

28 March 2017

Ms K Henry
Director Policy and Legislative Reform
Earth Resources Policy and Programs
Department of Economic Development, Jobs, Transport and Resources
GPO Box 4509
Melbourne VIC 3001

Via email: kirsty.henry@ecodev.vic.gov.au

Dear Ms Henry

Cost Recovery for Regulation of Earth Resources Operations

Thank you for Anthony Hurst's letter dated 3 March 2017 regarding increased regulatory fees from July 2017 to offset the cost of improvements for the regulation of earth resources operations.

It is noted through the tone of the letter that CMPA has no say in the cost recovery, only in the manner in which it is undertaken. We are extremely disappointed at the requirement for additional cost recovery for improvements in Earth Resources Regulation (ERR) that have not yet materialised for the extractive industry: into a more effective, through reduction in red tape, efficient and practicable regulator.

This is evidenced by the small number of, and length of time taken, for Work Authorities approved with no large approvals having occurred in recent times drawn from DEDJTR data. For example, I refer you to our submission made on 24 April 2014 which cast doubt on the adequacy of the cost recovery in the Regulatory Impact Statement (RIS) on the introduction of cost recovery that resulted in new fees and fee increases. In the RIS, Table 3.8, p.13 it made an ambit claim that there will be 51 applications per annum for a new Work Plan including three with an environmental effects statements. Additionally, there are estimated to be 96 applications to vary a Work Plan per annum. A note of caution should be given to ERR that these targets may not be achieved due to the uncertainty surrounding a Work Plan approval leading to lack of investment in Victoria, further impacting the budget and may lead to additional cost recovery in the near future.

The CMPA takes the view that the mine stability levy applied to coal mines must not be excluded from cost recovery. Many of the "improvements" in ERR that were introduced occurred due to the community outcry at the coal mine fire at Hazelwood, hence, the coal mines should pay for them.

Additionally, major issues, such as community engagement (for example, the proposed open cut gold mine at Big Hill), are generally raised around mines and coal mines, hence, they should be

funding the increase in cost recovery through increased mineral licensing fees and annual mineral licence rents.

If a component of cost recovery is to be applied to the extractive industry, the CMPA strongly believes that in order to improve the performance of ERR, the cost recovery proposed should be aimed at the end of the approval process with increased fees applied on the approval of a Work Authority. This component of cost recovery must be on a sliding scale dependent on the estimated tonnages to be produced to ensure equity for small to medium sized quarries.

There is little evidence of a true costing for coal mines, mines and the extractive industry. Hence, CMPA felt it was inappropriate to select the options in your letter because there was no information on the extractive industry costs.

In summary

That the extractive industry be exempt from paying for this additional cost recovery until a true costing is conducted for coal mines, mines and the extractive industry with consideration given to:

- That the mines stability levy applied to coal mines, mineral licensing fees and annual mineral licence rents fees are increased to comprise this cost recovery.
- That a component of cost recovery could be applied on approval of the Work Authority on a sliding scale with respect to estimated production tonnages.

Please do not hesitate to contact me if you require further information.

Yours sincerely

A handwritten signature in black ink that reads "EM Gibson". The signature is written in a cursive, slightly slanted style.

Dr Elizabeth Gibson
General Manager
CMPA