

24<sup>th</sup> December 2009

Mr Danny Suster  
Manager  
Earth Resources Policy Unit  
Earth Resources Division  
Via email to ei.regulations@dpi.vic.gov.au

Dear Danny

### **Extractive Industry Regulations Regulatory Impact Statement**

The Construction Material Processors Association (CMPA) welcomes the opportunity to provide input into the *Mineral Resources (Sustainable Development) (Extractive Industry) Regulations 2009* Regulatory Impact Statement (RIS).

The CMPA would like to make the following three key points in its submission:

1. Costs proposed for developing a work plan do not resemble true costs,
2. Costs proposed for developing a Community Engagement Plan are undervalued and should also include the cost of implementing the Community Engagement Plans.
3. Reduced red tape for small operators

It is also noted that the figures provided by CMPA, based on real case studies, are not included in this cost analysis. This is disappointing and does not build confidence in the process.

#### **1. Work Plan Costs**

The RIS makes the basic assumption that the scale of production is directly related to the cost of preparing a work plan. Whilst this is true in a broad general sense, the scope of issues that need to be addressed at each site has a greater impact on the costs of preparing a work plan or work plan variation for anything but a very small quarry. This point is illustrated in Table 1 which is sourced from the case studies within the CMPA report, *An Unsustainable Future: The prohibitive costs of securing construction material resources in Victoria*.

Table 1 – Costs of developing a work plan for various sized quarry operations

<b>Quarry size</b>	<b>New Work Plan</b>	<b>Work Plan Variation</b>
Very small, < 50,000 tpa	\$8,000	
Small, 50 – 150,000 tpa	\$510,000	\$157,000 & \$704,000
Medium, 150 – 500,000 tpa	\$442,000	\$327,000
Large, > 500,000 tpa		

Table 1 indicates that the average cost of preparing a work plan or work plan variation for anything but a very small quarry from these case studies is \$428,000. This compares to the average cost in the RIS for developing a work plan anything but a very small quarry of \$178,487. This is a \$250,000 difference. The average cost in the RIS for developing a work plan variation for anything but a very small quarry is \$10,603. This is \$417,000 less than the average case study.

Such huge difference in costs require the analysis to be repeated for the RIS to be a credible document.

## **2. Community Engagement Plan Costs**

The RIS incorporates only the cost of preparing the Community Engagement Plans (CEPs), not the true cost to industry of preparing and implementing the CEPs. Again, CMPA figures were not used in the RIS and other industry supplied figures were discounted from the analysis.

This is disappointing and does not build confidence in the process.

Estimations conducted by the CMPA utilising the existing 'Community Engagement Guidelines for Mining & Mineral Exploration in Victoria' present an imposition of \$40,000 (small site) to \$130,000 (large site) prior to a site being granted a Work Authority, and between \$8,000 (small site) and \$28,000 (large site) per annum to maintain ongoing consultations. For a moderate sized operation producing 175,000 tonnes per year, this equates to an EXTRA \$52,000 in gaining approvals and an EXTRA \$17,000 per annum for ongoing consultations in addition to current community consultation requirements under the planning permit approval process. Again, this is a significant difference to the DPI figure of \$4,663 to develop a CEP.

Such huge difference in costs require the analysis to be repeated for the RIS to be a credible document.

The RIS also states on page 121 that the benefit received from improved community engagement has not been quantified with no benefits identified for industry in Table 6.19 on page 123. As DPI can not quantify benefits of improved community engagement for the industry that are supposed to bear the cost, it is easy to understand why CMPA does not support the introduction of these Regulations that require mandatory CEPs. There is no justification for the mandatory imposition of Community Engagement Plans that duplicate existing planning permit application processes.

## **3. Reduced red tape for small operators**

DPI should be aware that one small family run business may run several operating quarries, so the assumption on page 125 that the regulations will have a positive impact on 513 sites which implies 513 small businesses is not valid. Again, this significantly weakens the argument within the RIS. As submitted to DPI previously, CMPA is concerned that the Code of Practice may shift the regulatory burden for sites operating under the Code of Practice from DPI to local councils. Again, CMPA encourages DPI to work with local councils to ensure the aim of reduced red tape for small operators is achieved.

Given these arguments, the conclusion of the RIS that the benefits of the proposed Regulations exceed the costs is difficult to justify.

I would be more than happy to expand on any of these issues in person if required.

Yours sincerely



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