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Ms C Ryan
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Earth Resources Development
Department of State Development, Business and Innovation
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Dear Ms Ryan

Submission to the Exposure Draft Mineral Resources (Sustainable Development)(Extractive Industries) Amendment Regulations and Regulatory Impact Statement (RIS)

The Construction Material Processors Association (CMPA) is dedicated to the representation and service of its Members in the Victorian Earth Resources industry. As such, our response is consistent with the purposes stated in the CMPA Rules.

The CMPA represents a broad spectrum of businesses that extract and process hard rock, gravel, sand, clay, lime, soil, and gypsum. CMPA members also operate recycling businesses. CMPA members are typically small to medium sized family businesses, local government and utilities. Many are regionally based employers and service local construction, infrastructure and road maintenance needs.

The Extractive industry underpins growth and development in Victoria through supply of the construction materials described above (58 million tons in 2010/11, approximately $833 million). CMPA members account for approximately half of this production. The CMPA supports responsible, balanced legislation that is in the best interests of the State.

This submission is in response to the above draft Regulations and the accompanying RIS. At the outset it is important to state the CMPA accepts the principle of full cost recovery of efficient regulatory costs where regulation is justified. In this particular case both the level of regulation and the efficiency of the regulation are seriously questioned by the Association and its members.

We are extremely disappointed at the single-mindedness reflected by the previous Minister for Energy and Resources in the Minister’s response to the Minerals RIS submissions. The task appears to be to recover all costs irrespective of the fairness or implications. The Association and its members will be equally disillusioned with the Minister and the Government if the proposed cost penalties are allowed to be imposed on the industry by the making of the Regulations.

The CMPA’s record of achievement over 12 years tells a story of commitment to its members and to the fostering of innovative ways in which the industry can continue to meet demands and compete in the ever changing market, and to try to comply with the ever-increasing costs of legislative requirements. Throughout this the Association has called on the Governments to desist in shackling the industry with unnecessary compliance costs that are making many of our member’s businesses

unviable. These costs and regulatory changes over the past 10 years not only drive existing businesses from the industry but they serve as a disincentive to investment and investors in the State. How the proponents of the draft Regulations are so apparently ambivalent to these facts is astounding. It will be worse if the Government allows this anti-business proposal, in its current format, to proceed, especially at this time in the economic cycle of the State.

This submission asks the Government to honour its promises and fulfil the commitment it made in its public response to the EDIC recommendations 'to reinvigorate the earth resources sector' and reduce the regulatory burden in the extractive industry by:

- Modernising the work authority system;
- Reforming the bond system; and
- Reforming the EES process.'

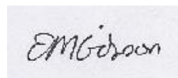
These commitments, if actioned with any degree of genuine purpose, will reduce the need for regulatory administration and, in turn, the level of cost recovery required. Logically, once these reform actions are complete, an assessment can be made of the need for cost recoupment and how that can be undertaken simply.

The communication process from the start has by its very nature been both segregated and limited in its ability to involve all parties concerned effectively. Note that many in the industry did not understand the significance of the letter concerning the RIS sent by DSDBI to all stakeholders nor the significance of the Minerals RIS that CMPA responded to.

This submission highlights major deficiencies of the RIS (whose content is deficient) especially with respect to gross overestimation in calculation of the actual costs by 214%. The one that most powerfully illustrates the lack of depth in the document relates to the assertion that the proposed fee structure does not impose greater costs for small operators than others. This assertion is not founded on supporting facts so the Association has made some preliminary calculations of the impacts of the proposed annual fees based on an average of $16 per tonne of product. This shows that a small operator will pay 407% more than the largest operator on a fee per tonne basis! As such, a new formula has been suggested in good faith that may be given consideration by DSDBI.

I trust the consultations on the draft Regulations and the RIS will result in a moratorium being placed on action on cost recovery until after the committed reforms have been completed. At that time it is hoped that a thorough and professional analysis will be undertaken of any proposed cost recovery fee structure. The Association is prepared to assist in that activity.

