



Earth Resources Regulation Performance Report 2016/17 (Quarter 3)



Economic Development,
Jobs, Transport
and Resources

Earth Resources Regulation KPI summary 2016/17 (Quarter 3)

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 (DEDJTR) for 2016/17 (Quarter 3) ending 31 March 2017.

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.

ERR also established the Victorian Earth Resources Regulators Forum, ERR Stakeholder Reference Group and associated 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.

Despite finalising recruitment for its new structure in the last Quarter, ERR has experienced some unanticipated resourcing fluctuations over Quarter 3. This has had some impact on Q3 performance.

Quarter 3 has seen good progress towards the following Targets, falling slightly short of expected outcomes for:

- Percentage of tenement applications assessed in statutory timeframe
- Percentage of reportable events that are responded to in the quarter
- Attendance at Environmental ERC meetings

Quarter 3 also shows improvements against the following Targets:

- Number of operational compliance activities undertaken
- Percentage of tenements that have had a compliance activity undertaken, that do not have an enforcement action issued
- Average number of days to respond to complaints

ERR will continue to engage with industry and the community in 2017 to better 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 and Client Service Standard 2016-2018.

Key Performance Indicators 2016/17 (Quarter 3)

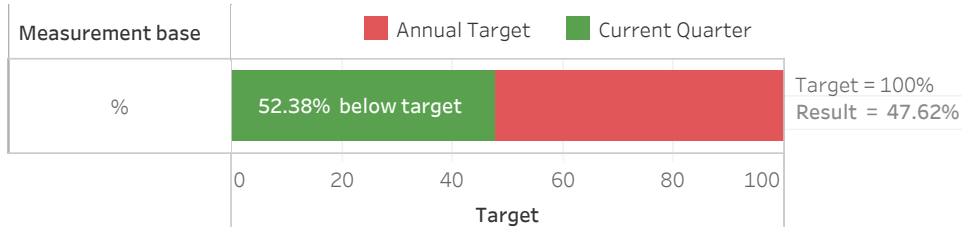
Performance driver	Indicator	Measurement base	Target period	Target	Current Quarter	2016/17 Q2	DEDJTR Compliance framework outputs
KPI 1 Efficient Approvals Process	Percentage of tenement applications assessed in statutory timeframe	%	Quarterly	100	47.62	50.00	Outputs/activities
	Percentage of tenement 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	160.00	113.00	Inputs
	Percentage of rehabilitation bond assessments undertaken during the year	%	Annual	20	Reporting commences 1 July 2017		Outputs/activities
	Percentage of tenements who were compliant with conditions assessed in the compliance activities	%	Quarterly	90	91.89	80.00	Outputs/activities
KPI 3 Effective Incident Management	Percentage of reportable events that are responded to during the quarter	%	Quarterly	100	40.00	83.33	Short-term and long-term outcomes
KPI 4 Facilitation of Stakeholder Engagement	ERR attendance at Environmental Review Committee meetings	%	Quarterly	100	95.45	100.00	Outputs/activities
	Number of Earth Resources Regulators' Forum held by ERR	Number of meetings	Annual	3	1.00	2.00	Outputs/activities
	Number of Stakeholder Reference Group meetings held by ERR	Number of meetings	Annual	6	1.00	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 made by community against tenements	Business days	Quarterly	3	1.09	4.31	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

Note : To better reflect ERR's performance in assessing applications within statutory time frames (KPI 1), work plan performance is now based on the time frames for ERR approving work plans.

