



Minister for Resources

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Mr Richard Bolt
Secretary
Department of Economic Development, Jobs, Transport and Resources
GPO Box 4509
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Dear Mr Bolt

STATEMENT OF EXPECTATIONS FOR EARTH RESOURCES REGULATION

I am writing to provide you with my Statement of Expectations for Earth Resources Regulation from now until 30 June 2020, superseding all prior Statements.

Victoria's regulators are required to implement the Statement of Expectations Framework to embed operational excellence by regulators in the task of administering and enforcing regulation, and in improving their performance.

The Government is committed to improving the wellbeing and prosperity of all Victorians. Achieving this outcome requires action from all parts of government, working in partnership with industries and communities to grow the economy and create meaningful jobs, while reducing disadvantage and barriers to work.

Victoria's earth resources sector contributes significantly to our economy and provides thousands of jobs in regional Victoria and the outer suburbs of Melbourne. Looking to the future, a modern regulator is critical to ensuring Victoria's earth resources sector can deliver the construction materials needed to build roads, houses and other major infrastructure required to support our growing population.

A modern, proportionate and robust regulator is crucial to realising the benefits this sector generates for Victorian communities, while ensuring that resource projects are safe, sustainable and operate in a way that does not pose social, environmental or public health risks.

As Minister for Resources, I am responsible for administering the following legislation and associated regulations that affect businesses and the broader Victorian community:

- *Mineral Resources (Sustainable Development) Act 1990 (MRSDA)*
- *Petroleum Act 1998*
- *Offshore Petroleum and Greenhouse Gas Storage Act 2010*
- *Geothermal Energy Resources Act 2005*
- *Greenhouse Gas Geological Sequestration Act 2008*
- *Mines (Aluminium Agreement) Act 1961*
- *Underseas Mineral Resources Act 1963*
- *Extractive Industries (Lysterfield) Act 1986*

This Statement should be read within the context of the objectives, obligations and functions outlined in these Acts as amended.

Purpose

This Statement sets out my expectations of the contribution of Earth Resources Regulation to the Government's program to reduce regulatory burden and improve regulatory practice. This Statement of Expectations identifies the key areas of governance and operational performance where there are opportunities for Earth Resources Regulation to improve regulatory practice.

Getting the Groundwork Right: Better regulation of mines and quarries

The Government approved a detailed Implementation Plan in response to the Commissioner for Better Regulation's investigation into the operation of the regulatory system, *Getting the Groundwork Right: Better regulation of mines and quarries* ('the Report').

The Implementation Plan specifies a range of recommendations and actions, some of which Earth Resources Regulation leads and others where Earth Resources Regulation supports the Department's policy areas.

I expect Earth Resources Regulation to play its role in leading and supporting the implementation in accordance with the details and timeframes in the publicly released Implementation Plan.

I expect Earth Resources Regulation to draw upon the shared services of the Department to meet its objectives and satisfy its obligations in a timely and cost-effective manner.

I have also developed fourteen specific expectations with strong consideration of the actions and recommendations contained in the Implementation Plan. My expectations are set out in **Table 1** and relate to three broad areas:

- Guidance, processes and procedures;
- Staff training; and
- ICT systems.

Table 1: Ministerial expectations for Earth Resources Regulation cross-referenced against the *Getting the Groundwork Right: Better regulation of mines and quarries*

Report source	Expectation	Completion date
Streamlined approvals pathways		
Stage 1		
Recommendation 1, Action 5	Publish Statement of Operating Change for the extractives industry	By 31 July 2018
	Publish Statement of Operating Change for the mining industry	By 31 August 2018
Action 6	Develop and socialise with industry and co-regulators a new risk matrix to support regulatory decision making	By 31 July 2018
	Complete draft Standard Risk Management Standard Control templates for extractives and minerals	By 31 July 2018
	Release final Standard Risk Management Plans Standard Control templates for extractives and minerals	By 31 January 2019
Stage 2		
Action 7	Review and amend the standard licence and work authority conditions to ensure enforceability and provide certainty to industry	By 31 December 2018