Yours sincerely



Dr Elizabeth Gibson
General Manager
CMPA

Submission to the Regulatory Impact Statement for proposed Mineral Resources (Sustainable Development) (Extractive Industries) Regulations 2014 Fees

1. Premature consideration of new fee structure

The RIS argues that during the re-making of the Mineral Resources (Sustainable Development) (Extractive Industries) Regulations cost recovery of fees was delayed as part of future amendments of the *Mineral Resources (Sustainable Development) Act* 1990 but these have been overtaken following the EDIC recommendations accepted by Government. These are expected to be implemented over the next two years. The response states the Government will:

- work with the extractive industry to modernise Work Authorities;
- implement reforms to ensure bonds are proportional and effective;
- review the royalty charges on overburden materials for extractive developments;
- include a statutory time frame of 30 days for a response to an application for endorsement of work plans and variations;
- continue the reduction of red tape in the earth resources sector where it does not have a detrimental effect on local communities, economies or the environment;
- reform the environmental impact assessment process to provide: clear objectives and transparent processes for all stakeholders; a suite of environmental impact assessment options that can be applied to match the level of environmental risk arising from individual projects;
- couple approvals processes with the environmental impact assessment processes to streamline information and consultation requirements as well as decision-making, in order to reduce time and costs; and
- establish Minerals Development Victoria to be a single point of entry for investors.

Each of the above initiatives has the potential to impact to varying degrees on regulatory administration, enforcement and compliance. As such, until fully implemented, and two committees have been formed at this stage with objectives not yet completed, it is premature and, indeed, contradictory to introduce a new cost recovery fee structure on the basis of the existing administration of the Act and Regulations.

Clearly, if the Government's stated objectives to provide reforms and continue with red tape reduction are to be taken seriously they will impact on existing administrative processes and, it is to be hoped, will reduce the regulatory burdens. The costs of administration to be recovered would therefore be lower. To establish a new fees structure on the basis of the existing level of regulatory administration therefore anticipates that these promised reforms will not occur. To now proceed on this proposal is therefore an overt indictment of the Government's stated commitment to red tape reform.

Additionally, the regulatory work being undertaken by the department is often on behalf of the local government who are collecting site specific rates for the extractive sector and the State government who are collecting land taxes on the planning permits approved for the site. Hence, some of the fees proposed are already being collected.

2. Impact on business

Page 29 of the RIS indicates that there is no significant difference in the proposal in the compliance burden for a small business and a large business and lower value extractive businesses will, by virtue of the fees structure, pay lower fees than higher value businesses. The RIS generally, and this section in particular, does not provide any clear estimations about the composite cost per year a small extractive operator will face. The RIS provides various tables with fee units etc but fails in interpolating this for a generic small, medium and large operator. It is left for the reader to make these calculations.

Assuming the average cost per tonne of construction material is ~$16 per tonne, the following table utilises the five production value categories of operators used in the RIS and estimates the average tonnage for each category. This is divided by the proposed annual fee to arrive at a fee per tonne. The results of these calculations demonstrates that the small operator pays a disproportionate amount in fees per tonne (ie $0. 057) compared to the large operators (eg for the largest operators $0.014). That is, the small operator pays 407% more in the dollar value of fees than a large operator. This is clearly inequitable to smaller operators and contradicts statements in the RIS concerning equity across all operators.

It may be argued that there is a higher cost to regulate small operators however; this is a result of complex and inefficient regulation for which the small operator should not be penalised. The monetary value may seem low but to a small operator that operates on low margins the impact can be high. For example, a road toll on delivery of construction material may be the difference between making a profit.

Table 1. Proposed annual fee given at $/t

Annual production value, $	Tonnage at $16/t	Proposed fee $ ($2011-12)	$ Fee /t
0 - 100,000	100 - 6,250	356	3.56 - 0.057
100,001 – 500,000	6,250 - 31,250	712	0.114 - 0.023
500,001 – 1,000,000	31,250 - 62,500	1,424	0.046 - 0.023
1,000,001 – 5,000,000	62,500 -312,500	5,698	0.091 - 0.018
5,000,001 – 10,000,000	312,500 - 625,000	8,547	0.027 - 0.014
More than 10,000,000	625,000 -	10,683	0.017 -

Additionally there is inequity within the categories and between the categories.

