero and Bidjawan people as the traditional custodians of the land that encompasses East Gippsland Shire. We pay our respects to all Aboriginal and Torres Strait Islander people living in East Gippsland, their Elders past and present.

This position paper was adopted by East Gippsland Shire Council at its Council Meeting on 26 September 2023.

Council's Position

East Gippsland Shire Council supports high-benefit, low-impact extractive industries, where our communities continue to thrive, where our environment is protected and where neighbouring activities and future land uses are protected.

While recognising that there are a wide range of views in relation to extractive industries, Council is concerned about the burden that extractive industry places on local communities and municipal resources. Council expects that the benefits of extractive industries are reflected locally (eg material supply for local industry, sustainable local jobs)

Council will advocate on behalf of the community when considering extractive industry projects.

Council expects that project proponents will:

- Deliver net **local** benefit from projects, including but not limited to local jobs, training, investment and procurement, provision of lasting infrastructure and contributions to the community projects.
- Address any concerns around the adverse impacts of resource development including but not limited to environmental and social impacts, housing, transport and workforce impacts.
- Respect the rights and roles of traditional custodians.
- Be cognisant of and adhere to Council policies on environmental sustainability, municipal health and wellbeing and economic development.
- Provide the services required to develop, maintain and rehabilitate extractive projects and not disadvantage local communities.

Council will:

- Support active community involvement
- Thoroughly review proposals in line with Council's role and responsibilities, using evidence-based decision making, and Council will seek support State Government to do so.

Noting the very significant resource burden on local government and on communities in participating in the Environmental Effects Statement (EES) process which forms part of the approval process for many extractive industry projects, Council is seeking the Victorian Government to implement reforms to the EES framework to make it fairer and less costly for Council and community. In particular, Council is seeking that an independent expert group is established and funded by the proponent or by the Victorian Government to ensure the technical integrity of the EES.

Introduction

East Gippsland has a long history of extractive industries going back into the early gold mining days in the 18th century. These activities have left a legacy on the environment and communities. Mining and extractive industry projects have been drawing on Council and community resources for many years.

There is currently strong interest from prospectors, much of East Gippsland is under mining exploration licences and significant new extractive industries are proposed. In response Council has sought to better understand the issues, impacts and opportunities associated with this industry.

This paper draws on the Queensland University's Centre for Social Responsibility in Mining report ***Local government, mining companies and resource development in regional Australia - Meeting the governance challenge, 2012***¹ (the Queensland University report). The report identified three main themes:

