

A photograph of two men in safety gear (hard hats and high-visibility vests) standing in a field of yellow wildflowers. One man is holding a tablet and pointing at the screen, while the other looks on. The background shows a grassy hillside under a blue sky with some clouds. The image is partially overlaid by a large blue geometric shape on the right side.

EARTH RESOURCES REGULATION PERFORMANCE REPORT 2016/17

(Quarter 2)



Economic Development,
Jobs, Transport
and Resources

Release Information

Report Info:

This is a PDF version of the report, and does not support the same features as the interactive version of the report.

Updates in this version:

This is the first version of the reports. Changes:

1.1 Added footnote to Key Performance Indicators table on page 3 - " * The reporting period starts from 1 July 2017, the first reports with the measures will be 2017/18 (Quarter 1)"

The data model for the report includes tables from: RRAM, Cognos TM1 data cube, Periscope and Excel tables.

Bugs fixed:

Version History:

ERR Performance Report v1.0

Built using Tableau Desktop version 10.0.0.1

Report owner: Earth Resources Regulation branch, Department of Economic Development, Jobs, Transport and Resources

Earth Resources Regulation KPI summary 2016/17 (Quarter 2)

Executive summary

This report provides a summary of the operating performance for the Earth Resources Regulation (ERR), Victoria's Earth Resources Regulator within the Department of Economic Development, Jobs, Transport and Resources for 2016/17 (Quarter 2) ending 31 December 2016.

After the reform process in 2015/16, ERR has focused on several areas for improvement, including role clarity, culture and capability, risk-based strategies, clear and consistent regulatory activities, stakeholder consultation and engagement, timeliness and communication and transparency.

ERR's achievements in 2016/17 (Quarter 1 and Quarter 2) included enacting ERR's leadership structure, clarifying the role of ERR in the earth resources sector, establishing a client service standard, working with Industry and other stakeholders on developing guidelines and other support for risk based plans, and developing a stakeholder feedback mechanism. Further, ERR has established the Victorian Earth Resources Regulators Forum and Stakeholder Reference Group working groups to enable strategic coordination of regulatory activity and facilitating industry engagement in the work of ERR.

To improve stakeholder and community confidence, ERR has focused on setting challenging performance targets, with the long-term goal of becoming a best practice regulator. This has meant that we have met some but not all of our performance targets in Quarter 2. Despite not meeting some performance targets, there has been demonstrated improvement in performance against all these measures from Quarter 1 to Quarter 2. This is expected to continue now that ERR has finalised recruitment, with increased resourcing in Stakeholder Relations and Strategy, Regulatory Compliance and Statutory Approvals.

ERR will continue to engage with industry and the community in 2017 to meet our performance targets and to achieve a safe and sustainable Victorian earth resources sector.

Key Performance Indicator Reporting

Earth Resources Regulation (ERR) is Victoria's earth resources regulator – our role includes licensing, risk management, compliance responsibilities and stakeholder engagement. We are committed to being an accountable and transparent regulator in all aspects of our work.

ERR is one of the Department of Economic Development, Jobs, Transport and Resources' (DEDJTR) regulators. As such, the branch is guided by the department's compliance framework and policy. This whole-of-department policy requires regular performance measuring and reporting to demonstrate the effectiveness of ERR's compliance activities over time. Public reporting of the data will allow stakeholders to monitor ERR's progress. ERR uses a range of indicators to monitor its activities and performance and in 2016/17. ERR updated its set of Key Performance Indicators (KPIs) and embedded them into DEDJTR's regulator performance monitoring framework. ERR will publish key performance indicators on its website on a quarterly basis. ERR will review KPIs and targets annually.

This reporting complies with ERRs reporting obligations under the:

- Compliance Strategy 2016-17
- Client Service Standard 2016-2018
- Transparency Guidelines 2016-17

Key Performance Indicators 2016/17 (Quarter 2)

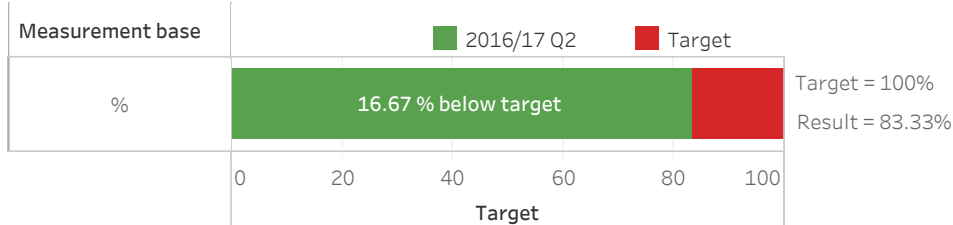
Performance driver	Indicator	Measurement base	Target period	Target	2016/17 Q2	2016/17 Q1	DEDJTR Compliance framework outputs
KPI 1 Efficient Approvals Process	Percentage of tenement applications assessed in statutory timeframe	%	Quarterly	100	83.33	66.67	Outputs/activities
	Percentage of tenement applications assessed within departmentally agreed timeframes where a statutory timeframe does not exist	%	Quarterly	100	Reporting commences 1 July 2017*		Outputs/activities
KPI 2 Ensuring Compliance	Number of operational compliance activities undertaken per quarter	Number of activities	Quarterly	75	113.00	98.00	Inputs
	Percentage of tenements that have had a compliance activity undertaken, that do not have an enforcement action issued	%	Quarterly	90	80.00	71.00	Outputs/activities
	Percentage of rehabilitation bond assessments undertaken during the year	%	Annual	20	Reporting commences 1 July 2017*		Outputs/activities
KPI 3 Effective Incident Management	Percentage of reportable events that are responded to during the quarter	%	Quarterly	100	83.33	42.00	Short-term and long-term outcomes
KPI 4 Facilitation of Stakeholder Engagement	ERR attendance at Environmental Review Committee meetings	%	Quarterly	100	100.00	88.00	Outputs/activities
	Number of Earth Resources Regulators' Forum held by ERR	Number of meetings	Annual	3	2.00	0.00	Outputs/activities
	Number of Stakeholder Reference Group meetings held by ERR	Number of meetings	Annual	6	2.00	2.00	Outputs/activities
	Percentage of commitments delivered in Working or Partnership Agreements / MOUs	%	Annual	100	Reporting commences 1 July 2017*		Outputs/activities
KPI 5 Complaint Management	Average number of days to respond to complaints	Business days	Quarterly	3	4.31	6.37	Outputs/activities
KPI 6 Community Satisfaction	Weighted response score for industry, operator performance and community satisfaction with ERR as a regulator, based on an annual survey conducted by ERR.	Out of 10	Annual	9	Reporting commences 1 July 2017*		Outputs/activities