Table 2. Inequity within the annual production value categories:

Annual production value, $	Tonnage at $16/tonne	$ Fee/tonne	% difference between the lower tonnage and the higher tonnage $fee /tonne value
0 – 100,000	100 – 6,250	3.56 – 0.057	6246
100,001 – 500,000	6,250 – 31,250	0.114 – 0.023	596
500,001 – 1,000,000	31,250 – 62,500	0.046 – 0.023	200
1,000,001 – 5,000,000	62,500 – 312,500	0.091 – 0.018	505
5,000,001 – 10,000,000	312,500 – 625,000	0.027 – 0.014	193

Table 3. Inequity between the annual production value categories:

Annual production value, $	Tonnage	$ Fee/tonne	% difference
100,000	6,250	0.057	
100,001	6,250	0.114	500
500,000	31,250	0.023	
500,001	31,250	0.046	200
1,000,000	62,500	0.023	
1,000,001	62,500	0.091	396
5,000,000	312,500	0.018	
5,000,001	312,500	0.027	150
10,000,000	625,000	0.014	
10,000,001	625,000	0.017	121

The impact of the cost recovery process must take into account the impact upon the sector and those it is competing with (eg. Suppliers not managed by a Work Authority) in the market. This may be addressed by their (competitors) inclusion in cost recovery over time to other sectors of Government.

3. Fees based on production value

The RIS (page 15) provides text that illustrates the mindset of the regulators. It states:

> *Production value is a good proxy for regulatory effort as it is able to capture aspects of the size and complexity of the operation and value adding of on-site processing.*
>
> *Higher value products tend to be at greater depths as they are generally less weathered and deeper excavations tend to require greater regulatory oversight. Additionally, processing of extractive products on-site such as crushing, washing and grading adds value to the raw extracted product. This processing is captured by the work authority and is regulated by the department. Thus production value incorporates both the inherent value of the product as well as the on-site processing of the product and this provides a good indication of the regulatory effort associated with the site.*

The non-specific nature of the language is illustrative. The extractive industry in Victoria has been regulated with its own legislation for more than 60 years. It might reasonably be expected that an efficient regulator would have a sound base of data about its own regulatory effort as well as that of the industry. For example, data should be available about:

- the type and number of investigations undertaken and infringements issued annually;
- the type, number and scale of businesses involved in the compliance data;
- data about the relative regulatory effort assigned to these various business types including the time taken by staff in processing the various applications (work authority, plans and variations) and the number per year.

A long list of regulatory activities is found in Appendix B but none are quantified. None of the expected 'hard' data is provided and in their absence subjective 'proxies' are used. Words such as 'tend' and 'generally' are used where actual data should be used. These

generalities reflect the lack of precision in the RIS and undermine its propositions. Introduction of Activity Based Costing would assist in determining actual costs.

4. Options to address the perceived problems

Two options have been considered in the RIS to address the perceived under-recovery of regulatory administration costs, namely to introduce a new fee structure based on either the nature of operations or on production levels. Consideration has not been given to reducing the level of regulatory administration and oversight, that is, a viable third Option. This should be done.

The CMPA has over many years argued for less regulation over the industry on the basis of the level of risks involved combined with the fact that there are already other regulatory instruments and bodies (EPA, OHS and local councils to name a few) with direct regulatory interests in the sector's operations.

Rather than seeking to undermine the industry with further regulatory costs, a pro-business policy would seek to minimise regulatory costs which makes the industry un-competitive and allow it to, within bounds, flourish and develop innovative measures for the betterment of the industry and the economy.

5. Proposed complex fee structure

The RIS introduces an array of new fees, from a relatively simple, though inequitable, fee structure of 5 fees to a proposed 25 depending on the production level which has 4 categories! This level of complexity will, inevitably involve additional costs in administration by the Department and of course, the industry. Also, the enforcement around the collection of fees based on the value at the gate will be complicated with requiring expensive audits of accounts to validate the fees submitted. Unlike on a fee per tonne basis where there are fewer variables to be taken into account in its determination.

The complex nature of the proposed fee structure is a recipe for further future fee increases. At a minimum, fees are likely to be adjusted for CPI which would be appropriate ONCE the right level of fees has been established. Whilst the idea of a regular review of the fee structure and level is appropriate, experience tells us that this is unlikely to be a fundamental root and branch review, but more likely it merely presents an opportunity for the regulator to add arguments for greater costs to be borne by the industry. What is needed is an incentive to drive regulatory costs down.

6. Efficient costs

On pages 41-42 the RIS attempts to argue that the costs to be recovered from the industry are 'efficient'. It does this by:

- Arguing that the 2006-07 costs of administration when adjusted to 2011-12 dollars are $0.4 million less than actual costs of $6.4m for 2011-12. On this basis it is argued that regulatory creep has not been evidenced.
- Comparing the costs of application fees, initial WP fees and WP variation fees of 20 ha, 50 ha, 100 ha and 500 ha quarries in South Australia and Victoria.