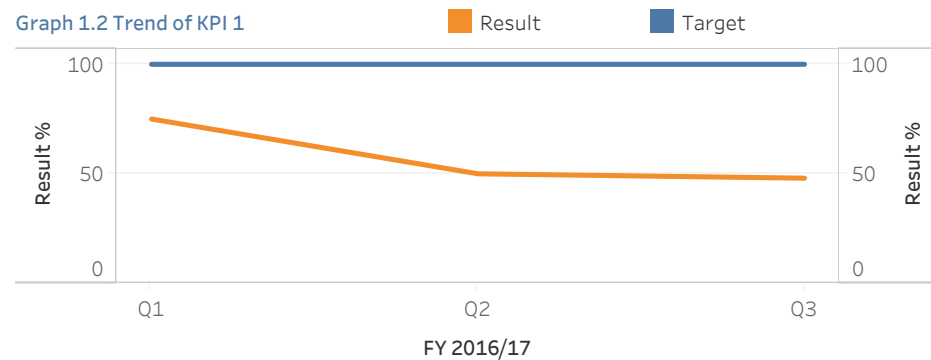
KPI 1 Efficient Approvals Process

Application assessment process:

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



Graph 1.2 Trend of KPI 1



Explanation for the result:

While there has been an overall decline in the KPI 1 performance, the licensing approvals processed within statutory timeframes has improved, with 70% of items approved within statutory timeframes in Q3, up from 50% in Q2. Some items that were approved in Q3, had been with the department for a significant period of time.

ERR is implementing a number of changes to accelerate assessments to drive down the number of overdue work plans. These include rapid initial assessment and refusal of work plan applications that do not meet legislative requirements, provision of 'model' work plans to applicants to assist industry improve quality of work plans and increasing capacity of the approvals team.

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 commencing 1 July 2017.

Licensing application approvals 2016/17 (within statutory timeframe)

Quarter of:	Authority	Type	Timeframe	Processed within time	
				No	Yes
FY 2017 Q3	Mineral Resources (Sustainable Development) Act 1990	Exploration Licence	90	1	4
		Prospecting Licence	90	1	3
		Retention Licence	120	1	
	Total			3	7
FY 2017 Q2	Mineral Resources (Sustainable Development) Act 1990	Exploration Licence	90	4	3
		Prospecting Licence	90		2
		Retention Licence	120	1	
	Total			5	5
Grand Total				8	12

Work plans Performance 2016/17 (within statutory timeframe)

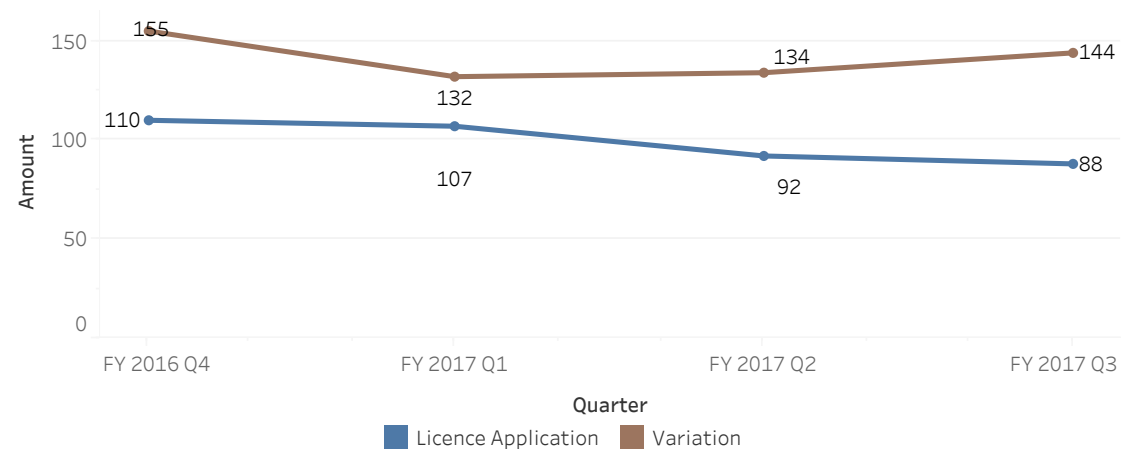
Quarter of:	Authority	Type	Timeframe	Processed within time	
				No	Yes
FY 2017 Q3	Mineral Resources (Sustainable Development) Act 1990	Exploration	28	1	
		Variation	28	2	3
		Work Authority	28	5	
FY 2017 Q2	Mineral Resources (Sustaina..	Work Authority	28	1	1
Grand Total				9	4

