

Presentation to the Economic Development & Infrastructure Committee

CMPA

Construction Materials
Processors Association Inc.

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Introduction

- The CMPA – aims and membership
- Extractive industry – relevant to the Victorian economy
- Global economic instability – potential recession, impact on investment
- Fundamental conundrum – *While there is an increasing demand for extractive resources there is a simultaneous restriction on access to the resources by Government regulation.*



Introduction cont'd

- Sterilisation of land will result in demand being met from low cost interstate and overseas suppliers – death knell for the local industry
- CMPA seeks balanced regulation
- CMPA's submission identifies the high cost regulations and provides solutions



Victoria's Mineral Endowment – Regulatory Costs of Access

- Offsetting in native vegetation prescriptions – sterilises land from extractive operations
- Cultural heritage legislation – spiralling costs
 - CHMP:
 - Original estimate \$4-8K
 - In practice \$40k-\$270K
 - Unpredictable nature of assessments + length of time for approval process = a disincentive to investment

Victoria's Mineral Endowment – Solutions to minimise access costs

- Put a \$ value on underground resources when valuing offsetting (native vegetation prescription)
- Make risks of native vegetation prescription for landowners transparent and costs compensable
- Exempt extractive industry from native vegetation prescription – miniscule eco footprint
- Make costs of cultural heritage regulation compensable





Costs of industry-specific regulation

- Work Authority (WA) is cumbersome, lengthy and unpredictable
- In 2010 standard application for WA takes 2 years - non-standard takes 4-5 years. These times have been substantially extended with increased regulation!
- Costs of approval process - \$10k-\$1.15m!
- Decline of 42% over last 11 years in proposals for greenfield operations
- Over last 4 years only one proposal for a significant operation approved



Costs of industry-specific regulation - solutions

- Improve and streamline approval process
- Centrally locate management of process with DPI
- Make DPI performance-based
- Reduce costs of process
- Streamline VCAT system



Fees, charges and royalties – inequitable application

- Industry paying twice for rehabilitation – through council rates and rehab plan
- Rehabilitation bond system – unjust, antiquated & anti-competitive
 - Bond levels increased by 217% over 11 years - CPI 47%!
 - Govt spent \$18K rehabilitating failed sites over 11 years - \$515.8m tied up in bonds!

Fees, charges and royalties – solutions

- Complete overhaul of bond system required
 - Undertake a first-principle assessment of need for Govt intervention – ie if no problem no intervention needed
 - If intervention required, introduce more targeted inspections, require bonds to be payable when risk identified & penalise miscreants NOT all industry

Failure of projects in Victoria's mining development pipeline

- Uncertain regulatory obligations result in investors going interstate
- Attitude of anti-business evident in State/local govt
- Councils unsure of role



Solutions to stimulate projects in Victoria's

- Introduce a strategic and balanced approach to regulation of extractive industry – especially access
- Recognise each land user's role
- Expand role of Earth Resources Development Division, DPI

Close

- Appreciate opportunity to present
- More information can be provided on request
- QUESTIONS?