* The reporting period starts from 1 July 2017, the first reports with the measures will be 2017/18 (Quarter 1)

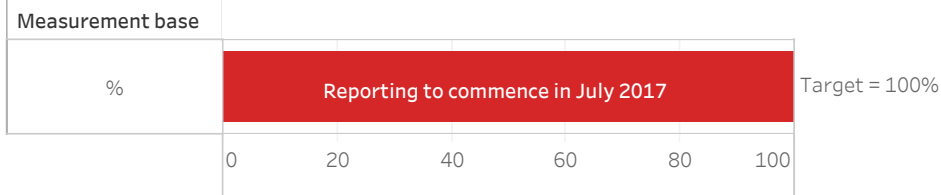
KPI 1 Efficient Approvals Process

Application assessment process:

Graph 1.1 KPI 1: Percentage of tenement applications assessed in statutory timeframe



Graph 1.2 KPI 2: Percentage of tenement applications assessed within departmental timeframes (no statutory timeframe)



Explanation for the result:

The underperformance in relation to KPI 1 (Graph 1.1) was due to the additional time required to respond to objections made by the community to several licence applications. ERR has implemented a new internal approvals process, and expects performance to improve during the remainder of 2016/17. A significant improvement has occurred from Q1 to Q2 (see Graph 1.3).

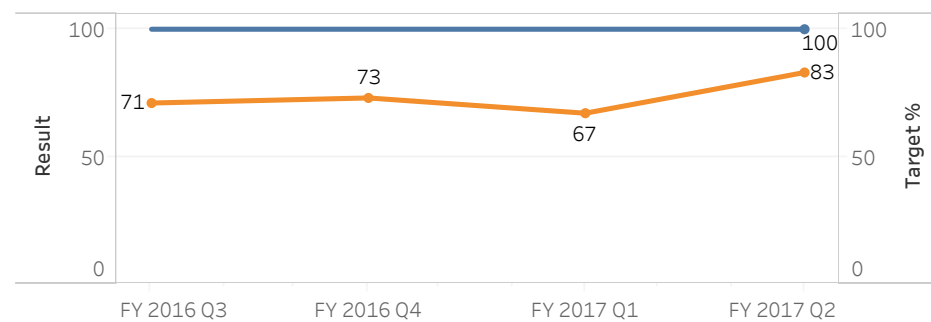
Why are these measures important?

Earth Resources Regulation (ERR) is the responsible regulator in administering various legislation including the *Mineral Resources (Sustainable Development) Act 1990* (MRSDA). ERR understands its responsibilities as a regulator to ensure timely processing and approvals management and not to unnecessarily impede the efficient operation of potential duty holders. ERR is striving for a consistent and transparent approvals process, balancing efficiency but maintaining the rigour required for comprehensive checks consistent with the Act.

This indicator measures how well the department meets agreed times when processing approvals. This indicator has two measures: applications that have a statutory regulated time frame; and applications that do not. ERR will report on the latter (Graph 1.2 commencing 1 July 2017), once systems and policies are in place to monitor performance against applications with no statutory regulated time frames. Further, ERR will commence reporting against timeframes for other legislation it assesses starting 1 July 2017.

Note the statutory clock does not include the time that applications are with the duty holder or going through the Native Title process. For more information on the applications assessment process please refer to the *Application Assessment Guidelines* on our website.

Graph 1.3 Rolling 4 Qtr trend of KPI 1



Licensing application approvals 2016/17 (with statutory timeframe)

Quarter of :	Authority	Type	Timeframe	Processed within time	
				No	Yes
FY 2017 Q1	<i>Mineral Resources (Sustainable Development) Act 1990</i>	Exploration Licence	90		1
		Prospecting Licence	90		3
		Retention Licence	120		1
		Total			5
FY 2017 Q2	<i>Mineral Resources (Sustainable Development) Act 1990</i>	Exploration Licence	90	1	6
		Prospecting Licence	90		2
		Retention Licence	120	1	
		Total		2	8
Grand Total				2	13

Work plans endorsements 2016/17 (with statutory timeframe)

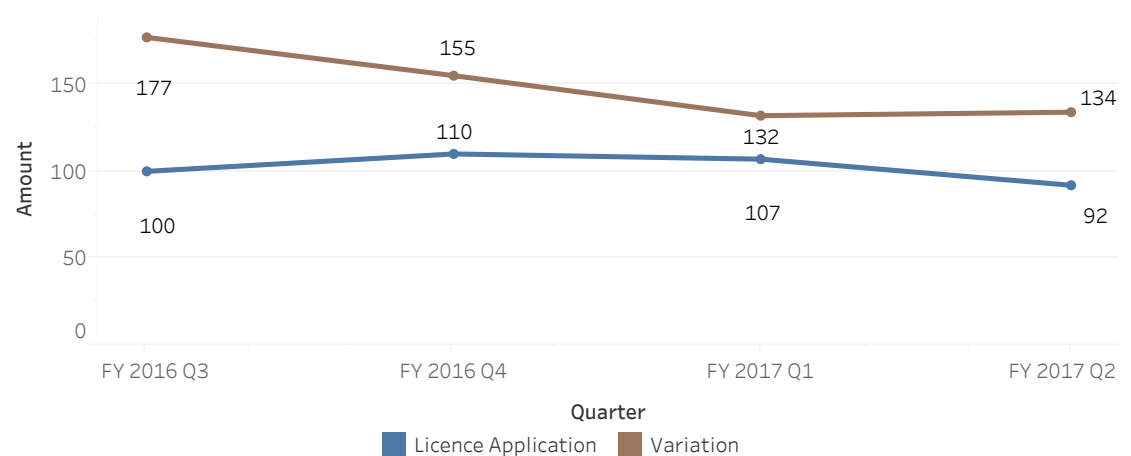
Quarter of :	Authority	Type	Timeframe	Processed within time	
				No	Yes
FY 2017 Q1	<i>Mineral Resources (Sustainable Development) Act 1990</i>	Mining Licence	28	2	
		Work Authority	28	1	1
		Total		3	1
FY 2017 Q2	<i>Mineral Resources (Sustainable Development) Act 1990</i>	Work Authority	28		2
Total				3	2
Grand Total				3	3