KPI 1 Efficient Approvals Process

Licence and permits ERR is assessing at 2016/17 (Quarter 3)

Work Type Split	Type	Amount
Applications	Exemption	1
	Exploration Licence	53
	Mining Licence	6
	Offshore Pipeline Licence	2
	Onshore Petroleum Exploration Permit	2
	Prospecting Licence	9
	Retention Licence	15
	Total	88
Variations	Authority to Dispose of Tailings	1
	Consolidation	2
	Creation of Interest	3
	Devolution of Interest	2
	Full Surrender	11
	Licence Conditions Change	8
	Partial Cancellation	4
	Registration of Dealing	4
	Renewal	73
	Suspension and Extension	7
	Transfer	29
	Total	144
	Grand Total	232

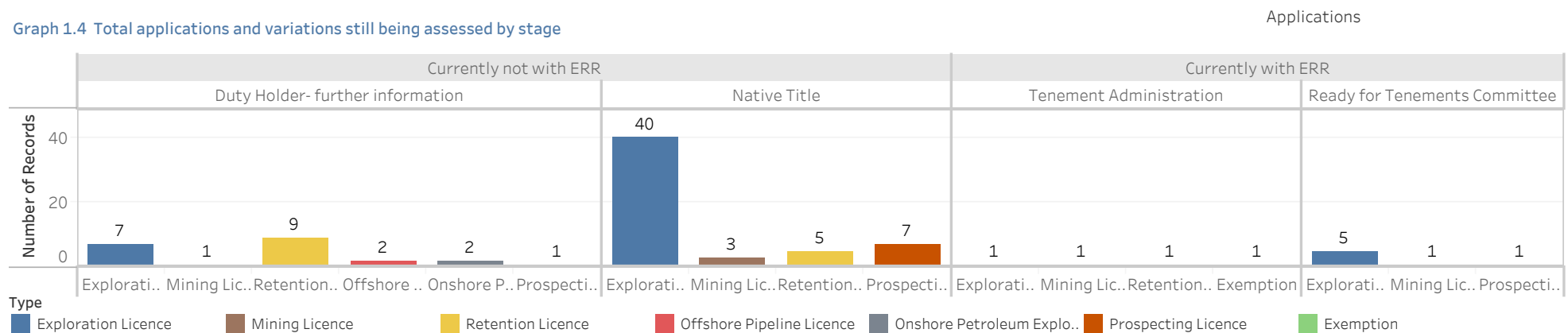
Graph 1.3 Trend - applications and variations at the end of each quarter



Summary:

The number of licence applications with the department remains steady, but there has been an increase in variations lodged. A number of process improvements for variations are being implemented to provide a quicker turnaround of processing these items. Variation submissions are often higher in the Q3 and Q4 period, related to timing of surrenders and partial cancellations.

