



30 May 2014

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: ec.sen@aph.gov.au

Dear Secretary

Inquiry into the Environment Protection and Biodiversity Conservation Amendment Bills

Thank you for the opportunity to provide this submission to the Senate Standing Committees on Environment and Communications Inquiry into the Environment Protection and Biodiversity Conservation Amendment (Bilateral Agreement Implementation) Bill 2014 and the Environment Protection and Biodiversity Conservation Amendment (Cost Recovery) Bill 2014

The Association of Mining and Exploration Companies (AMEC) is the peak national industry body for mineral exploration and mining companies within Australia. The membership of AMEC comprises hundreds of explorers, emerging miners and the companies servicing them.

AMEC's strategic objective is to secure an environment that provides clarity and certainty for mineral exploration and mining in Australia in a commercially, politically, socially and environmentally responsible manner.

AMEC acknowledges the Terms of Reference for the Inquiry as being:

The Committee has been requested to review the Bills and gather evidence on matters including the:

- *potential impacts of delegating environmental approval powers to state and territory governments;*
- *maintenance of high environmental standards;*
- *benefits of streamlining and reducing red tape; and*
- *potential impacts of cost-recovery on environmental assessment and approval processes, including budgetary impact, cost impacts for proponents and impacts on process timing.*

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Bilateral Agreement Implementation Bill 2014

AMEC has promoted and supported the goal of a 'one-stop-shop' for environmental regulatory approvals for several years. In many cases the State, Territory and Australian Government regulatory agencies are assessing the same impacted value using the same proponent information. This is needless duplication of time and resources. Streamlining approvals processes is not about reducing environmental protection in anyway, but doing things better with the available resources, that is, improving the productivity of the regulatory system. Removing this unnecessary duplication will improve the overall efficiency of the approvals system. AMEC is looking for the result of the bi-lateral agreements to significantly reduce the duplication between the two levels of Government.

Commentary from opposition groups to the one-stop-shop model cite State and Territory self-interests will prevail in environmental approvals. However, all Australian jurisdictions operate a modern and rigorous regulatory system protected by a number of checks and balances to prevent and capture any potential abuses if they occur. AMEC is confident that the Standards for Accreditation of Environmental Approvals under the EPBC Act will enable the Commonwealth to have confidence in the State/Territory regulatory systems.

While AMEC understands the agreements are between the various Governments, there has been little opportunity provided to stakeholders for significant input, even though they have significant interests in the outcomes. To date stakeholders have only had opportunities to comment on relatively high level documents. We have not had any information on the detail on the mechanics of the approvals process. AMEC appreciates it is early in the process but this has been of concern for AMEC and its members.

Cost Recovery Bill 2014

AMEC does not support and has never supported cost recovery for environmental assessments conducted under the EPBC Act. The Australian government creates regulation for activities in the interest of the Australian community. The Government collects taxes from the community, including business, to fund the administration of these regulations. Therefore, the imposition of cost recovery is blatant cost shifting from government to industry.

In AMEC's view cost recovery is the last resort policy option for meeting the costs of core regulatory activities. It should only be considered necessary after all other policy options to reduce regulatory costs are undertaken and the regulatory system is up to a high level of efficiency.

AMEC is of the strong view that cost recovery under the EPBC Act is unwarranted and the need unsubstantiated. Throughout the 2012 consultation process the then Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) did not at any time demonstrate to stakeholders that the EPBC Act regulatory system was efficient and effective. They did not demonstrate to stakeholder's any activities or future initiatives they were undertaking or planning that would potentially improve the system and reduce costs to proponents. In some cases, stakeholders do not take issue with cost recovery, provided they receive clarity and certainty from the regulatory system. These two things have been

absent from EPBC Act assessments system. Like the purchaser of any service, there is an expectation that any fee paid would at least equal the value of the service. Currently, paying for inefficient systems does not supply any value to mining companies.

Despite AMEC's strong opposition to cost recovery, where it is Government policy, AMEC considers the following cost recovery principles must be met:

- cost efficient and effective and delivers certainty and clarity to proponents;
- regulatory process is simple, fair, equitable, open and transparent;
- market competitive pricing;
- budgets are open and transparent;
- adoption of the "user pays – users says" principle through the use of a statutory recognised representative based industry advisory committee;
- no cross-subsidisation; and
- for complex projects, the use of service level agreements between the regulator and the proponent

The Explanatory Memorandum to the legislation estimates the total revenue of cost recovery to be \$7.7million in the first year of operation. This aggregated figure, with no breakdown provided, means that stakeholders cannot determine if certain industries will be more affected than others. This is important as different industries will also have varying capacities to pass on the costs to an end user. For example, a land developer will be able to pass on the costs of assessment onto the purchasers of the land packages. A mining company selling a commodity product is unable to influence the price and therefore must absorb the cost or pass on the cost to the shareholders through reduced dividends or re-structured Balance Sheets.

This situation leads to a reduction in competitiveness for Australian companies as the cost of doing business continues to increase. This issue would have been picked up with regulatory impact statement that was deemed not required by the Office of Best Practice Regulation. Nonetheless, in AMEC's view, to cost recover \$7.7 million dollars is not substantiated by delivering better or expeditious services and should not continue without significant regulatory improvements or service level agreements to improve outcomes.

I would be happy to appear before the Committee to discuss the points raised in this submission.

Yours sincerely

Simon Bennison
Chief Executive Officer