KPI 1 Efficient Approvals Process

Licence and permits ERR is assessing at 2016/17 (Quarter 2)

Work Type Split	Type	Amount
Applications	Exploration Licence	54
	Mining Licence	7
	Offshore Petroleum Access Authority	1
	Offshore Pipeline Licence	2
	Onshore Petroleum Exploration Permit	2
	Prospecting Licence	10
	Retention Licence	16
	Total	92
Variations	Authority to Dispose of Tailings	1
	Consolidation	2
	Creation of Interest	3
	Devolution of Interest	2
	Full Surrender	16
	Licence Conditions Change	6
	Partial Cancellation	2
	Registration of Dealing	4
	Renewal	67
	Suspension and Extension	7
	Transfer	24
	Total	134
	Grand Total	226

Graph 1.5 Trend - applications, variations and work authorities at the end of each quarter



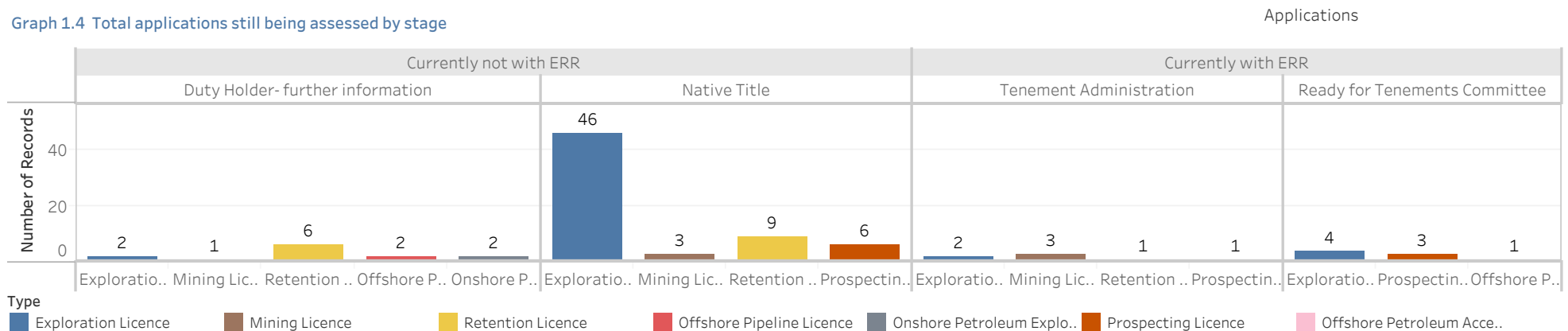
Summary:

The trend in recent financial quarters already shows a general reduction of unassessed licence and permit applications.

ERR will report assessment of work authority performance from 1 July 2017.

*Work authorities have been excluded from this table. Reporting on work authorities will commence in July 2017.

Graph 1.4 Total applications still being assessed by stage



KPI 1 Efficient Approvals Process

Licence and permits approved by ERR in 2016/17 (Quarter 2)

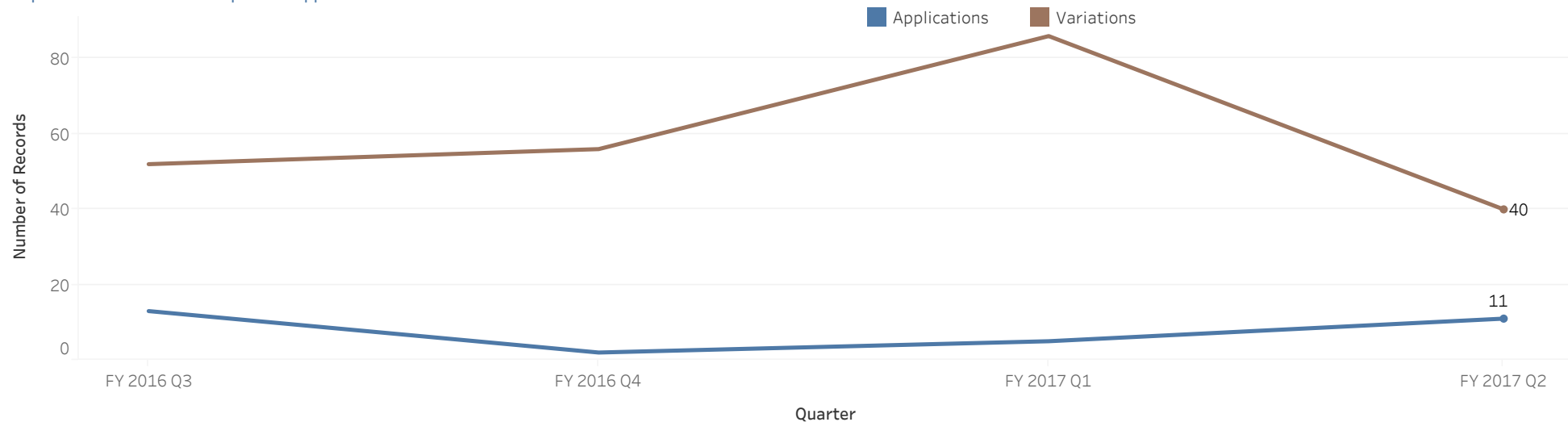
Approvals commentary:

Quarter 2 had an increase in MRSDA licence grants, but a reduction in variations being approved from the previous quarter. In Quarter 2, an internal Earth Resources Regulation Governance Committee was enacted to provide more oversight and consistency in making decisions regarding applications.