Graph 1.4 Total applications and variations still being assessed by stage

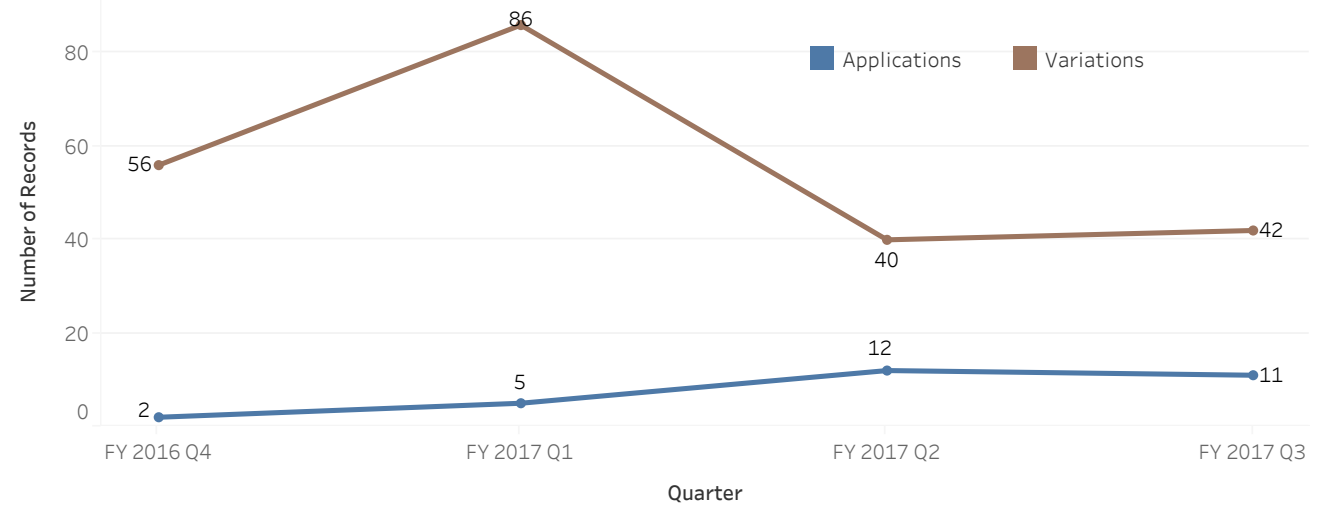


KPI 1 Efficient Approvals Process

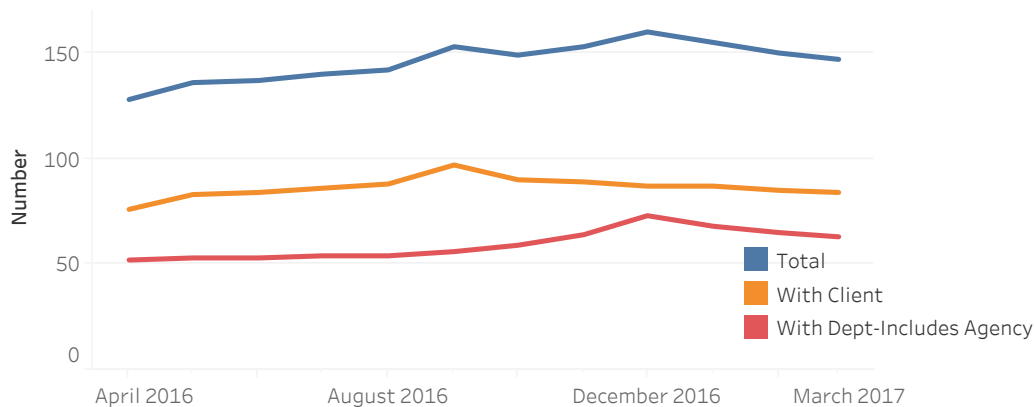
Licence and permits approved by ERR in 2016/17 (Quarter 3)

Work Type Split	Type	Count
Applications	Exploration Licence	5
	Offshore Pipeline Licence	1
	Prospecting Licence	4
	Retention Licence	1
	Total	11
Variations	Devolution of Interest	1
	Full Surrender	12
	Licence Area Change	2
	Licence Conditions Change	7
	Partial Cancellation	7
	Registration of Dealing	3
	Renewal	3
	Suspension and Extension	1
	Transfer	6
	Total	42
	Grand Total	53

Graph 1.5 Trend - Licence and permits approved



Graph 1.6 Status of MRSDA Work Plans in Progress



Approvals commentary:

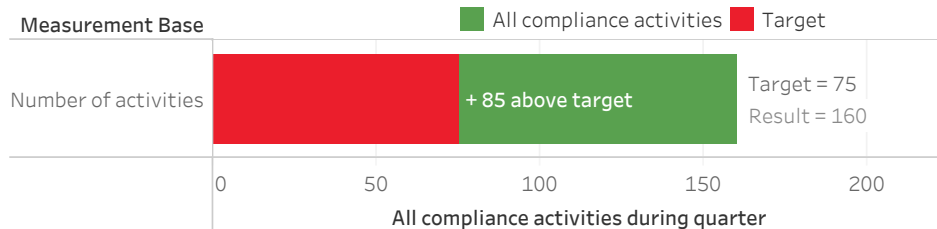
The number of applications and variations approved in quarter 3 was similar to the previous quarter, with the priority on those items with statutory timeframes. Ongoing process improvements for variations will result in a quicker processing times for these items going forward.