Regulatory creep is not the only issue to be avoided and even the RIS acknowledges that gold plating and cost padding are other issues that equally cause costs to be inefficient. There is already “padding” in place in Earth Resources due to the removal of the OH&S function to WorkSafe without any reduction in staff numbers and it appears that staff have been reallocated to rehabilitation bonds.

The department workload was reduced substantially on relinquishing in Melbourne and regional offices the OH&S function. Costs, however, have increased as a result of the removal of the OH&S function through the introduction of community consultation, one stop shop obligation, introduction of the bond formula and consolidation of the Acts sold at the time as a benefit to the regulator and to the industry. This shows that the RIS was not undertaken with an understanding of the current operations within the department. There has been no analysis as to how the existing costs are not gold plated nor reflect padding. This is a serious deficiency in the assessment of the efficiency of the costs to be recovered.

The South Australian cost comparison is unsourced so no verification of the data can be readily made. This reflects on the value of the comparison. Comparing isolated costs is of little value. What is not known is whether there are other costs applicable in Victoria that are not applied in South Australia.

While it is qualified, the conclusion that ‘based on the benchmarking exercise undertaken, DSDBI concludes that the cost base is not disproportionate to other jurisdiction(s)’ is astounding! The comparison with some South Australian costs data does not represent a ‘benchmarking exercise’ nor does it reflect anything to do with efficiency of the cost base. Efficiency of the cost base has been completely overlooked in this RIS. It can only be surmised that this has occurred because any degree of rigorous analysis would show that the costs are not efficient. Therefore, the proposed cost recovery proposition is seriously flawed.

7. Consistency with Mineral Regulations

The alignment of the Acts has created more complexity in the DSDBI. The RIS (page 5 footnote) states the proposed amendments to the Extractive Regulations will be consistent with the Mineral Regulations. Why is it appropriate to be consistent? While it may be convenient for regulatory administration to consider mining and extractive industries as one, the fact that the extractive industry involves far fewer risks than the mining sector means that any required regulatory effort should be commensurately lower. Linking extractive operations with mining has invariably seen subtle and incremental additional layers of regulatory control and associated costs of compliance for extractive operators. The difficulty is evidenced when looking at the complexity of Table 5.1

8. Minerals Development Victoria

As indicated above, in its response to the EDIC recommendations the Government committed to the establishment of Minerals Development Victoria. It is noted that the fees RIS makes no mention of providing for these costs. The CMPA is concerned that this will inevitably involve a further cost imposition on the industry. CMPA, though always been concerned about consolidation has accepted the government’s position on this matter. However, the skill sets of officers must be continually reviewed to meet the policy and objectives of the department rather than taking the soft option of changing Rules.

The CMPA is not averse to the proposition to establish a body that provides a one-stop-shop for investors as long as it is underpinned with the required skills and resources. In the spirit of light-handed regulation promoted by the association, the CMPA would welcome the opportunity to provide assistance in the development of this body and in ongoing management. The form of this input is open to discussion.

9. Data management

On page 62 of the 71 page RIS, capital costs of introduction of a new data management system, Resource Rights Allocation Management [RRAM]) are discussed. The costs are estimated at $11.713m and based on 'discussions with DPI' the system is considered to be used evenly between ERRB and the Fisheries areas of DPI. From these value judgements and assumptions, half of the costs of RRAM are to be attributable to ERRB. In turn, further assumptions are made about the relative regulatory effort within ERRB and ultimately a cost per head of $7,142 per year is concluded. This represents a very superficial and rudimentary analysis, arguably an informed guess. Additionally, there were cost overruns. As before, rather than using actual data of regulatory effort based on actual transactions, broad almost meaningless assumptions are preferred.

The scope of any automated system cost overruns are often reflective of the skill set of the managers overseeing the implementation of a particular tender.

Again, the scope of any automated system will reflect the level of complexity of the, in this case, regulatory effort. This submission and many previously, pleads for light-handed regulation involving less complexity and less cost. It is unreasonable to recover the costs of a gold-plated regulatory system from the industry, especially when the Government has committed to reducing red tape in the industry. The industry has not been involved in the development of this management system and rejects full estimated payment of the ambit claim as currently nominated but would accept holding discussions on the original quote and come to some agreement on a lower final figure.

