Earth Resources Regulation Performance Report 2017/18 (Quarter 2)

Executive summary

This report provides a summary of the operating performance for Earth Resources Regulation (ERR), for 2017/18 (Quarter 2) ending 31 December 2017.

ERR has commenced implementation of the Continuous Improvement Project(CIP) actions that will make a difference to the operation of the regulatory system. The Three main actions were:

1. Back log reduction:
- <u>Better allocation and prioritisation system:</u> Introduced new internal systems to allocate and priorities regulatory applications (licences and work plans) as they are received.
- <u>Increase Capacity:</u> Added new staff and support (technical and administrative) to reduce approvals on hand

2. **Standard Operating Procedures** (SOPs) :
- ERR has commenced a stocktake of its SOPs with a view to updating and developing SOPs as required

3. **Development of standard risk management plans.:**
- Standard risk management plans will outline standard controls to manage standard risks for mining and extractives operations

Stand out performance indicators in Q2 of 2017-18:
- KPI 2 - There were 171 number of operational compliance activities undertaken, more than double the target of 75.
- KPI 3 - All reportable incidents were responded to in the quarter
- KPI 4 - ERR attendance at Environmental Review Committee meetings (achieved target of 100% attendance)
- KPI 5 - Response time to complaints, on average, took only 1 business day

ERR will continue to engage with industry and the community in 2017-18 to better meet our performance targets and to achieve a safe and sustainable Victorian earth resources sector.

Key Performance Indicator Reporting

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. 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. Public reporting of the data will allow stakeholders to monitor ERR's progress.

This reporting complies with ERRs reporting obligations under the Compliance Strategy 2016-17 and Client Service Standard 2016-2018.
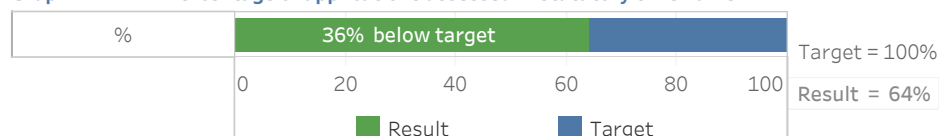
Key Performance Indicators 2017/18 (Quarter 2)

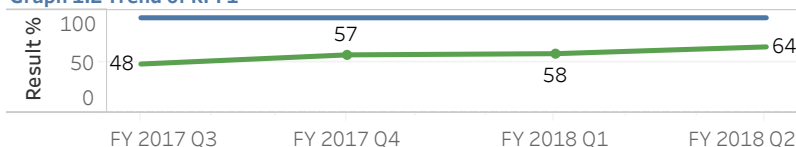| Performance driver	Indicator	Measurement base1	Target period	Target	Current Quarter	2017/18 Q1	DEDJTR Compliance framework outputs
KPI 1 Efficient Approvals Process	Percentage of tenement applications assessed in statutory timeframe	%	Quarterly	100	64	58	Outputs/ activities
	Percentage of tenement applications assessed within departmentally agreed timeframes where a statutory timeframe does not exist	%	Quarterly	100	73	83	Outputs/activities
KPI 2 Ensuring Compliance	Number of operational compliance activities undertaken per quarter	Number of activities	Quarterly	75	171	157	Inputs
	Percentage of rehabilitation bond assessments undertaken during the year	%	Annual	20	Results in Q4	N/A	Outputs/activities
KPI 3 Effective Incident Management	Percentage of reportable events that are responded to during the quarter	%	Quarterly	100	100	100	Short-term and long-term outcomes
KPI 4 Facilitation of Stakeholder Engagement	ERR attendance at Environmental Review Committee meetings	%	Quarterly	100	100	100	Outputs/ activities
	Number of Earth Resources Regulators' Forum held by ERR	Number of meetings	Annual	3	1	1	Outputs/ activities
	Number of Stakeholder Reference Group meetings held by ERR	Number of meetings	Annual	6	2	1	Outputs/ activities
	Percentage of commitments delivered in Working or Partnership Agreements / MOUs	%	Annual	100	Results in Q4	N/A	Outputs/ activities
KPI 5 Complaint Management	Average number of days to respond to complaints made by community against tenements	Business days	Quarterly	3	1	1	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	Results in Q4	N/A	Outputs/ activities