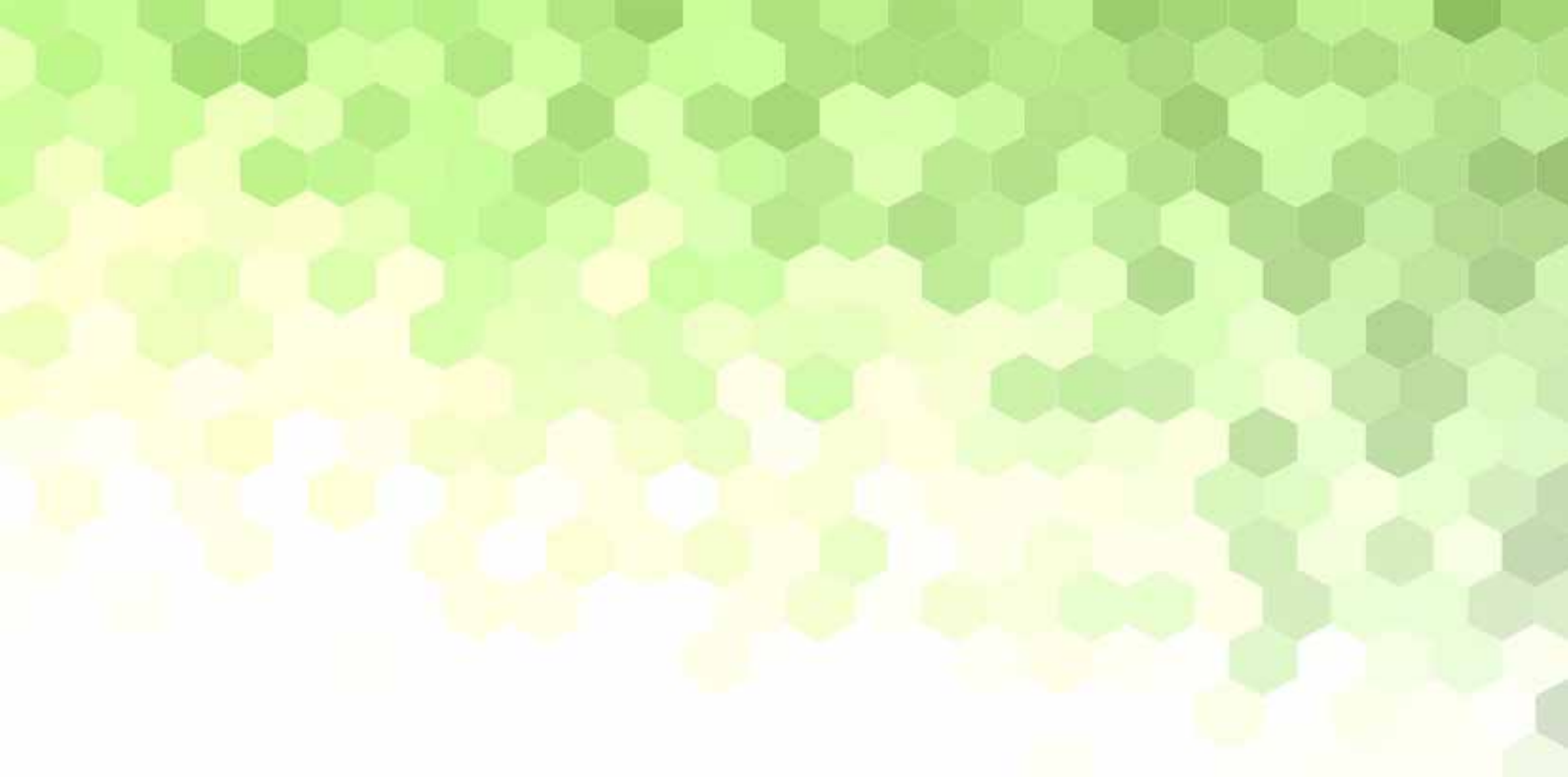
1. Community concerns around the adverse impacts of resource development,
2. Specific challenges faced by local governments in addressing those impacts,
3. The role of state governments.

The aim of Council, as detailed in this position paper is for:

- Overall community benefit - net local benefit, in addition to the normal test of net State benefit
- No additional costs to local government without a matching funding stream
- Minimal disruption and no harm to local communities
- Protection of the local and global environment
- A positive long-term gain to the local economy and the community.

This paper is not providing Council's position on any individual extractive industry project. Each proposal is assessed on merit.





Council's Objectives

In 2021 the East Gippsland community developed, and Council adopted, the following Community Vision:

In 2040 our people, place, environment, and economy will be connected, in balance and resilient. Our unique and diverse communities will be accessible, inclusive, well connected and safe. We will value and care for each other and our natural environment. Our economy will support existing and emerging industries by being agile, innovative, and sustainable.

Council has adopted Strategic Objectives as part of the Council Plan 2021-2025. Objectives relevant to extractive industry include:

- Planning and infrastructure that enriches the environment, lifestyle, and character of our communities
- A natural environment that is managed and enhanced.
- A thriving and diverse economy that attracts investment and generates inclusive local employment.

Council has developed Environmental Sustainability and Economic Development Strategies 2022-2032 and the Municipal Public Health and Wellbeing Plan 2023 (in preparation).