10. Consultation concerns

The RIS indicates that the CMPA was briefed on the fee amounts prior to finalisation of the draft Regulations and RIS and asserts the 'industry is supportive of the proposed transition arrangements'. The CMPA did not give any indication of support for either the transition arrangements or the proposed fees or fee structure because the presented document was never put to the industry in its entirety and the RIS therefore misrepresents the Association by referring to industry support. Recent communications with members have shown them to be unaware of the importance of this issue or to have a lack of understanding of the issue. Another example of poor consultation is that it is inappropriate for the above cost for RRAM to be recovered. The previous Minister of Energy and Resources did not recognise that industry should not pay for poor management as per the Ministers responses to the Minerals RIS.

11. VCEC endorsement

Accompanying the RIS is the required letter of adequacy of the RIS by the Victorian Competition and Efficiency Commission (VCEC) that advises on the adequacy of RISs as required under section 10(3) of the *Subordinate Legislation Act 1994* (the Act). The letter advises that the final version of the RIS 'meets the requirements of section 10 of the Act'.

Given the extensive nature of the concerns raised in this submission, many of which are fundamental to the RIS process, it is very disturbing the regulator's regulator, the so-called independent assessor of the adequacy of the evidence presented in the RIS, has endorsed the RIS.

The whole RIS process was introduced to ensure regulation does not impose unnecessary costs on industry and by so doing, making the industry un-competitive with substitutes or interstate or overseas providers. This objective seems to have been lost in this exercise.

It is noted that VCEC makes the point made in item 1 of this submission that 'broader reforms to the framework for regulating the mineral and extractive industries are being considered by the Government, which may have implications for cost recovery arrangements'. Perhaps the specific legislative responsibilities on VCEC restrict it from making the obvious further comment about the proposals being premature to the committed reforms.

To add further weight to this criticism, it is noted that the Department of Treasury and Finance issued Cost Recovery Guidelines in January 2013 that expanded on the former Guidelines for Setting Fees and User-Charges Imposed by Departments and Central Government Agencies in Victoria. These Guidelines promote full cost recovery but note there are other principles that need to be taken into account when designing and implementing cost recovery arrangements. For example, the appropriateness of cost recovery, nature of cost recovery charges and implementation features.

The Guidelines explore each as follows:

Appropriateness of cost recovery – the arrangements should advance the costs recovery objectives of efficiency, equity and fiscal sustainability

Nature of costs recovery charges – charges should be set according to an 'efficient' cost base – best practice cost recovery arrangements require that charges are set at a level that recover the 'efficient' (ie minimum) costs of providing the good/service at the required quality, or of undertaking the necessary regulatory activity. Cross subsidies should be avoided because they are inequitable and often create incentive effects that are contrary to the desired efficiency objectives. A cost framework should smooth year-on-year fluctuations will facilitate the forward planning processes of government, enterprises and industries. Arrangements should be simple to understand – complex arrangements that are theoretically pure may introduce unjustified costs and unnecessary confusion.

In terms of implementation features the Guidelines state 'costs recovery arrangements will benefit from the information and insights of relevant parties, and area more likely to succeed if those parties have some degree of ownership of the arrangements'.

The arrangements should be transparent with clear accountability. This will build trust in the integrity of the process and will impose a discipline to keep costs down to 'efficient' levels.[1]

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[1] Cost Recovery Guidelines, January 2013, Department of Treasury and Finance, pages 8-9. www.dtf.vic.gov.au/.../**Cost-Recovery-Guidelines**-Word-**Jan201**

12. Evaluation strategy

The RIS proposes an evaluation strategy be put in place 'to monitor the effectiveness of the proposed fees' and 'evaluate the outcomes for industry and Earth Resources Regulation Victoria (ERRV), including any practical issues experienced in relation to implementation of the fees'.

Consistent with the themes enunciated in this submission the CMPA is concerned that the evaluation will be focussed solely on ensuring all regulatory costs are recovered rather than considering actual impacts for the industry. In line with this the CMPA offers to be part of any evaluation strategy to facilitate an assessment of the impact on the industry.

13. Lack of robustness of the RIS

The following are a few examples that demonstrate the lack of robustness in the RIS.