Application assessment process:

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

36% below target

Result = 64%

Target = 100%

■ Result ■ Target

Graph 1.2 Trend of KPI 1

48 — 57 — 58 — 64

FY 2017 Q3 · FY 2017 Q4 · FY 2018 Q1 · FY 2018 Q2

Explanation for the result:

KPI 1 performance for quarter 2 was 64%, up from 58% from the previous quarter. This was due to two additional Strategic Approvals Officers proving part time support in the assessment of work plans as well as the commencement of three additional fixed term Approvals Officers and commencement of two consulting firms, equating to a further four assessment officers, engaged to assist in the reduction of the back log of work plans The majority of these additional resources commenced towards the end of quarter 2 so it is anticipated there will be an further improvement on performance in quarter 3.

The number of licence applications approved within the statutory time frame has further improved during Q2 (81%(25 out of 31) compared to 73% (11 out of 15) in Q1). The licensing team is focussing on processing new applications within statutory time frames, in addition to finalising a number of items that have been with the department for a significant period of time. There were 31 licences approved during the quarter, representing a significant increase over the previous quarter result of 15.
73% (57 out of 78) of Variations & Renewals and were completed within the client services standard (ie the measure where no statutory time frames exist). The other 27% consisted of items that have been with the department for a significant length of time.

Why are these measures important?

ERR is the responsible regulator for 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 legislation.

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 began reporting on Client Services performance in July 2017.

Licensing Application Approvals (within statutory timeframe)

Quarte..	Authority	Type	Timeframe	Processed within time No	Yes
FY 2018 Q2	Mineral Resources (Sustainable Development) Act 1990	Exploration Licence	90	2	22
		Mining Licence	120	1	1
		Prospecting Licence	90	2	2
		Retention Licence	120	1	
FY 2018 Q1	Mineral Resources (Sustainable Development) Act 1990	Exploration Licence	90	1	8
		Mining Licence	120		1
		Prospecting Licence	90	3	1
		Retention Licence	120		1

Work Plans Performance (within statutory timeframe)

Quart..	Authority	Type	Timeframe	Processed within time No	Yes
FY 2018 Q2	Mineral Resources (Sustainable Development) Act 1990	Work Plan (Exploration)	28	1	
		Work Plan (Minerals)	28	1	
		Work Plan (WA)	28	7	2
FY 2018 Q1	Mineral Resources (Sustainable Development) Act 1990	Work Plan (Exploration)	28	2	1
		Work Plan (Minerals)	28	2	
		Work Plan (WA)	28	3	3

Variations and Renewals (Client Services Performance)

Quarter ..	Authority	Tenement Type	Timeframe	Processed within time no	yes
FY 2018 Q2	Mineral Resources (Sustainable Development) Act 1990	Exploration Licence	90	6	27
		Mining Licence	120	9	7
		Offshore Petroleum Exploration P..	90		1
		Offshore Petroleum Retention Le..	90		1
		Offshore Pipeline Licence	90		1
		Onshore Petroleum Exploration P..	90		5
		Onshore Petroleum Retention Lea..	90		2
		Prospecting Licence	90		1
		Retention Licence	90	1	2
		Work Authority	90	5	10

**Graph 1.3 KPI 1: Percentage of tenement applications where statutory timeframes do not exist**

27% below target

Target = 100%

Result = 73%
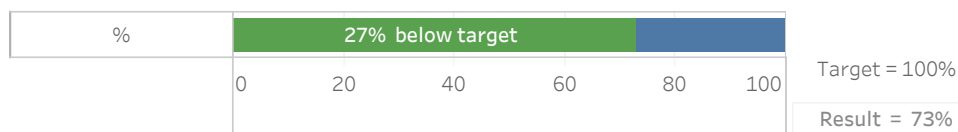
Licences and Variations ERR Assesment 2017/18 (Q2)

Work Type Split	Type	
Applications	Exploration Licence	55
	Mining Licence	5
	Offshore Pipeline Licence	2
	Onshore Petroleum Exploration Permit	2
	Prospecting Licence	11
	Retention Licence	13
	Total	**88**
Variations	Authority to Dispose of Tailings	1
	Consolidation	2
	Creation of Interest	1
	Devolution of Interest	2
	Full Surrender	5
	Licence Area Change	2
	Licence Conditions Change	5
	Partial Cancellation	1
	Registration of Dealing	4
	Renewal	58
	Suspension and Extension	8
	Transfer	15
	Total	**104**
Grand Total		**192**

