Ref: BMIN18002266R

The Hon Tim Pallas MP

Minister for Resources

Treasurer

Level 4

1 Treasury Place

EAST MELBOURNE VIC 3002

Dear Minister

**Response to the STATEMENT OF EXPECTATIONS for earth resources regulation**

Thank you for your letter containing your Statement of Expectations for the regulation of the earth resources sector by the Department of Economic Development, Jobs, Transport and Resources.

**Improving the administration and enforcement of regulation**

This letter confirms the Department’s commitment to improving regulatory practice, building community and stakeholder confidence in the regulation of earth resources and increasing investor certainty.

The Department recognises the importance of earth resources businesses in supporting the economic development of Victoria and the critical role of a modern, contemporary regulator in realising this outcome for Victoria while safeguarding the health and wellbeing of Victorian communities.

**Performance targets**

The Department will meet your priority to move Earth Resources Regulation to a more modern, proportionate and robust regulator. We will undertake the following actions to improve the regulation of earth resources across all the elements of good regulatory practice. Refer to **Table 1** below for Earth Resources Regulation’s measures for regulatory performance.

**Table 1: Earth Resource Regulation’s measures for regulator performance**

|  |  |  |
| --- | --- | --- |
| **Performance Measure** | **Target\*** | **Element of good regulatory practice** |
| Exploration licence applications, mining industry work plans and mining licence applications processed within regulatory and agreed timeframes. | 95% | Timeliness |
| Work authority and extractive industry work plan applications processed within regulatory and agreed timeframes. | 95% |
| Develop an annual Compliance Plan in accordance with the Compliance Strategy | 30 September 2018 | Outcomes-based regulation |
| Information and advice is provided to authority holders within 7 business days of the grant of a new authority | 100% | Compliance related assistance and advice |
| Commitments delivered in Working or Partnership Agreements / MoUs with DELWP, EPA and WorkSafe | 100% | Cooperation amongst co-regulators |
| Stakeholder Reference Group meetings | 4 | Stakeholder consultation and engagement |
| Earth Resources Regulator Forum meetings | 3 |
| Attendance at Environmental Review Committee meetings | 100%**\*\*** |
| Community and stakeholder engagement information forums | 45 |
| Establish a baseline response score for community satisfaction with Earth Resources Regulation, and set improvement targets | 30 June 2019 |
| Exploration and mining licences which are active | 82.5% | Accountability and transparency |
| Quarterly reports published within 6 weeks of quarter ending | 100% |
| Average number of days to respond to complaints | 3 business days |
| Regulatory audits completed within specified timelines | 98% |
| Operational compliance activities undertaken per year | 300 |
| Rehabilitation bond assessments undertaken | 20% |
| Reportable events responded during each quarter | 100% | Clear and consistent regulatory activities |
| **\*** Quantitative values per financial year, dates as specified.  **\*\*** Excluding unforeseen circumstances. | | |

**Earth Resources Regulation’s approach to meeting ministerial expectations**

Earth Resources Regulation and its departmental policy counterparts are committed to implementing the Minister’s fourteen expectations for specific regulatory improvements and playing its role in implementing the actions and recommendations from the *Getting the Groundwork Right: Better regulation of mines and quarries* report.

**Table 2** below outlines Earth Resources Regulation’s approach to implementing the Minister’s fourteen expectations for specific regulatory improvements.

Further, the Department commits to embedding and reporting on the consultation by the Minister for Crown Land before making decisions relating to the amount of, or return of, rehabilitation bonds for that land.

**Table 2: Earth Resource Regulation’s approach to implementing the Ministerial expectations for specific regulatory improvements**