The number of work plan with the department and with client remained steady, this indicates the Approvals team is currently not reducing the back log of work plans with the department and that the number of new work plans commencing remains low, this supports industry communications that they are refraining from submitting new work plans due to concerns regarding statutory time frames and current delays.

KPI 2 Ensuring Compliance

2 a) Compliance activities undertaken:

Graph 2.1 - Number of operational compliance activities undertaken per quarter



ERR exceeded the target by 85 proactive compliance activities as a result of an increased focus to auditing licence conditions and work plan compliance, and site inspections. Scheduled audits are being completed as planned, with a total of 50 audits closed in the last quarter in comparison to 41 in the first two quarters of the financial year. This increased focus on audits will continue over the remaining months of the financial year.

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).

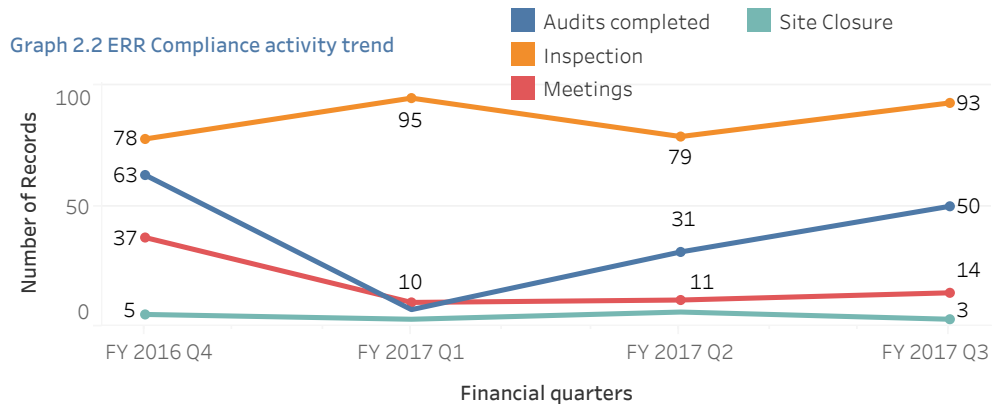
ERR issues notices under the Mineral Resources (Sustainable Development) Act 1990, where an act or omission by the duty holder is likely to result in a risk to public safety, the environment, land, property, infrastructure or is a non-compliance with the licence conditions. Compliance activities are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

The notices/infringements are usually issued following compliance checking activities undertaken by ERR. ERR maintains a risk based approach to targeting inspections and audits in order to mitigate acts of non-compliance by duty holders.

Compliance activities - 2016/17 (Quarter 3)

Tenement (group)	Operation Activity	January	February	March	Grand Total
Extractives	Audits completed	6	19	13	38
	Inspection	15	18	15	48
	Meetings	2	2	1	5
	Total	23	39	29	91
Mining	Audits completed	1	6	5	12
	Inspection	15	14	16	45
	Meetings	2	5	2	9
	Site Closure	1	1	1	3
	Total	19	26	24	69
Grand Total		42	65	53	160

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

Target = 90%

Explanation for the result:

After conducting 160 proactive compliance activities on 111 duty holders, 23 enforcement actions were taken on 9 separate duty holders. This means, of the duty holders that ERR conducted compliance activities, 91.89% of the tenements were compliant with conditions assessed in the compliance activities.