A key Greenhouse Gas Operation was approved during Quarter 2 (December). This was the first application of its type processed by the department.

Work Type Split	Type	
Applications	Exploration Licence	7
	Onshore Petroleum Special Access ..	1
	Prospecting Licence	2
	Retention Licence	1
	Total	11
Variations	Full Surrender	7
	Licence Area Change	1
	Licence Conditions Change	12
	Partial Cancellation	11
	Renewal	3
	Transfer	6
	Total	40
Grand Total		51

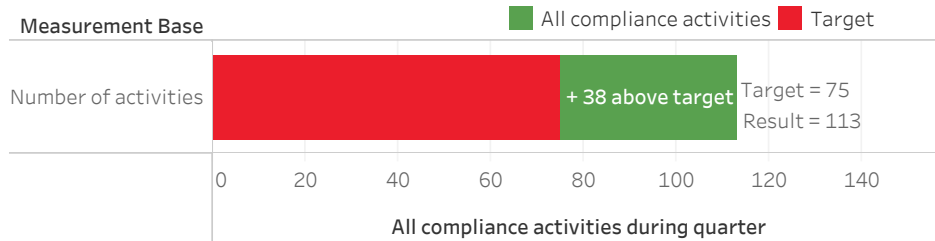
Graph 1.7 Trend - Licence and permits approved



KPI 2 Ensuring Compliance

2 a) Compliance activities undertaken:

Graph 2.1 - Number of operational compliance activities undertaken per quarter



Explanation for the result:

ERR exceeded the target by 38 proactive compliance activities. This result was largely due to an increased focus in Quarter 2 on inspections.

Why this measure is important

ERR undertakes proactive compliance activities using a risk based approach as part of its stewardship role in the sector. Activities include audits, inspections, meetings with duty holders (Meetings) and site closures after reviewing rehabilitation (Site Closure). Compliance activities are actions designed to mitigate risk in the sector.

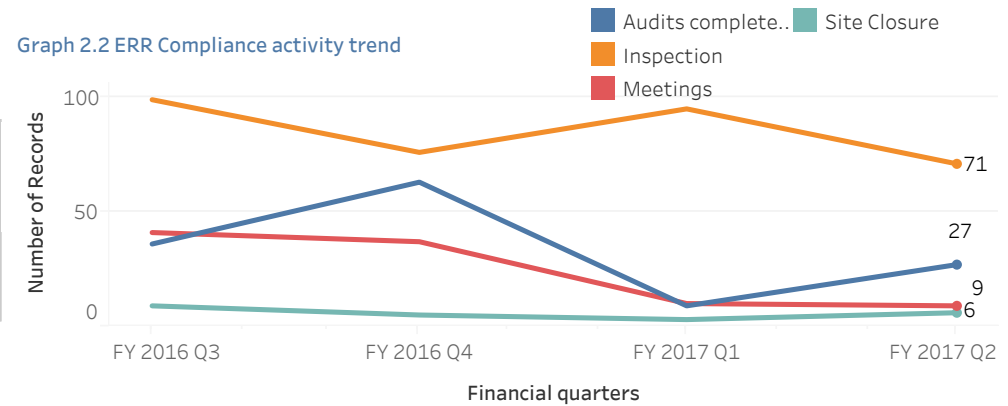
ERR issues notices under the *Mineral Resources (Sustainable Development) Act 1990*, where an act or omission by the duty holder is likely to result in a risk to public safety, the environment, land, property, infrastructure or is a non-compliance with the licence conditions.

General enforcement actions and infringement notices are usually issued following compliance checking activities undertaken by ERR.

Compliance activities - 2016/17 (Quarter 2)

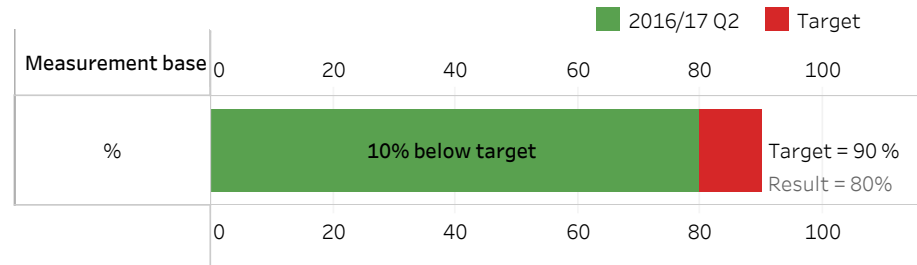
Tenement (group)	Operation Activity	October	November	December	Grand Tot..
Extractives	Audits completed	7	11	1	19
	Inspection	19	15	9	43
	Meetings	1		2	3
	Site Closure		1	1	2
	Total	27	27	13	67
Mining	Audits completed		1	7	8
	Inspection	7	12	9	28
	Meetings	2	2	2	6
	Site Closure		4		4
	Total	9	19	18	46
Grand Total		36	46	31	113

Graph 2.2 ERR Compliance activity trend



2 b) Tenement compliance:

Graph 2.3 - Percentage of tenements that have had a compliance activity undertaken, that do not have an enforcement action issued



Explanation for the result:

After conducting 113 proactive compliance activities on 75 duty holders, 25 enforcement actions were taken on 15 separate duty holders. This means, of the duty holders that ERR conducted compliance activities, 80% of tenements were compliant with conditions assessed in the compliance activities.

ERR continues to strive towards 90% because it believes in the importance of full compliance in the sector. It intends to achieve this by continuing to have a high number of proactive compliance activities, including increased audits.

Why this measure is important

This indicator measures what percentage of current tenements that have had a compliance activity undertaken, and have subsequently had an enforcement action taken against them. This is a good measure to show the public, how many duty holders are compliant with legislative requirements.