Report source	Expectation	Completion date
Action 7	Undertake a review of all existing codes of practices to support the delivery of a new regulatory model for extractive and mineral resources approvals	By 31 December 2018
Recommendation 2	Publish a new code of practice under Part 8A of the MRSDA to reinforce the standard risk management plans for extractive and mineral resources	By 30 June 2019
Action 8	Continue to provide case management for strategically significant and complex earth resources projects	Ongoing
Develop guidance, processes and procedures		
Recommendation 1, Actions 5, 6 & 10	<p>Consult on draft guidance material and training for industry, co-regulators, local government and ERR to operationalise the Statements of Operating Change and draft Standard Risk Management Plans for extractive and mineral resources</p> <p>Finalise guidance material for industry, co-regulators, local government and ERR following implementation of the streamlined approvals pathways for extractive and mineral resources</p>	<p>By 30 September 2018</p> <p>By 28 February 2019</p>

Report source	Expectation	Completion date
Action 3	<p>Distribution of a summary of relevant Standard Operating Procedures (SOPs) process maps for feedback from industry and co-regulators for the assessment of extractive and mineral resources applications</p> <p>Commence implementation of these new SOPs as business-as-usual processes for ERR</p>	<p>By 30 October 2018</p> <p>By 30 June 2019</p>
Staff Training		
Recommendation 7	Continue to provide options for joint interdepartmental training and secondment programs	Ongoing
Action 12	Continue to sustain an internship program	Ongoing
Recommendation 8	<p>Implement a new tailored induction program for all new ERR staff</p> <p>Complete Stage 1 of ERR capability review – establish baseline capability</p> <p>Complete Stage 2 of ERR capability review - implementation of capability framework</p> <p>Complete Authorised Officer Training for all current ERR Inspectors</p>	<p>By 31 July 2018</p> <p>By 30 September 2018</p> <p>By 31 March 2019</p> <p>By 31 December 2018 (ongoing thereafter)</p>

Report source	Expectation	Completion date
ICT systems		
Action 13	<p>Deliver Resource Rights Allocation Management (RRAM) Quick Wins project (short term project)</p> <p>Industry Stakeholder workshop</p> <p>Prioritised catalogue of changes</p> <p>Plan to roll out changes</p> <p>Iterative rollout of immediate changes</p>	<p>By 31 July 2018</p> <p>By 31 August 2018</p> <p>By 30 September 2018</p> <p>By 31 October 2018</p>
Action 13	<p>Deliver the RRAM Enhancement project (medium term project)</p> <p>Business Solution document including:</p> <ul style="list-style-type: none"> Business process Data Architecture Business Requirements <p>RRAM Implementation Plan</p> <p>RRAM Enhancements rolled out iteratively from October 2018</p>	<p>By 30 September 2018</p> <p>By 31 October 2018</p> <p>By 30 June 2019</p>

Report source	Expectation	Completion date
Recommendation 10	Update the Earth Resources website to improve provision of information in a usable format for industry, referral authorities and the community	
	Website redevelopment project plan	By 31 August 2018
	Proposed technical implementation of the website	By 31 December 2018
	Proposed website design determined	By 31 December 2018
	Stakeholder Reference Group consulted on proposed redevelopment	By 31 December 2018
	Technical implementation and testing and content review and migration	January to May 2019
	Website goes live	By 31 May 2019

By meeting my expectations, Earth Resources Regulation will have:

- adopted an outcome-based approach to regulation based on recognised performance standards, while providing greater flexibility for industry to comply with the standards;
- embedded stakeholder and community engagement functions as a core responsibility of all staff;
- implemented improvements to the regulatory system; and,
- boosted its technical capability and capacity to assess applications and conduct compliance.

These measures will improve the regulatory system for the minerals and extractive sectors through simplifying processes while ensuring that regulatory standards are upheld and community expectations are met. These measures will also inform any subsequent improvements in regulatory practice, which may be necessary in response to the outcomes of the Victorian Gas Program.

As a result, community confidence will improve, regulatory decision-making will become clearer and more efficient, and industry will be better able to understand and meet regulatory requirements.