These inform Council's position on extractive industries.

This position paper outlines Council's approach to achieving these various and sometimes competing objectives.

Council's Role

Council has a broad role and interest in issues associated with extractive industries. Under the **Local Government Act 2020**² s.8(1) the role of a Council is to provide good governance in its municipal district for the benefit and wellbeing of the municipal community.

Section 9 of the Local Government Act sets out overarching governance principles. Principles that are relevant for Councils dealing with extractive industry projects include:

- (b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;
- (c) the economic, social and environmental sustainability of the municipal district; including mitigation and planning for climate change risks, is to be promoted;
- (h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making.

While Council has specific functions set out in legislation, it also has a broad remit in line with the purpose and governance principles above. In addition to the advocacy role of Council, Council also delivers specific services that are relevant to mining and extractive industries including:

1. Economic development leadership and support;
2. Land use planning and initiatives that may be proposed for employment growth;
3. Emergency management;
4. Roads and other infrastructure;
5. Community services that support wellbeing.

The Queensland University research¹ included feedback from 12 municipal councils across four states. The challenges faced by East Gippsland Shire Council and other local governments include:

- changing expectations of their role, in particular the expectation that they would provide a greater range of services to expanding populations;
- a narrow revenue base (noting that extractive industry projects are exempt from paying municipal rates) and difficulties in attracting and retaining staff, and
- legislative barriers that prevent them taking a more active role in planning for major resource projects (see below).

With any significant new extractive proposals, Council will have assessment and decision-making roles that will require substantial resources over an extended time.

State Government's Role

State governments have authority over extractive industries and have many responsibilities for the well-being of mining-affected communities.¹ These include provision of health, education, police, housing and community services and of associated infrastructure as well as public works and main roads.

The Queensland University research¹ found that the key challenges faced by state governments in meeting community expectations were:

- responding flexibly and in a timely manner to development applications;
- ensuring equitable and prudent investment of royalties so that there is a positive legacy from the current mining boom;
- balancing a 'top down' regulatory approach with more participatory forms of governance;
- coordinating and integrating complex regulatory processes more effectively.

The purpose of royalties is to provide a fair return to the State for the mineral and stone resources it owns.³ State Government collects royalties from extractive industries. There is no arrangement to provide a fair return to the municipality that the resources came from.