KPI 2 Ensuring Compliance

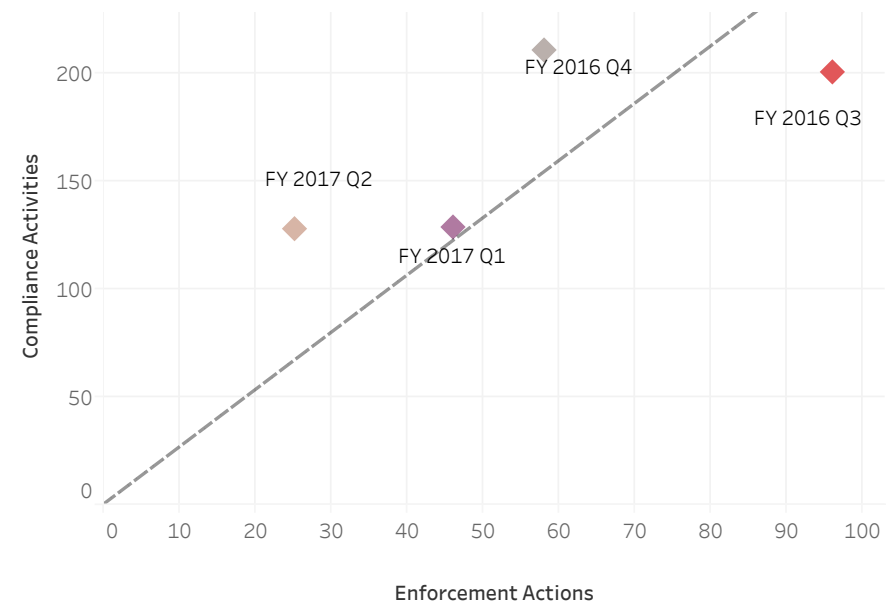
Enforcement actions in 2016/17 (Quarter 2) by sector

Action Type	Enforcement Code	Extractives	Mining
General Enforcement Action	1 - Authorised Activity Compliance	2	
	2 - Environmental Incident Notification	1	
	11 - Public Safety and Site Security	1	1
	15 - Hazardous Materials Management	2	
	17 - Slope Stability	11	
	25 - Tailings and Slime Management		1
	27 - Buffer Zones	1	
	35 - Dust Emissions	2	
	36 - Noise Emissions		2
Infringement Notice	2 - Environmental Incident Notification	1	
Grand Total		21	4

Enforcement activity - Issued vs Fully complied or withdrawn 2016/17 (Quarter 2)

Enforcement Code	Enforcement Action Type	Issued (unresolved)	Fully Complied & Withdrawn
1 - Authorised Activity Compliance	s110 Notice	2	
2 - Environmental Incident Notification	Infringement Notice		1
	s110 Notice		1
11 - Public Safety and Site Security	s110 Notice	1	1
15 - Hazardous Materials Manage..	s110 Notice	2	
17 - Slope Stability	s110 Notice	7	4
25 - Tailings and Slime Management	s110 Notice	1	
27 - Buffer Zones	s110 Notice	1	
35 - Dust Emissions	s110 Notice	1	
	Written Instruction	1	
36 - Noise Emissions	s110 Notice	1	1
Grand Total		17	8

Graph 2.4 - Compliance activities vs Enforcement actions



Enforcement actions summary

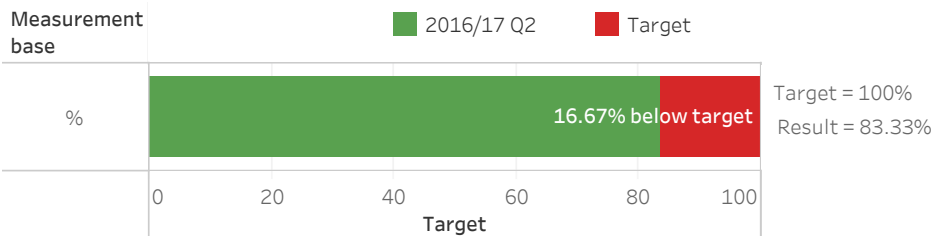
In Quarter 2, 25 enforcement actions were raised predominantly in relation to slope stability in the extractive industry sector. At the end of the quarter, eight of these actions were resolved (due to full compliance) or withdrawn as the situation had changed from when the notice was issued. Further, another 17 enforcement actions from previous periods were resolved because of full compliance. The 21 enforcement actions against extractive industry duty holders were taken following 67 proactive compliance activities (0.31 enforcement actions per compliance activity). Four enforcement actions against mining industry duty holders were taken following 46 proactive compliance activities (0.09 enforcement actions per compliance activity).

Graph 2.4 highlights the relationship between compliance activities and enforcement actions issued. ERR is striving to achieve results in the top left of Graph 2.4, with high number of compliance activities, and minimal enforcement actions due to good sector practices. Graph 2.4 indicates that the enforcement action to total compliance ratio in 2016/17 (Quarter 2) is 0.19 enforcement actions per compliance activity.

KPI 3 Incident Management

Reportable Incident Management:

Graph 3.1 - Percentage of reportable events that are responded to during the quarter



Explanation for the result:

Of the six reportable incidents during the quarter, five were inspected. Following the establishment of the new compliance team, ERR will investigate all reportable incidents.

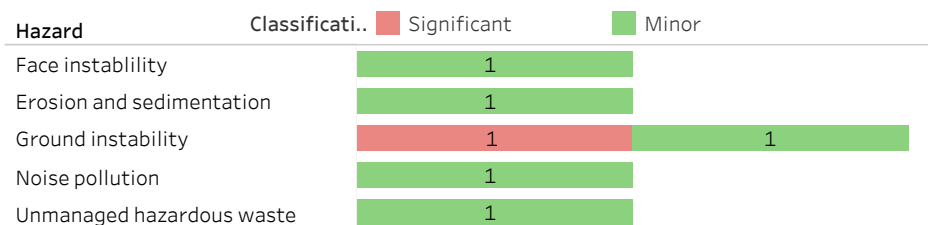
Why this measure is important

This measure shows that ERR is responsive to high risk incidents that occur at tenement sites. This will measure the number of compliance and enforcement actions that ERR inspectors' commenced, completed and closed in a particular period.