In undertaking this work, I expect Earth Resources Regulation will continue to consult with the Commissioner for Better Regulation and the Red Tape Commissioner, business and the broader community as appropriate.

Improvements and targets

We have a clear and direct way forward to improve Earth Resources Regulation. The activities I expect you to propose and implement will see improvements across all aspects of good regulatory practice and will be critical in implementing the Government’s plan to move Earth Resources Regulation to a more modern, proportionate and robust regulator.

As such, using the Plan, I expect both your department and the regulator to implement improvements that are fit for purpose and to report on the effectiveness of reaching the elements of good regulatory practice, such as the examples in the table below.

Table 2: Elements of good regulatory practice and examples of best practices from the Department of Treasury and Finance Statement of Expectations Framework for Regulators

Elements of good regulatory practice	Examples of best practices
1. Timeliness	Processes or systems are in place to make it as easy as possible for businesses to complete forms, and the regulator provides clarity about the timing and scope of regulatory processes. The regulator strives for improved e-capability.
2. Outcomes-based regulation	The regulator has an established approach to risk assessment and collects relevant data to inform an outcomes-based approach to regulation. This approach then informs inspection targeting.
3. Compliance related assistance and advice	The regulator provides assistance and advice to stakeholders, in a timely fashion, in order to secure compliance across the full range of regulated activities.
4. Incentive-based regulation	Incentive-based approaches to compliance are considered and adopted where appropriate and the regulator collects relevant data to evaluate outcomes.

5. Role clarity	The regulator provides clarity to its stakeholders on its monitoring and assurance regime and ensures that the regulatory objectives of the legislation are being met by authority holders.
6. Cooperation amongst regulators	The regulator engages and coordinates on a regular basis with other regulators whose regulated parties overlap with their own. Regulatory practices are streamlined between regulators.
7. Stakeholder consultation and engagement	Forms, data requests and other administrative and compliance processes are regularly reviewed with feedback sought from stakeholders. The regulator routinely involves regulated parties and the community in identifying risk, analysis and evaluation.
8. Accountability and transparency	The regulator is transparent about how they administer and, where appropriate, how they enforce regulation. The regulator publishes their dispute resolution processes and publishes outcome-focused data on operational performance.
9. Clear and consistent regulatory activities	The regulator has documented key administrative and compliance processes and activities and articulates these policies to its stakeholders.

Evaluation and Reporting

I expect Earth Resources Regulation to support the Department's policy area to develop an evaluation plan and conduct an evaluation, in accordance with the Department of Treasury and Finance's *Guidelines for Evaluation of Statements of Expectations for Regulators*.

The evaluation should consider both process and outcome:

- **Process** – how appropriate the process was in developing the Statement of Expectations; the extent to which Earth Resources Regulation delivered on the expected improvements and met the performance targets (including time and budget).
- **Outcome** – the extent to which the Statement of Expectations improved Earth Resources Regulation's administrative and regulatory efficiency and effectiveness.

While the Department's policy area will lead the evaluation and produce the evaluation report, it must do so in consultation with Earth Resources Regulation. Further, Earth Resources Regulation is responsible for collecting the data and information required to inform the evaluation.

The evaluation report must be completed by 31 December 2019 and its findings should inform the development of the Statement of Expectations for the period from July 2020 onwards.

Progress against regulator performance targets (in **Table 2** above) must be included in annual financial reporting and the following matters must be included in standard annual reporting:

- current baseline levels for the regulator performance targets; and
- activities to be undertaken to reach the performance targets and improvements.

Publication

As soon as practicable, Earth Resources Regulation must publish all documents relating to the Statement of Expectations on its website. This includes:

- this Statement of Expectations;
- Earth Resources Regulation's response to the Statement of Expectations; and
- the evaluation report.

I note that the Commissioner for Better Regulation will review the progress of the Plan every six months and deliver status updates to the Treasurer.

I look forward to seeing Earth Resources Regulation continuously working towards achieving best practice in the administration and enforcement of regulation.

Yours sincerely



TIM PALLAS MP
Minister for Resources
Treasurer