Extractive Industry Regulation

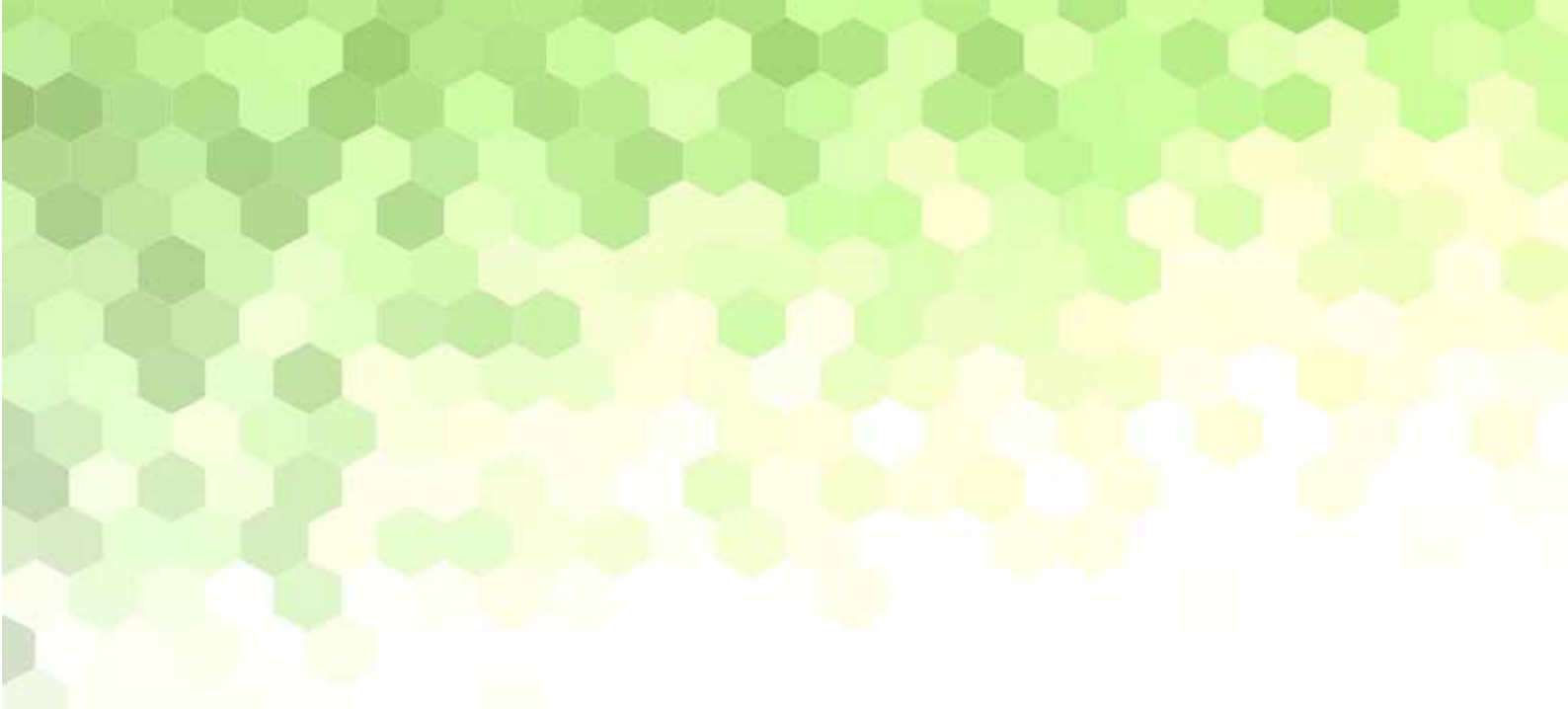
Extractive industries in Victoria are regulated by the State Government through Earth Resources Regulation in the Department of Energy, Environment and Climate Change (DEECA), under the ***Mineral Resources (Sustainable Development) Act 1990***.⁴

Earth Resources Regulation's role is to:

- ensure earth resources activities are conducted safely to protect people, property, infrastructure and the environment;
- assess and authorise earth resource projects;
- enforce laws to ensure that mine and quarry operators fulfil their obligations to safeguard the community and environment.

Some aspects of mining developments that are outside the boundaries of the mine licence are regulated by Council under the ***Planning and Environment Act 1987***. These can include accommodation, roads and other infrastructure.





Environment Effects Statements

Environmental assessment of the potential impacts of significant mining and extractive proposals occurs through the Environment Effects Statement (EES) process through the Department of Transport and Planning under the ***Environment Effects Act 1978***.⁵ Councils provide input and there are opportunities for community involvement in the process.

The EES process is not an approval process itself, rather it enables statutory decision-makers (Ministers, local government and statutory authorities) to make decisions about whether a project with potentially significant environmental effects should proceed.

If the Minister for Planning decides that an Environment Effects Statement (EES) is required, the project proponent is responsible for preparing the EES and undertaking the necessary investigations. Once the EES is completed and released for public comment, the Minister provides an Assessment to the relevant decision-makers.

Minister's Assessments provide an evaluation of the overall significance of likely adverse effects and environmental risks of the project, relative to likely benefits of the project. Projects that are assessed as acceptable are usually considered to have a net benefit for Victoria. Net local benefit is not clearly addressed in the process.