Incidents reported in the current period

Tenement:Group	Classification	Type	Inspection Conducted	No Inspection	Grand Total
Extractives	Minor	Environmental	2		2
	Significant	Infrastructure	1		1
	Total		3		3
Mining	Minor	Environmental	2		2
		Legislation Breach		1	1
	Total		2	1	3
Grand Total			5	1	6

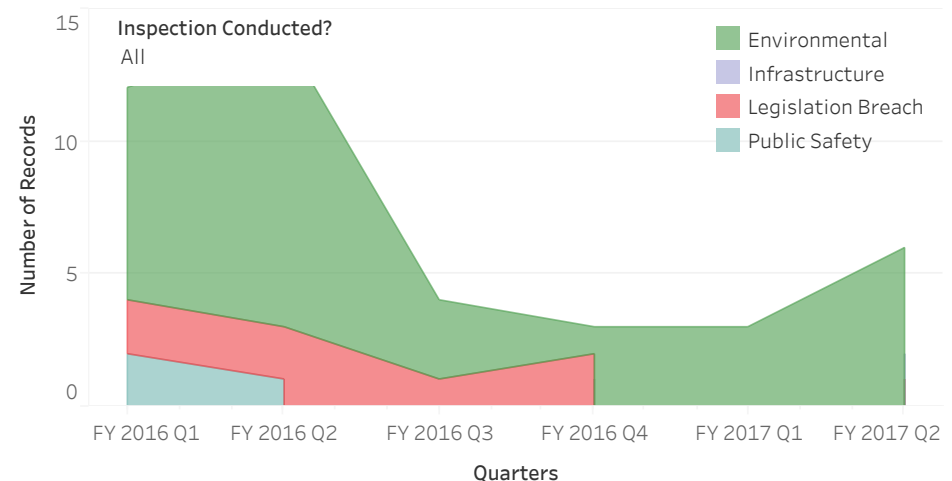
Graph 3.2 - Incident breakdown by hazard



Incidents still unresolved at 2016/17 (Quarter 2)

Classification	Type	Inspection Conducted	No Inspection
Minor	Environmental	8	21
	Legislation Breach		5
	Public Safety	1	1
Significant	Infrastructure	1	
	Public Safety	2	
Major	Environmental		1
	Legislation Breach	2	
Grand Total		14	28

Graph 3.3 - Breakdown by all incidents still unresolved by date the incident was raised



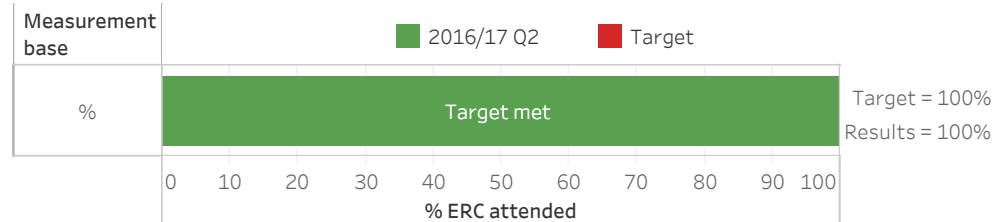
Summary

The majority of incidents were environment related incidents, of which all had inspections conducted. There was 1 significant incident related to infrastructure which was also investigated. The incident that ERR did not inspect related to excessive noise which was self-reported by the duty holder. The duty holder provided an independent report about noise levels to ERR and a plan on reducing noise.

KPI 4 Facilitation of Stakeholder Engagement

4 a) Environmental Review Committee:

Graph 4.1 - ERR attendance at Environmental Review Committee meetings



Explanation for the result:

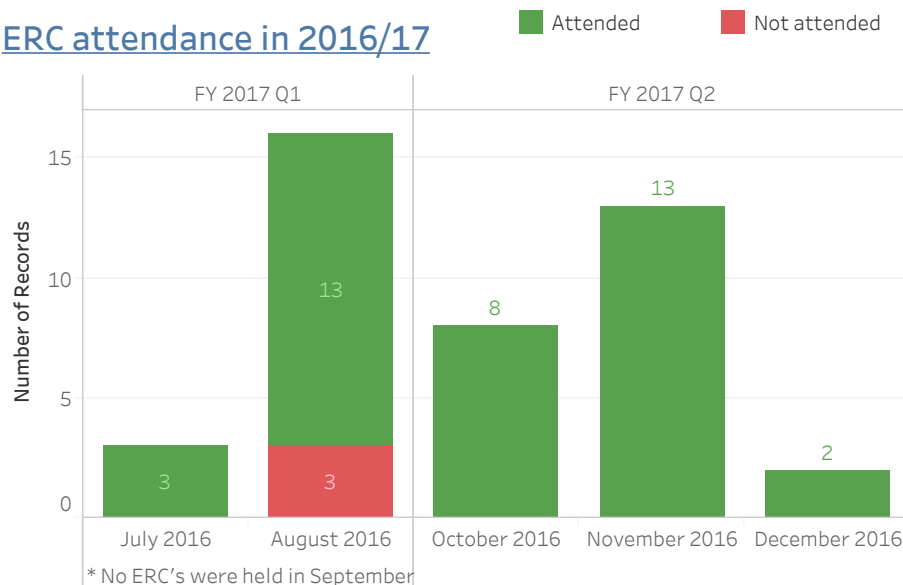
ERR achieved 100% attendance at ERC meetings in Quarter 2. The majority of ERC meetings for the quarter were held in October and November with only 2 meetings held in December. Graph 4.2 has a monthly split for ERC attendance.

Why this measure is important

The Stakeholder Engagement indicator covers the interaction between the regulator, duty holders, co-regulators and the community by reporting on active participation by ERR at Environmental Review Committee meetings. ERR has made a commitment in the Compliance Strategy to report on ERC attendance quarterly.