ERR will aim to maintain its performance above 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

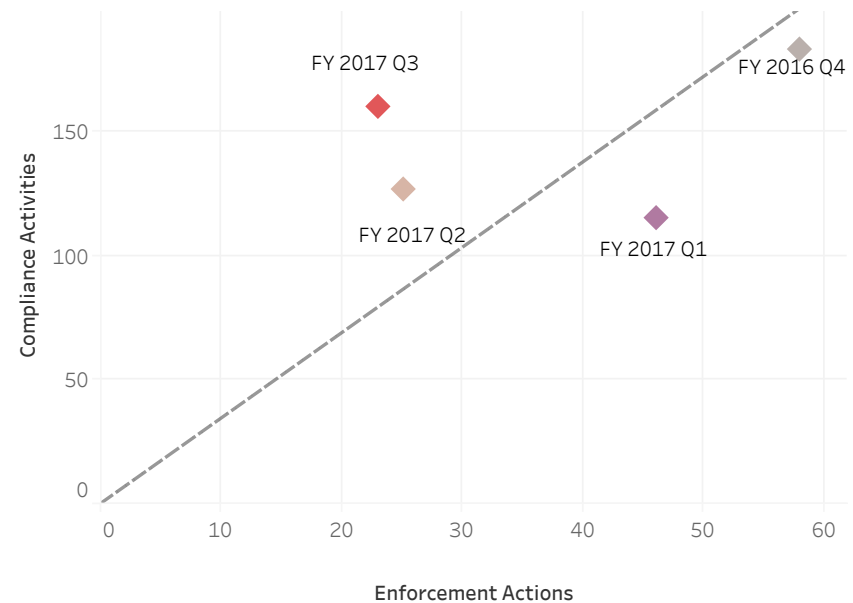
This indicator measures what percentage of current tenements that have had a compliance activity undertaken, and have subsequently had an enforcement action taken against them. This is a good measure to show the public, how many duty holders are compliant with legislative requirements.

KPI 2 Ensuring Compliance

Enforcement actions in 2016/17 (Quarter 3) by sector

Action Type	Enforcement Code	Extractives	Mining
General Enforcement Action	0 - Work Without Licence or Consents	1	
	1 - Authorised Activity Compliance	1	2
	2 - Environmental Incident Notification	1	
	3 - Tenement Boundaries	2	
	6 - Working Hours	1	
	8 - Reporting; Monitoring and Auditing		2
	11 - Public Safety and Site Security	1	
	17 - Slope Stability	6	
	18 - Ground Disturbance	2	
	32 - Waterway Quality and Aquatic Hab..	1	
	35 - Dust Emissions		1
	36 - Noise Emissions		1
	40 - Rehabilitation of Site	1	
	Grand Total		17

Graph 2.4 - Compliance activities vs Enforcement actions



Enforcement activity - Issued vs Fully complied or withdrawn 2016/17 (Quarter 3)

Enforcement Code	Enforcement Action Type	Issued (unresolved)	Fully Complied & Withdrawn
0 - Work Without Licence or Consents	s110a Notice (Stop..	1	
1 - Authorised Activity Compliance	Direction	1	
	s110 Notice	2	
2 - Environmental Incident Notification	Official Warning Le..	1	
3 - Tenement Boundaries	s110 Notice	2	
6 - Working Hours	Official Warning Le..	1	
8 - Reporting; Monitoring and Auditing	Written Instruction	1	1
11 - Public Safety and Site Security	s110 Notice	1	
17 - Slope Stability	s110 Notice	4	2
18 - Ground Disturbance	s110 Notice	2	
32 - Waterway Quality and Aquatic Habitat	s110 Notice	1	
35 - Dust Emissions	s110 Notice	1	
36 - Noise Emissions	s110 Notice	1	
40 - Rehabilitation of Site	s110 Notice	1	
Grand Total		20	3

Enforcement actions summary

In Quarter 3, 23 enforcement actions were raised predominantly in relation to slope stability in the extractive industry sector (similar to quarter 2). At the end of the quarter, three of these actions were resolved (due to full compliance) or withdrawn as the situation had changed from when the notice was issued.