Graph 1.4 Trend - Total Applications and Variations

Quarter

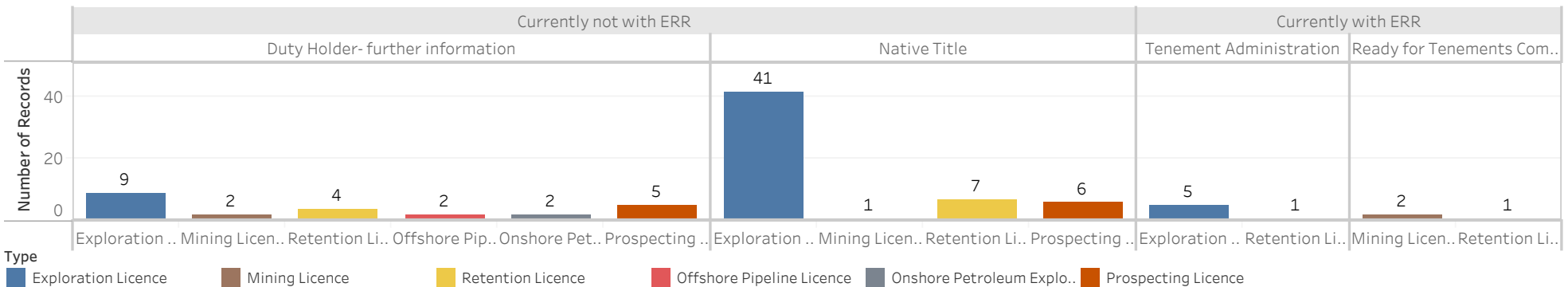- Licence Application
- Variation
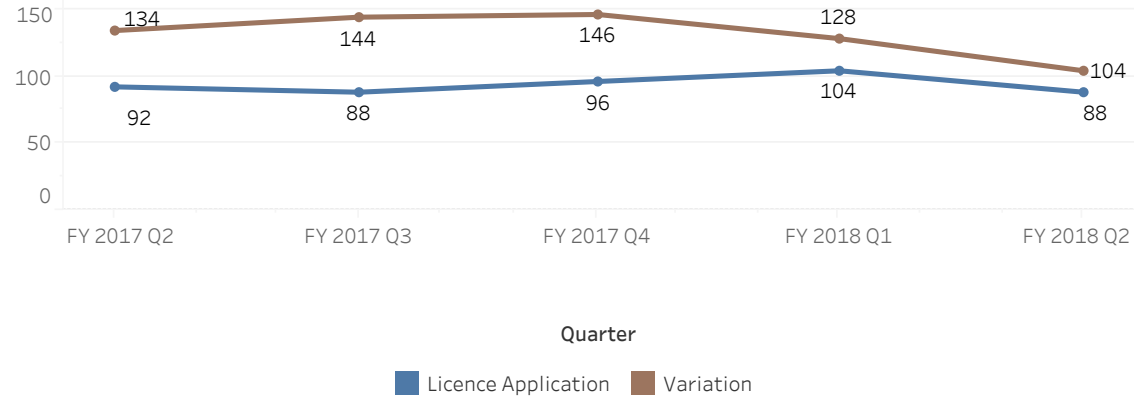
Summary:

The number of licence applications that ERR was assessing has significantly decreased from 104 in Q1 to 88 in Q2. There has been a focus on finalising licence applications within statutory time frames and as soon as Native Title process has been concluded.