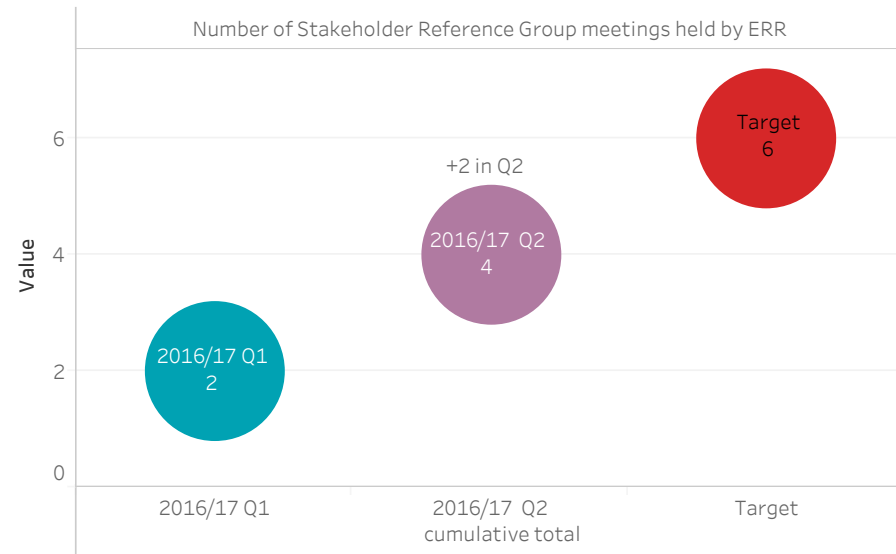
Graph 4.2 - ERC Meetings 2016/17 by month

ERC attendance in 2016/17



4 b) Stakeholder Reference Group

Graph 4.3 - Cumulative progress against Stakeholder Reference Group target for 2016/17



Indicator	2016/17 Q1	2016/17 Q2	Target	Remaining
Number of Stakeholder Reference Group meetings held..	2	2	6	2

Explanation for the result:

After Quarter 2, ERR held four Stakeholder Reference Group (SRG) meetings. ERR is on track to meet the annual target of six SRG meetings.

In addition to SRG meetings, the working groups that sit under the SRG have also met on several occasions.

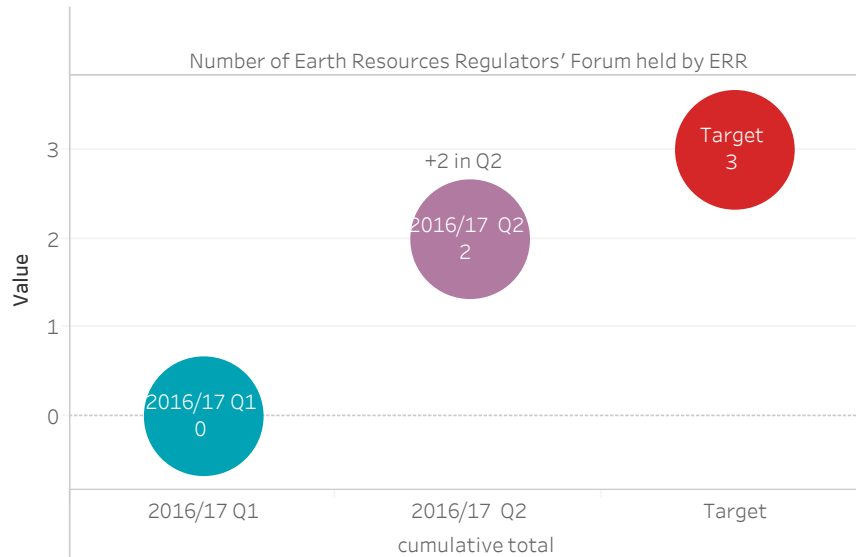
Why this measure is important?

The SRG is a mechanism for industry, other regulators and local governments to regularly provide input and feedback to ERR on key regulatory decisions on policies and processes. SRGs will be used to provide industry with the tools to effectively engage with communities, recognise and promote excellence in community engagement practice, and monitor and audit industry community engagement processes.

KPI 4 Facilitation of stakeholder engagement

4 c) Earth Resources Regulators' Forum:

Graph 4.4 - Cumulative progress against Earth Resources Regulators' Forum target for 2016/17



Indicator	2016/17 Q1	2016/17 Q2	Target	Variance to target
Number of Earth Resources Regulators' Forum held by ERR	0	2	3	1

Explanation for the result:

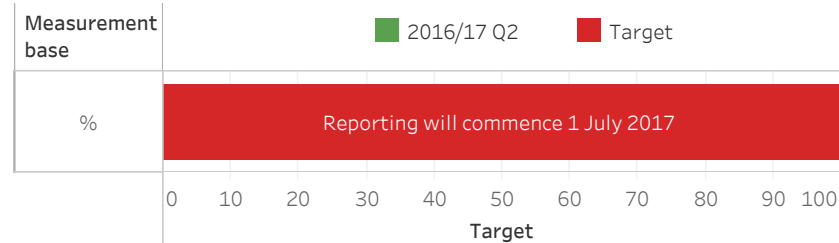
After Quarter 2, ERR has held two Earth Resources Regulators' Forum (ERRF). ERR is on track to meet the annual target of three forums, with the potential for an additional forum if required.

Why this measure is important

The Victorian Earth Resources Regulators' Forum, with an independent chair, drives a coordinated, strategic approach to regulation in the earth resources sector, with a focus on ERR making robust decisions in a timely manner. Through the forum, ERR will coordinate its activities with other regulators to improve timeliness and reduce costs to industry. This will include a focus on more real-time communication, strategic sequencing, common risk assessment and partnerships with local government authorities.