| **Report source** | **Completion date** | **Approach to implementation** |
| --- | --- | --- |
| **Streamlined approvals pathways** | | |
| **Stage 1** | | |
| Publish Statement of Operating Change for the extractives industry  Publish Statement of Operating Change for the mining industry | By 31 July 2018  By 31 August 2018 | These documents will be developed in consultation with industry to ensure that clarity is provided to the extractive and minerals sectors. |
| Develop and socialise with industry and co‑regulators a new risk matrix to support regulatory decision making  Complete draft Standard Risk Management Standard Control templates for extractives and minerals  Release final Standard Risk Management Plans Standard Control templates for extractives and minerals | By 31 July 2018  By 31 July 2018  By 31 January 2019 | These will support the risk based approach for new work plans and variations to existing work plans and will set out: a new risk matrix; a comprehensive range of standard risks; and, standard controls that can be applied by operators to manage those standard risks, drawing on available and recognised industry standards that already exist. |
| **Stage 2** | | |
| Review and amend the standard licence and work authority conditions to ensure enforceability and provide certainty to industry | By 31 December 2018 | Conditions will be reviewed to minimise unnecessary duplication with other legally enforceable and potentially more appropriate mechanisms. |
| 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 |  |
| 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 | A review of the code of practice for low-risk mines and quarries will commence once the new Standard Risk Management Plans have been finalised. |
| Continue to provide case management for strategically significant and complex earth resources projects | Ongoing | As part of developing a case manager model, a review will ascertain what constitutes strategically significant and complex earth resources projects. Such projects may include operations that:   * are located in a Strategic Resource Area * contribute significantly to employment or economic output at a regional level * are complex in terms of approvals across government * will deliver essential materials for a major infrastructure project, at an appreciably lower cost than alternative sources. |
| **Develop guidance, processes and procedures** | | |
| 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  Finalise guidance material for industry, co regulators, local government and ERR following implementation of the streamlined approvals pathways for extractive and mineral resources | By 30 September 2018  By 28 February 2019 | Guidance and engagement will focus on improving local councils’ understanding of approvals processes, and requirements on industry, under the MRSDA and support local councils to make well-informed approvals decisions.  As above, guidance and engagement will focus on improving local councils’ understanding of approvals processes, and requirements on industry, under the MRSDA and support local councils to make well-informed approvals decisions. |
| 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  Commence implementation of these new SOPs as business‑as‑usual processes for ERR | By 30 October 2018  By 30 June 2019 | These SOPs will be implemented into the business-as-usual operations of ERR. SOPs that heavily involve industry will be circulated with industry and co-regulators for feedback on ERR business processes. |
| **Staff Training** | | |
| Continue to provide options for joint interdepartmental training and secondment programs | Ongoing | In exploring and developing the programs, referral authorities; DEDJTR's Earth Resources Policy and Programs branch; and relevant departments will be consulted.  Once options have been developed, they will be tabled for consideration by the Earth Resources Regulators’ Forum. |
| Continue to sustain an internship program | Ongoing | An internship program will be fostered to support the long-term supply of technical staff. This may include offering internships for students in relevant tertiary education programs (university and TAFE) and include placements for students in regional offices. |
| Implement a new tailored induction program for all new ERR staff  Complete Stage 1 of ERR capability review – establish baseline capability  Complete Stage 2 of ERR capability review -implementation of capability framework  Complete Authorised Officer Training for all current ERR Inspectors | By 31 July 2018  By 30 September 2018  By 31 March 2019  By 31 December 2018 (ongoing thereafter) | Induction and training activities will focus on:   * the role of Earth Resources Regulation, its regulatory functions and how these meet the community’s expectations * what the earth resources sector does and how it works (including through site visits) * the wider earth resources regulatory environment and referral authority roles and relationships * Earth Resources Regulation’s regulatory processes, systems and interactions with industry. |
| **ICT systems** | | |
| **Deliver Resource Rights Allocation Management (RRAM) Quick Wins project** (short term project)  Industry Stakeholder workshop  Prioritised catalogue of changes  Plan to roll out changes  Iterative rollout of immediate changes | By 31 July 2018  By 31 August 2018  By 30 September 2018  By 31 October 2018 | ICT reforms will be developed and timed to support the delivery of the regulatory improvements across the regulator. |
| **Deliver the RRAM Enhancement project** (medium term project)  Business Solution document including:  Business process  Data Architecture  Business Requirements  RRAM Implementation Plan  RRAM Enhancements rolled out iteratively from October 2018 | By 30 September 2018  By 31 October 2018  By 30 June 2019 | As above, ICT reforms will be developed and timed to support the delivery of the regulatory improvements across the regulator. |
| **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  Proposed technical implementation of the website  Proposed website design determined  Stakeholder Reference Group consulted on proposed redevelopment  Technical implementation and testing and content review and migration  Website goes live | By 31 August 2018  By 31 December 2018  By 31 December 2018  By 31 December 2018  January to May 2019  By 31 May 2019 | The updated to the website will work towards providing for an upgraded online application system for industry. |

**Evaluation and Reporting**

Earth Resources Regulation will support the Department’s policy area to evaluate its performance against the Statement of Expectations and the Statement of Expectations development process more broadly.

Progress against regulator performance targets (in **Table 1** above) will be included in annual financial reporting and the following matters will 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**

Earth Resource Regulation will publish the Statement of Expectations and this response letter on its website as soon as practicable. This will be followed by the Statement of Expectations evaluation report which will be completed by 31 December 2019.

I also acknowledge that the Commissioner for Better Regulation will review the progress of the implementation plan every six months and deliver status updates to the Treasurer.

Thank you again for your direction in the future governance and regulatory performance of the earth resources sector in Victoria.

Yours sincerely

**Richard Bolt**

Secretary

Date: / /2018