Variations with the department has also reduced from 128 in Q1 to 104 in Q2. The number of variations with the department remains relatively consistent in previous quarters

Graph 1.5 Total Applications by stage

Type
- Exploration Licence
- Mining Licence
- Retention Licence
- Offshore Pipeline Licence
- Onshore Petroleum Explo..
- Prospecting Licence

Licences and Variations approved by ERR in 2017/18(Q2)

Work Type Split	Type	
Applications	Exploration Licence	24
	Mining Licence	2
	Prospecting Licence	4
	Retention Licence	1
	Total	**31**
Variations	Amalgamation	1
	Cancellation due to Amalgamation	1
	Full Surrender	7
	Licence Area Change	2
	Licence Conditions Change	17
	Partial Cancellation	7
	Registration of Dealing	1
	Renewal	14
	Suspension and Extension	1
	Transfer	12
	Total	**63**
Grand Total		**94**

Graph 1.6 Trend - Licences and permits approved
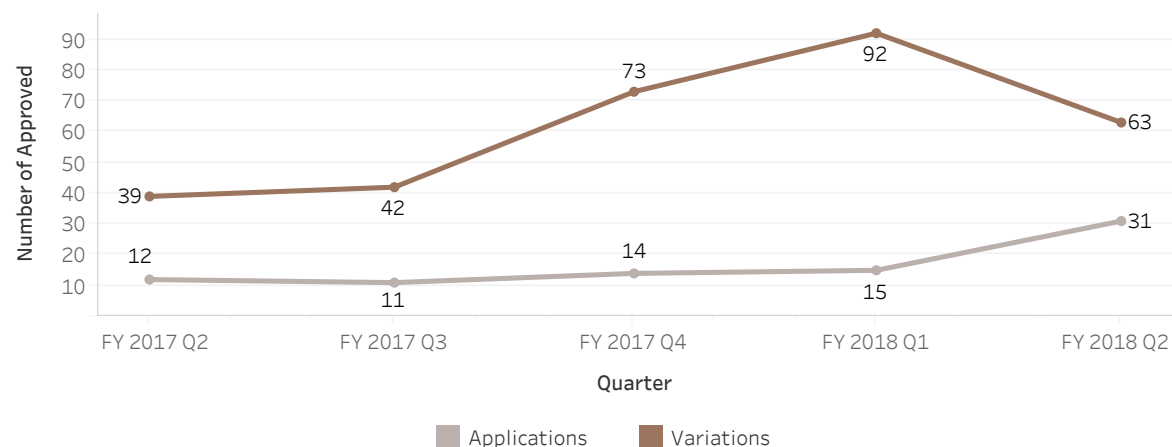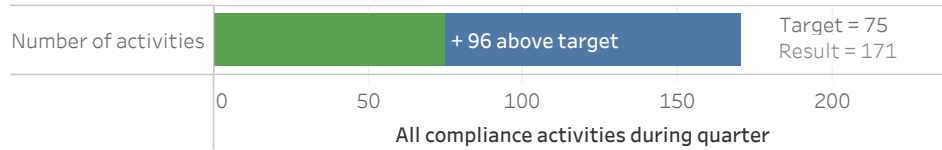

Summary:

The number of applications approved in Q2 was double that of Q1 (15 to 31), a direct result of ensuring that licences are prioritised for statutory time frames. Q2 also had a number of applications complete the Native Title process, which resulted in an increase in licence approvals.

Variations approved in Q2 accordingly decreased from Q1 (92 to 63). The decrease in variations is also attributed to the majority of straightforward variations being completed in Q1.

2 a) Compliance activities undertaken:

Graph 2.1 - Number of operational compliance activities undertaken per quarter

Number of activities	+ 96 above target	Target = 75 Result = 171

All compliance activities during quarter

Graph 2.2 ERR Compliance activity trend

Audits completed　　Site Closure
Inspection
Meetings

Financial quarters

Explanation for the result:

A continued focus on auditing of licence conditions, work plan compliance and site inspections, has resulted in ERR exceeding its target of 75 proactive compliance activities by 96. A total of 44 audits were completed during Q2.