4 d) Working or Partnership Agreements / MOUs

Graph 4.5 - MOU Agreement actions fulfilled

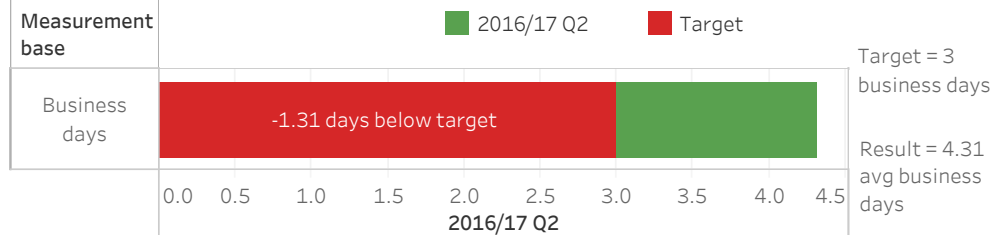


Reporting for MOU agreement performance will commence in July 2017

KPI 5 Complaint Management

Results for the current quarter:

Graph 5.1 - Average number of days to respond to complaints against duty holders



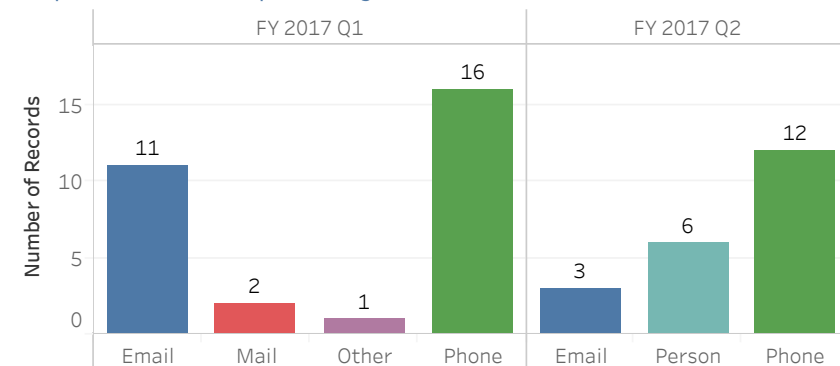
Result Narrative:

There were 21 complaints made against duty holders, and ERR averaged a response time of 4.31 business days. While ERR did not meet the set target, it has taken several steps to improve complaint management. ERR has aligned its complaint management processes to the complaints processes of the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). ERR is also working on a complaints process and procedure to supplement the DEDJTR policy. The result shows an improvement from the previous period (Graph 5.3).

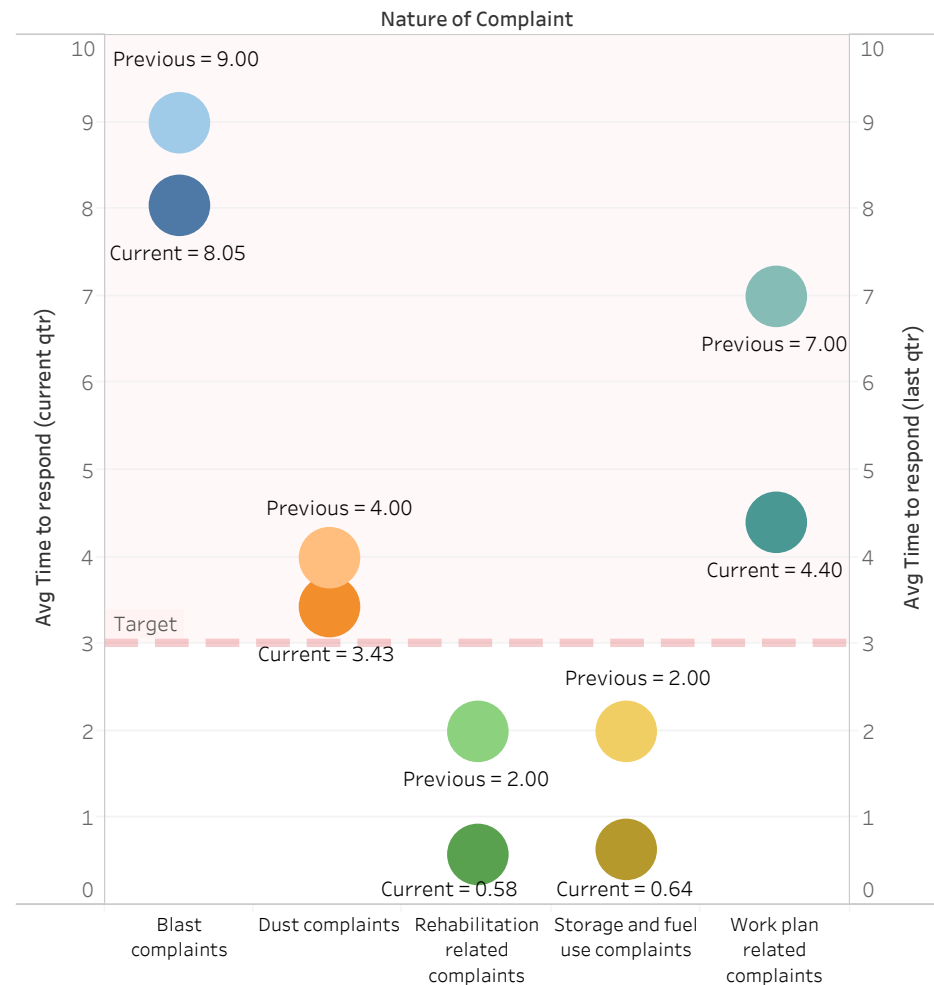
Response times to complaints in 2016/17

Tenement Group	Subject (group)	Number of complaints	Avg. Days to respond	Achieved target
Extractives	Dust complaints	5	3.43	Has not met target
	Rehabilitation related complaint	2	0.58	Achieved target
	Storage and fuel use complaint	3	0.64	Achieved target
	Workplan related complaint	5	4.40	Has not met target
Mining	Blast complaints	6	8.05	Has not met target

Graph 5.2 Method of complaint being made



Graph 5.3 - Responsiveness - Current Qtr 2016/17 (Quarter 2) vs Previous Qtr 2016/17 (Quarter 1)



Why this measure is important?

The complaints handling process is an important aspect of effective stakeholder management and building confidence in ERR as an effective regulator.