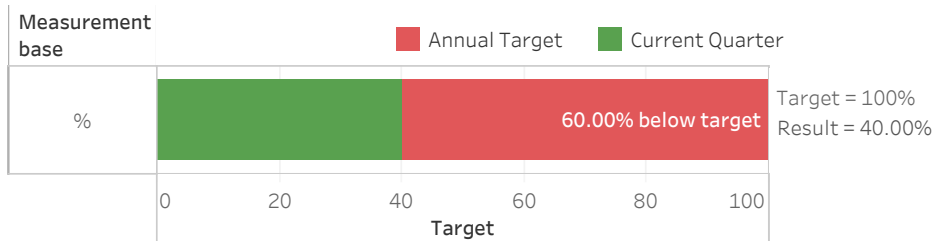
The 17 enforcement actions against extractive industry duty holders were taken following 88 proactive compliance activities (0.19 enforcement actions per compliance activity). This is a reduction from the previous quarter (0.31 enforcement actions per compliance activity). Six enforcement actions against mining industry duty holders were taken following 67 proactive compliance activities (0.09 enforcement actions per compliance activity). This remained steady from the last quarter.

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.

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:

5 reportable incidents were received during the quarter, 3 of which related to fire reporting notifications. 7 fire incident notifications from a total of 15 incident notifications were received during the quarter, 2 of which were outside tenement boundaries. Whilst 19 incidents were received by ERR, all incidents reported did not require a site inspection and were investigated by the receipt of reports from the duty holders.

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	Legislation Breach	1		1
	Total		1		1
Mining	Minor	Legislation Breach		1	1
		Public Safety	1	2	3
	Total		1	3	4
Grand Total			2	3	5

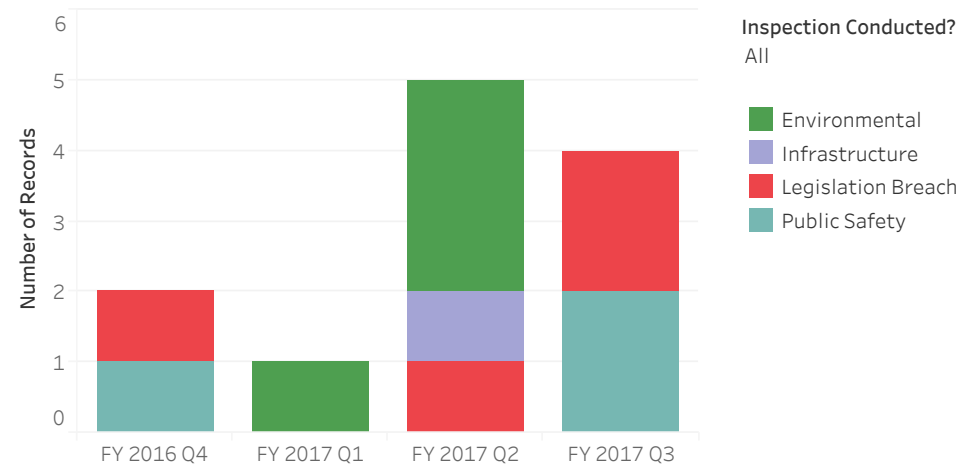
Graph 3.2 - Incident breakdown by hazard

Hazard	Classification	Count
Excessive dust	Minor	1
Fire	Minor	3
Ground instability	Minor	1

Incidents still unresolved at 2016/17 (Quarter 3)

Classification	Type	Inspection Conducted	No Inspection	Grand Total
Minor	Environmental	4		4
	Legislation Breach	1	2	3
	Public Safety		3	3
Significant	Infrastructure	1		1
Major	Legislation Breach	1		1
Grand Total		7	5	12