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).
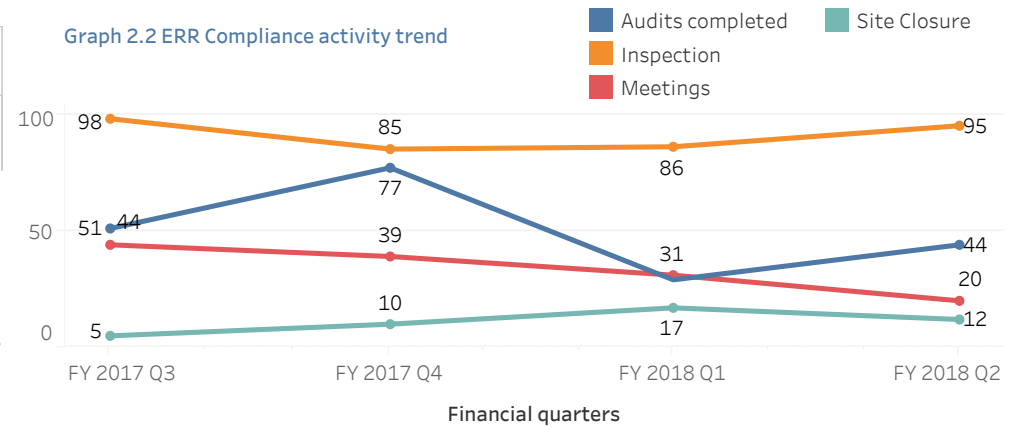
ERR issues notices under the Mineral Resources (Sustainable Development) Act 1990 , where an act or omission by the duty holder is likely to result in a risk to public safety, the environment, land, property or infrastructure, or is a non-compliance with the licence conditions. Compliance activities 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.
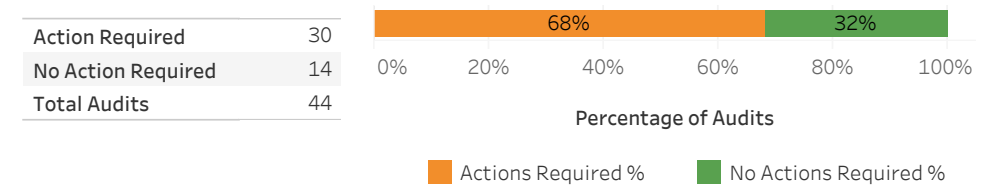
Compliance activities - 2017/18 (Q2)

Tenement (group)	Operation Activity	October	November	December	Grand Total
Extractives	Audits completed	9	13	8	30
	Inspection	19	24	11	54
	Meetings	2	5		7
	Site Closure	1	1		2
	Total	31	43	19	93
Mining	Audits completed	5	8	1	14
	Inspection	17	11	13	41
	Meetings	7	2	4	13
	Site Closure	3	1	6	10
	Total	32	22	24	78
Grand Total		63	65	43	171

2 b) Tenement compliance:

Graph 2.3 - Percentage of tenements where an Audit was undertaken, and action was required

Action Required	30
No Action Required	14
Total Audits	44

Percentage of Audits

Actions Required %　　No Actions Required %

Explanation for the result:

ERR conducted 171 compliance activities on 135 duty holders. This included 44 compliance audits. Improvement actions will be tracked in future inspections and audits.

ERR's compliance program aims to drive improved industry performance and is focussing on management of the following risks to protect public safety and the environment: ground stability, fire, dust, noise, water and approval conditions.

Why this measure is important

This indicator measures the percentage of current tenements that have had a compliance activity undertaken. This measure shows how many duty holders are meeting requirements.
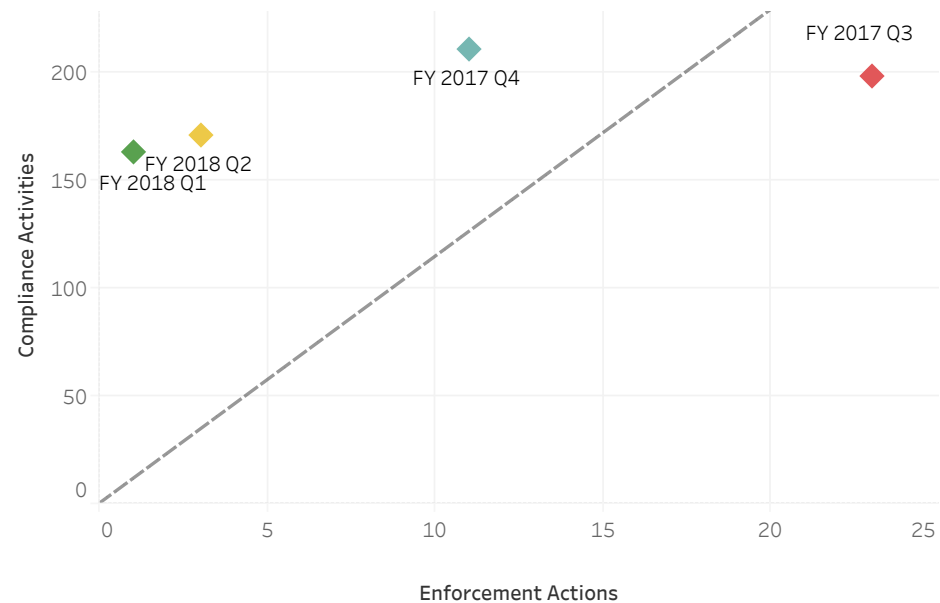
Actions required by type

