

21 October 2019

[REDACTED]
Director Policy & Programs
Earth Resources Policy & Programs
Department of Jobs, Precincts & Regions
1 Spring St
Melbourne Vic 3000

Via email [REDACTED]

Dear [REDACTED]

SUBJECT: REGULATORY IMPACT STATEMENT FOR PROPOSED EXTRACTIVE INDUSTRIES REGULATIONS

Cement Concrete & Aggregates Australia (CCAA) welcomes the opportunity to provide comments to the Department of Jobs, Precincts & Regions (DJPR) on the *Regulatory Impact Statement for Proposed Mineral Resources (Sustainable Development) (Extractive Industries) Regulations 2019*.

CCAA is the peak industry body for the heavy construction materials industry in Australia including the cement, pre-mixed concrete and extractive industries. Our members operate cement distribution facilities, concrete batching plants, hard rock quarries and sand and gravel extraction operations throughout Victoria. For your information, a list of CCAA Victoria's members is provided in Appendix 1.

CCAA supports a regulatory regime that is efficient, effective, risk based and outcomes focused that will facilitate the supply of affordable heavy construction materials that will help ensure the cost effective delivery of the State Government's significant infrastructure program.

CCAA provided a clear indication of our position on several issues covered by the proposed Extractive Industry Regulations on 23 April 2019 in our submission to DJPR on the draft Mining Regulations but they have been ignored.

CCAA provides the following comments on the proposed Extractive Industries Regulations:

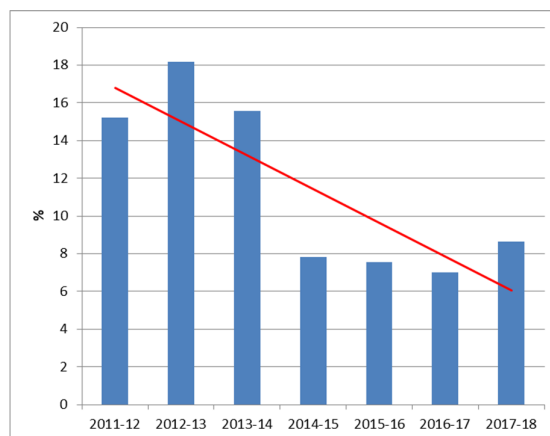
Work Plans – Risk Management Plans

- CCAA **does support** the proposed changes to the Risk Management Plan.
- CCAA **does not support** the development of a new Code of Practice for Risk Management Plans and new Ministerial Guidelines in addition to the existing *Preparation of Work Plans and Work Plan Variations: Guideline for Extractive Industry Projects*.
- The RIS does not outline the scope of these additional documents but it would be reasonable to assume that they would be similar to that outlined in the recent Mining Industry Regulation RIS.
- Having three documents to provide guidance on the one topic instead of one document provides opportunity for ambiguity, confusion, variability and misinterpretation.
- This increases red tape and regulatory burden rather than reducing regulatory burden.
- It is expected that the revision of the existing Work Plan Guidelines following stakeholder feedback will provide assessment and compliance certainty for operator and ERR.