1. There needs to be a better understanding of the figures stated in Table 5.1. The recoverable cost adds up to ~$1.9 million when the total cost base for regulatory activities is $1.6 million per annum. It is unreasonable to put forward a request for $1.6 million and then recoup $1.9 million. Additionally, as per point 4 below the costs for new Work Plans and Work Plan variations has been overestimated by $299K

2. There is a discrepancy in the number of Work Authorities in Table 5.1 where the proposed fee for application for a work authority is 26 per year compared to the fee for an extractive Work Plan where the total applications is 51. As each work authority must have a work plan this discrepancy seems to indicate a lack of understanding of the Work Authority process

3. The RIS does not elaborate on how it will have the flexibility to adapt to a downturn in the industry nor to the impact on the annual fee revenue or the administrative systems to collect and enforce the required outcomes.

4. Following on from Point 2 above, there is no correlation between the estimation of recoverable costs shown in Table B.4 for new Work Plans ($87,117) with the proposed fees and the recoverable amounts ($312K) shown in Table 5.1. Whatever the number, they should be the same in each Table. Again, this lack of precision in the RIS severely undermines its credibility. Further errors are found in Table B.7 in the "Fee for initial Work Plan" where the costs for the mining Work Plan ($194K) have been erroneously included so that the final figure to be collected by the Department for extractives Work Plans is inflated by that amount, ie it is $312K. From Table B.7 recoverable costs for a new Work Plan are $87K. The same mistake is made in the costs for "Fee for application to vary Work Plan" where the costs for varying a Mining Work Plan ($148K) have been included erroneously so that the final figure collected by the Department for extractives Work Plan variations should be $148K and not $329K.

5. 5. In Table B.4 costs associated with “receiving and following up complaints from industry” are evenly distributed between the mining and extractive sectors. It is patently clear that an even split of these costs is incorrect providing further evidence that no even rudimentary cost analysis has been conducted for the RIS.

6. The proportion of the overall charges being a third for management of rehabilitation bonds is deeply concerning

14. Proposed formula

The following is a suggested formula for cost recovery for consideration by the department. It is understood that with respect to Work Authorities, Work Plans and Work Plan variations there is a user pays principal as per table 5.1 in the RIS. The balance of recovery should be a flat rate of say $400 then at >10,000 t per annum (this figure is already supplied to DSDBI as annual returns) apply a surcharge of $0.01/t.

Annual production, t	**Suggested fee, Rate**
0 – 10,000	$400
> 10,000	$400 + $0.01/t

This formula is:

- more equitable;
- more stable in light of market fluctuations; and
- simpler to track and administer.

15. Costing Process

The current costing schedules will serve future administrators with a tool to benchmark their performance. As such it is felt that each of the groupings must be clustered into specific tasks or outcomes, for example,

- The total cost of issuing and approving a Work Authority;
- The costing for compliance and approval of a Work Plan;
- The setting, negotiating and approving a rehabilitation bond;
- The planning, visiting and follow up of a site visit;
- The supporting of new and current operators on providing policy and technical advice etc

It is near impossible for a reader to fully comprehend the costing as the process is complicated by the failure of the RIS to cost two separate activities (enforcement and regulation) being managed and administered by one body. Reference is made to Table A.4 to understand the complexity.

At its inception the process of separating the charge consideration for draft types of goods, see Table A.5, would have been better served if the functions were the foundation of the process/assessment.

This RIS identifies through Table B.4 the complexity of tasks woven together and averaged out in many cases between mining and extractives. Table B.7 then attempts to separate the extractive charges and allocate it to 6 tasks or fee disciplines. The final/preferred option then defines where these charges will be drawn from as detailed in Table 5.1 being $1.3 million + $0.3 million + $0.3 million or a total of $1.9 million and not $1.6 million. Within this table there are many concerns ranging from:

- the linking of the application for a Work Authority to the Work Plan,
- costs for variation,
- the excessive number of new applications and the complexity and
- unfairness of the annual fee component.

16. Proposed Transitional Process

The proposed transitional process is a recipe for complexity and confusion for all those involved to understand. The cost recovery process should take into account the administration involved in collecting the fee. It will be impractical and difficult to manage as proposed and will further expand the complexity of contact with the department. Consideration should have been given to introducing the suggested annual fee in full in the first year (2016) and the increased fees for Work Authorities, Work Plans, variations etc in full in the second year (2017).