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



Summary

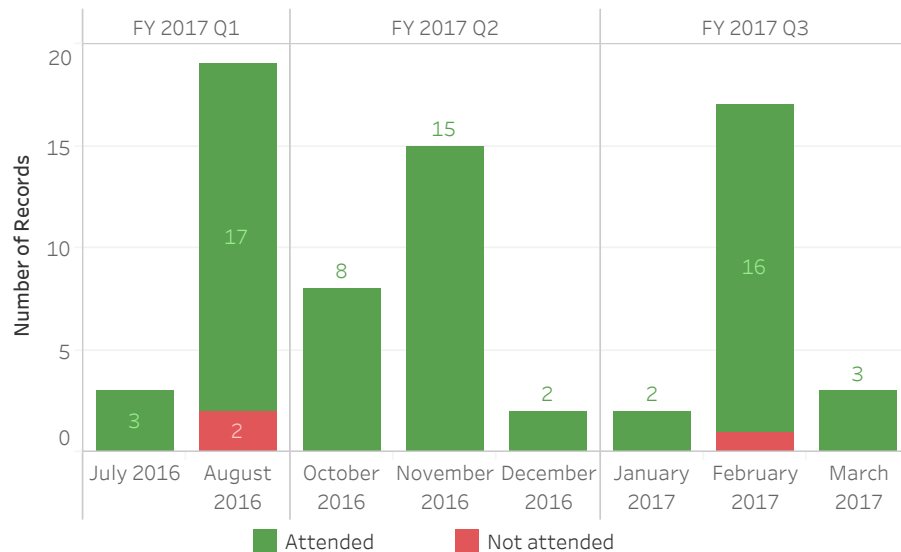
All incidents reported during the quarter related to breaches of licence conditions or work plan commitments. Fire and Dust emissions remain as the most frequently reported incidents, demonstrating areas duty holders should focus on during the warmer months. Proactive compliance activities will ensure these areas are identified for improvement prior to next summer. ERR is continuing to investigate unresolved incidents with an increased effort to close by the end of the financial year.

KPI 4 Facilitation of Stakeholder Engagement

4 a) Environmental Review Committee:

Graph 4.1 - ERR attendance at Environmental Review Committee meetings

ERC attendance in 2016/17



Explanation for the result:

ERR underperformed in relation to this KPI, with a final result of 95.45% attendance at ERC meetings in Quarter 3. ERR had a few scheduling conflicts with audits being undertaken, and as a result were not able to attend one ERC meeting. ERR has recruited a few short term contractors to help with resourcing in the next few months. Graph 4.1 shows the 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.

4 b) Stakeholder Reference Group

Cumulative progress against Stakeholder Reference Group target for 2016/17

Indicator	2016/17 Q1	2016/17 Q2	Current Quarter	Annual Target	Remaining
Number of Stakeholder Reference Group meetings held by ERR	2	2	1	6	1

Explanation for the result:

After Quarter 3, ERR has held a total of five 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.

4 c) Earth Resources Regulators' Forum

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

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

Explanation for the result:

After Quarter 3, ERR has held three Earth Resources Regulators' Forum (ERRF). ERR has met the annual target of three forums, with another forum likely to be held in the final quarter of the financial year.

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.

KPI 5 Complaint Management

Response times to complaints in 2016/17 Q3

Tenement Group	Subject (group)	Number of complaints	
Extractives	Blast complaints	2	■ 1.50
	Dust related complaint	6	■ 0.50
	Other complaints	7	■ 2.14
Mining	Blast complaints	1	■ 0.00
	Environmental complaints	4	■ 0.50
	Noise complaints	2	■ 0.50
	Other complaints	1	■ 1.00
Grand Total			■ 1.09

■ Achieved target

The target for response times to complaints is 3 business days.

Explanation for the result:

The average response time to the 23 complaints received in 2016/17 Q3 was 1.09 days which is below the target of 3 business days.

23 complaints were received during the quarter, including 8 complaints alleging illegal extraction, and 15 against duty holders. 6 complaints related to dust emissions from extractive industries, and a further 3 regarding blasting, 2 of which related to extractive industries.

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.

*Other complaints includes complaints related to - odour, fuel, storage, water



Release Information

Report Info:

This is an interactive report in a story board format. You can use the navigator toolbar up the top of the report to move between pages. With certain visualisations, user's are able to drill down and filter on specific parameters.

Updates in this version:

The data model for the report includes tables from: RRAM and Excel tables.

Version History:

ERR Performance Report v1.3

Built using Tableau Desktop version 10.2.0.16

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