Rehabilitation Plan

- CCAA **does not support** the proposed changes to the Rehabilitation Plan without the Regulations offsetting the proposed increase in costs with some form of new benefit.
- CCAA **supports** changes to the Regulations that provide benefits to the industry, not just increased costs. Such improvements include:
 - Changing the proposed Regulation 14 so that any change to rehabilitation plans due to these Regulations **does not** require a Work Plan Variation.
 - Introducing the Two Track Discounted Bond System that was endorsed by Government and industry in 2014 that provides financial incentives, not just regulation red tape, to encourage progressive rehabilitation.
- The RIS states (page 61) *'Additional (rehabilitation) information requirements and milestones are likely to **increase the regulatory burden** faced by industry'*.
- The Mining Regulations imposed exactly the same requirements and the Mining RIS states that *'the department estimates that the net increase in costs to industry of implementation of and compliance with rehabilitation plan requirement clarifications is likely to be in the order of **20-30 per cent**'*. It would be reasonable to assume that the same applies to the extractive industry.
- The RIS (page 51) states that a key support for the increase in rehabilitation regulatory burden is that it *'is expected to reduce the likelihood of the Government having to financially support rehabilitation works, providing a cost saving in the future'*.
- The RIS **does not provide any evidence** that Government has had to recently fund rehabilitation of quarries.
- CCAA is aware of Government conducting rehabilitation at only **5 extractive sites** involving a total of **\$18,000** in rehabilitation bonds.
- Government holds a total of \$92.2 million in rehabilitation bonds for extractive industry, **5,000 times** the amount that has been called on to date.
- Bonds are supposed to be set by Government at level to cover the Government's rehabilitation liability.
- The rate of bond reviews (number of bond reviews per 100 MRSDA licences and Work Authorities) by ERR per year has almost **halved** from 15 per year in 2011 -2012 to 8 per year in 2017 – 2018 (see Figure 1).
- If bonds are not set at an appropriate level then that is a **failure of compliance**, not industry.

Figure 1 – Rate of ERR Bond Review



Reporting Requirements

- CCAA **supports** the introduction of annual reporting of resource estimates.
- CCAA **recommends** that industry is consulted on the format of the required forms and the option of electronic submission to allow streamlined compilation of data by industry and streamlined data analysis by DJPR.

Evaluation

- The RIS states on Page 57 that *“Given that the proposed regulations **impose a significant burden** on stakeholders, it is proposed to conduct a mid-term review of the regulations (i.e. after 5 years of operation). It could be expected that this evaluation would occur before December 2024.”*
- CCAA **does not** support the introduction of new regulations that impose additional cost to industry without the coincident introduction of new regulations that provide a benefit to industry by a similar or greater amount. A mid-term review does not address this issue.

CCAA **will not support** the remake of Extractive Industry Regulations that include these significant areas of regulatory burden without the Regulations offsetting the proposed increase in costs with some form of new benefit.

Victoria’s regulatory environment needs to be internationally competitive to continue to attract capital to invest into Victoria to ensure a sustainable and competitive heavy construction materials industry. This in turn facilitates Victoria’s improved productivity, housing affordability and lower infrastructure costs.

Please do not hesitate to contact me to discuss any of these issues in more detail.

Yours sincerely



State Director Vic/Tas

APPENDIX 1

CEMENT CONCRETE & AGGREGATES AUSTRALIA

MEMBERSHIP

FOUNDATION MEMBERS

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|  <p><i>Adelaide Brighton Ltd</i></p> |  <p>Boral Construction Materials</p> |  <p>Boral Cement Limited</p> |
|  <p>Cement Australia Pty Ltd</p> |  <p>Hanson Australia Pty Ltd</p> |  <p>Holcim (Australia) Pty Ltd</p> |

VICTORIA

ORDINARY MEMBERS

| | | |
|--|--|---|
| <p>Alsafte Pre-Mix Concrete Pty Ltd Barossa Quarries Pty Ltd Barro Group Pty Ltd Baxters Concrete Pty Ltd Broadway & Frame Premix Concrete Pty Ltd</p> | <p>Fulton Hogan Industries Hillview Quarries Pty Ltd Hymix Australia Pty Ltd Independent Cement & Lime Pty Ltd Kennedy Haulage Pty Ltd</p> | <p>Mansfield Pre Mix Mentone Pre Mix Metro Quarry Group Pty Ltd Premier Resources T/A Hy-Tec Industries Pty Ltd Volumetric Concrete Australia Pty Ltd</p> |
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ASSOCIATE MEMBERS

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| <p>Agi-Kleen Pty Ltd BASF Australia Pty Ltd BHS-Sonthofen (Aust) Pty Ltd Concrete Colour Systems</p> | <p>Concrete Waterproofing Manufacturing Pty Ltd T/a Xypex Australia GCP Applied Technologies</p> | <p>Sika Australia Pty Ltd Tieman Tankers WAM Australia</p> |
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