Risk	Total	% of Total
Boundaries and Extractio..	2	5%
Dust	3	7%
Fire & Emergency	5	11%
GeoTechnical	3	7%
Impacts of Blasting	3	7%
Pest, Plant and Animal	1	2%
Plan and Conditions	15	34%
Plan and Conditions (High..	1	2%
Progressive Rehabilitation	11	25%
Total	44	100%

The majority of audits conducted during Q2 were regarding work plan & conditions, progressive rehabilitation and fire & emergency

Enforcement actions by sector

Action Type	Enforcement Code	Extractives
General Enforcement Action	1 - Authorised Activity Compliance	1
	17 - Slope Stability	2
Grand Total		3

Graph 2.4 - Compliance activities vs Enforcement actions

Enforcement activity - Issued vs Fully complied or withdrawn

Enforcement Code	Enforcement Action Type	Issued (unresolved)	Fully Complied & Withdrawn
1 - Authorised Activity Compliance	s110 Notice (Stop Work)	1	
17 - Slope Stability	s110 Notice		2
Grand Total		1	2

Enforcement actions summary:

In Q2, only 3 enforcement actions were raised.
One notice was issues regarding work outsit the tenement and is still unresolved.
Two notices were issued regarding slop stability and have been resolved

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.

Enforcement activity - Fully complied or withdrawn

Enforcement Code	Enforcement Action Type	Action Type	Month of Date of Issue	Fully Complied & Withdrawn	Not Issued
1 - Authorised Activity Com..	s110 Notice	General Enforcement Action	July 2017	1	
11 - Public Safety and Site ..	s110 Notice	General Enforcement Action	May 2017	1	
15 - Hazardous Materials M..	s110 Notice	General Enforcement Action	May 2017	1	
17 - Slope Stability	s110 Notice	General Enforcement Action	October 20..	1	
			November ..	1	
25 - Tailings and Slime Man..	Official Warni..	General Enforcement Action	Null		1

Reportable Incident Management:

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

%	0.00% below target

| 0 | 20 | 40 | 60 | 80 | 100 |

Target

Result = 100%

Target = 100%
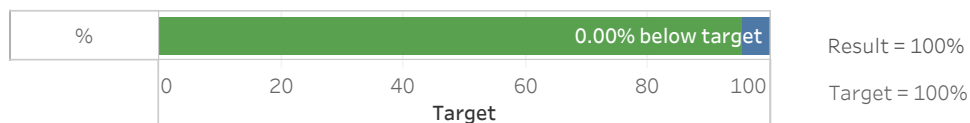
100% of reportable events were responded to in Quarter 2.

Reportable Incidents in the current quarter

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

Reportable Incidents by classification and hazard

Graph 3.2 - Number of reportable events in the quarter

Hazard

Air blast	1
Fly rock	1
Unmanaged hazardous waste	1

Explanation for the result:

There were 3 reportable incidents in Q2, 2 about blasting and 1 about hazardous waste.

Reportable Incidents still unresolved

All reportable incidents was closed in the current quarter.

Non-reportable Incidents in current quarter

Enforcement Code	
1. Authorized Activity Compliance	1
17. Slope Stability	1
2. Environmental Incident Notification	1
25. Tailings & Slimes Management	1
28. Visual Amenity	1
Grand Total	5

Why this measure is important

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

Summary:

ERR will continue to proactively undertake compliance activities, focussing on stability, public safety and environmental impacts (dust, water discharge and hazardous waste management). The Mine Fire and Emergency Unit will also focus on mine fire mitigation and management strategies to ensure the fire risk is reduced.