Council's adopted ***Advocacy Strategy*** includes a priority to see ***EES statement process overhaul***.⁶

Some extractive industry proposals may also be subject to approval under the Commonwealth ***Environment Protection and Biodiversity Conservation Act 1999*** (EPBC Act) i.e., where the proposal may impact a matter of national environmental significance and following referral, the Australian Government determines the proposal is a controlled action. The Australian and Victorian Governments have entered into a bilateral agreement that allows the accredited Victorian assessment process (such as an EES) to consider the impact on the matters of national environmental significance. The Victorian assessment is then provided to the Australian Government to inform any decision under the EPBC Act, avoiding duplication of the environmental assessment process.

Extractive Industries in East Gippsland

Extractive industries have been an ongoing part of East Gippsland's recent history. This has provided employment and economic development, as well as social and environmental impacts and a legacy of unrehabilitated sites.

Council's involvement with extractive industries over the past decade has been dominated by several significant and long lead-time projects, Stockman Copper Benambra, Fingerboards Mineral Sands, Glenaladale and Nowa Nowa Iron Ore Project.

East Gippsland also has several significant rock and sand extraction operations. Proposals for expansion of some existing quarry operations and for some new rock and sand extraction projects can be expected in the future.



Future Extractive Industry Trends

Victoria's resources sector remains strong and the outlook overwhelmingly positive with record quarry production, minerals exploration expenditure growth and the highest yearly gold production in over a century. An expanding resources sector is a crucial part of the Government's booming infrastructure agenda and of creating local jobs across Victoria.⁷

Quarries

Extraction of rock, stone, sand and gravel is expected to continue to supply ongoing demand for local building and road materials.

Mines

Mineral projects are heavily dependent on metal prices which vary over time. Increased use of electronics and batteries in the move to renewable energy is expected to increase the demand for many minerals into the future. Exploration has occurred for over 150 years and will continue, with newer technologies allowing new resources to be identified.

The Australian Government recently released a Critical Minerals Strategy 2023-2030⁸.

The Strategy outlines priorities for the development of the critical minerals sector, including how Australia can create economic opportunities across the nation, including in regions, and seize the opportunities of the net zero transformation.

The Strategy includes a map of mines and mineral deposits. For East Gippsland it includes the Fingerboards mineral sands deposit in as a potential critical mineral resource. Copper is also listed in the Strategy as a key energy transition metal.

Gas

There have been no recent proposals for new gas projects in East Gippsland Shire. Any new proposals are expected to require an EES. Further, most offshore gas developments have occurred in Commonwealth waters where local government has a limited role (eg regulating associated onshore infrastructure).

The future of natural gas extraction is dependent on state, national and international energy policy. Net zero energy systems entail: a substantial reduction in overall fossil fuel use; and minimal use of unabated fossil fuels.⁹

Council's Concerns

In response to the proposed mining developments in the region and the legacy from past mining activities, Council is concerned about the limited community benefits and the established drawbacks of extractive industry, including:

Project Approval Processes

There has not been enough opportunity to input in the early stages of projects. Local communities, traditional custodians and Council are not consistently being engaged at the start of projects. This has led to extractive industry proposals that were not supported, or sustainable. Further the project approval processes and EES do not adequately consider net benefit to local communities.

Three extractive industry projects alone, Stockman, Fingerboards and Nowa Nowa Iron, have cost Council significantly both in terms of external costs and staff resources with no projects yet operational. Council recognises the uncertainties inherent in the extractive industry sector.

As outlined in Council's advocacy strategy, Council is advocating for an overhaul of the Victorian Government's EES process:⁶ ***Creating an EES is a detailed, complex, time-intensive and costly procedure. While local government participation in an EES is important, the process results in financial, social and human resource implications that would be felt by any local government.***

Operating Extractive Industries

The mines currently proposed have short lives of around 10 years and some involve drive in/drive out workforce. This will not provide a sustainable social and economic base for their local communities. Further there is risk of impacting workforce availability for other industries and affecting housing availability.

Extractive industries incur costs for local government, including damage to roads, drainage, waste management, and noise management.

Mining royalties do not come back to local government, nor do mining companies pay local government rates.

Land Uses – Current and Future

Some extractive industry sites have been poorly rehabilitated, or not treated at all. If not addressed, these sites also present risks to Victorians and the environment.¹⁰

Extractive industries can compete with existing regional uses, especially agriculture and can render land unusable for normal purposes.

Council's Call to Action

Net Community Benefit from Extractive Industries

Council advocates increased focus on local and regional benefits from any extractive industries, aligned with East Gippsland's Community Vision and with Council's Strategic Objectives.

Respecting Traditional Custodians

Council expects that extractive industry proponents and operators will appropriately engage with and respect the rights and roles of traditional custodians of East Gippsland.

For example, the Gunaikurnai Whole of Country Plan¹¹ includes the following principles that provide guidance on building a net community benefit approach:

- We have cultural obligations: It is our inherent responsibility to look after Country – to heal the damage of the past and protect it for future generations.
- Everything is connected: All of our Country is linked. There is no separation between our landscapes, waterways, coasts and oceans, and natural and cultural resources.
- Sustainable use: Our approach to managing Country is to balance resource use with conservation – they are all part of the same. Take only what you need – leave some for others.
- Seek collective benefits: We use our resources for the benefit of our mob, rather than seek individual gain.

Minimal Cost to Local Government

That the Victorian Government provides adequate resources to Council for the assessment of mining proposals and for providing municipal services to mining projects and communities impacted by them. Funds could be sourced from mining royalties or from industry proponents.

Minimal Disruption and No Harm to Local Communities

Council recognises the impact mining proposals have on the community over many years, even before works are approved and potentially long after works are completed. Project authorising processes need to be reviewed by the Victorian Government to support communities facing extended uncertainty.

Extractive industry projects need to be designed and operated in a manner that minimises negative impacts on local communities, while providing opportunities for local benefit. This includes consideration on the availability of workforce for other local employers, impacts on housing availability and adequacy of relevant services.

Review Project Approval Processes

Council seeks a review of the EES and associated approval processes for extractive industries. Council is seeking that an independent expert group be established and funded by the proponent or Victorian Government to ensure the technical integrity of an EES and provide a technical resource during an inquiry. We are also calling for financial support for local government and community members to participate in the EES process.

Protection of Public Health and the Environment

The design and operation of extractive industry proposals need to ensure that both the health of local communities and the environment are protected.

That the resources required to rehabilitate all aspects of extractive industry projects and to maintain rehabilitated sites into the future be built into project funding and guaranteed before developments begin.

A Positive Gain to the Local Economy

Council advocates that those living alongside and impacted by extractive industry activities should receive a greater share of the benefits than the broader community receives from those industries. This includes opportunities employment and for local businesses, as well as creating a positive legacy of training for local people to upskill, investment in local infrastructure and reinvestment of royalties and other revenue sources.

References

1. [Local Government Mining Companies Resource Development Regional Australia](#), Centre for Social Responsibility in Mining, 2012
2. [Local Government Act 2020](#)
3. [Targeted Discussion Paper No.4 Royalties](#)
4. [Mineral Resources \(Sustainable Development\) Act 1990](#)
5. [Environment Effects Act 1978](#)
6. [Media Release: EES advocacy is Council's focus](#)
7. [Resourcing Our Economic Recovery](#) — Premier of Victoria, 2021
8. [Critical Minerals Strategy 2023–2030](#) — Department of Industry, Science and Resources
9. [AR6 Synthesis Report: Climate Change 2023](#) — Intergovernmental Panel on Climate Change (IPCC)
10. [Rehabilitating Mines](#) — Victorian Auditor-General's Office
11. [Gunaikurnai Whole of Country Plan](#)
12. [Stockman Mine EES - Minister's Assessment](#) (October 2014)
13. [Fingerboards Mineral Sands Project](#), 2022
14. [Nowa Nowa Iron Project](#), 2023



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