4 a) Environmental Review Committees

Graph 4.1 - ERR attendance at Environmental Review Committee meetings

ERC attendance
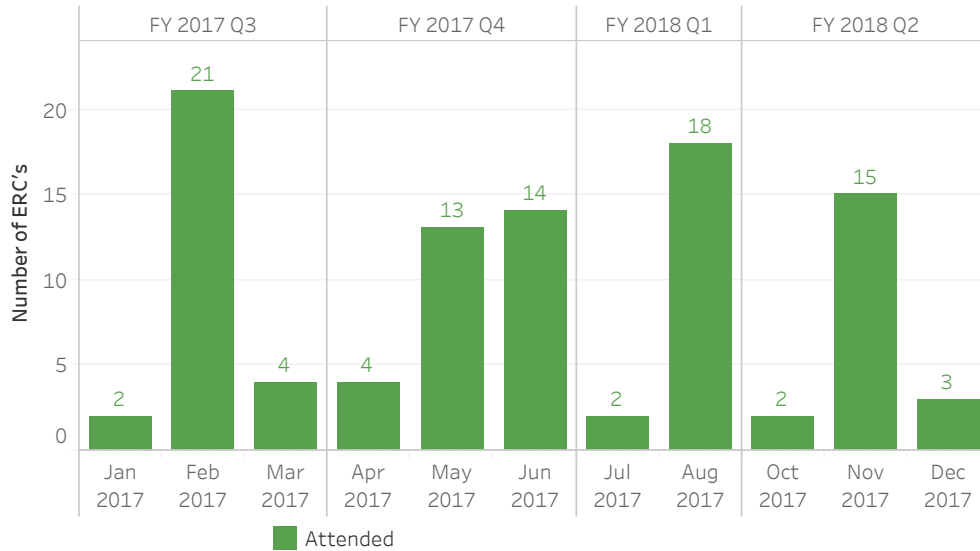
Explanation for the result:

ERR met the KPI, with a result of 100% attendance at ERC meetings in Quarter 2. 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

Progress against Stakeholder Reference Group target for 2017/18

Q1	Q2	Q3	Q4	YTD Total	Target	Remaining
1	2	TBA	TBA	3	6	3

Explanation for the result:

The Target is an annual figure based on SRG meetings being scheduled every two months. Two meetings were held during Q2.

Why this measure is important?

The SRG provides a forum for engagement and consultation with stakeholder representatives from industry associations, government and the community about statutory, regulatory and stakeholder relations issues and activities in the context of the current policy and regulatory framework.
SRG Working Groups 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

Progress against Earth Resources Regulators' Forum target for 2017/18

Q1	Q2	Q3	Q4	YTD Total	Target	Remaining
1	1	TBA	TBA	2	3	1

Explanation for the result:

The Target is an annual figure based on ERRF meetings being scheduled three times a year.

Why this measure is important

The Victorian Earth Resources Regulators' Forum drives a coordinated, strategic approach to regulation in the earth resources sector. Through the forum and its independent chair, 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.

Response times to complaints in 2017/18 Q2

Tenement Group	Enforcement Code	Number of Complaints	Avg. Days to respond
Extractives	1. Authorized Activity Compliance	1	1
	6. Working Hours	2	1
	7. Complaints Management	1	1
	24. Drainage, Erosion & Discharge	1	1
	32. Waterway Quality & Aquatic Habitat	1	1
	35. Dust Emissions	2	1
	36. Noise Emissions	5	2
	38. Explosives Air & Ground Vibration	6	2
Mining	2. Environmental Incident Notification	1	1
	38. Explosives Air & Ground Vibration	2	1
Other	0. Work without License or Consents	3	1
	Grand Total	25	1

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

The target for response times to complaints is 3 business days.
Targets for Response Time to Complaints have been met in 2017/18 Q2

Explanation for the result:

25 complaints were received during the quarter, 76% (19) were regarding quarries.
32%(8) relating to blasting impacts from mining & quarries and 20% (5) relating to Noise impacts from only quarries .
The average response time to the 25 complaints received in 2017/18 Q2 was 1 business day.

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.