

Summary of progress of reforming the environmental regulations pertaining to mining activities by DMP as a result of the Auditor General's report.

Recommendation 1: Government and agencies should: Finalise policy arrangements for environmental offsets to ensure transparency in their application and monitoring.

DMP has contributed directly to the development of the Government's Environmental Offsets Policy published in September 2011 and is now contributing to the development of accompanying guidelines.

DMP is a member of an interagency working group, led by the Department of Environment and Conservation, which is developing the Environmental Offsets Policy Guidelines. These guidelines will ensure that the new policy is implemented consistently with the objectives of the policy.

DMP already provides a public record of all environmental offsets which it requires through the publication of approved native vegetation clearing permits. DMP only requires environmental offsets through conditions of native vegetation permits.

Recommendation 2: Government and agencies should: Resolve and formalise arrangements for monitoring and enforcement of conditions on State Agreement Act projects.

DMP supports there being an effective regulatory framework for State Agreement projects which clarifies the regulatory responsibilities of the various State Government agencies, in particular DMP, the Department of State Development (DSD) and the Environmental Protection Authority (EPA). Progress on this recommendation has occurred with DMP and DSD having commenced a review of environmental compliance monitoring and enforcement policies and practices for State Agreement projects.

The agencies are in the process of formalising the operational arrangements to ensure there are consistent standards of approval conditions, monitoring, and compliance, across both State Agreement Act and non-State Agreement Act projects.

Recommendation 3: Government and agencies should: Finalise changes to arrangements for mine closure financial securities to reduce financial risk to the State.

Over the last two years DMP has been undertaking a major review into the adequacy of the current securities system for mine sites in Western Australia. DMP commenced its review in 2010 and has since undertaken two extensive rounds of public consultation on options for improving the mining securities system (December 2010 - February 2011 and March 2011 - May 2011). During this time DMP also consulted extensively with industry, through the Mining Securities Industry Liaison Committee, as well as with relevant government agencies and non-government organisations.

DMP completed the consultation and research phases of the review in December 2011, and is now finalising its recommendations. Given the extensive consultation and research undertaken during the review, DMP is confident that the preferred mining securities model will directly address the comments made by the Auditor General in his report.

Recommendation 4: DIA should ensure that mining operators comply with conditions under Section 18 of the Aboriginal Heritage Act 1972. This will include conducting adequate monitoring and inspections.

The Department of Indigenous Affairs is leading the response to this recommendation.

Recommendation 5: DMP should: improve processes for monitoring and inspection of compliance with environmental conditions, specifically:

- 1) *determine base levels of environmental monitoring and inspection required to provide adequate assurance about compliance with conditions*
DMP has commenced a review of the base level of compliance inspections required to provide adequate assurance of industry compliance.
- 2) *ensure that it reviews and assesses Annual Environmental Reports as they are received*
Applying a risk based approach to environmental regulation does not support the recommendation that all annual environmental reports are reviewed as they are received. Instead, DMP is modifying its processes for receiving annual environmental reviews so that proponents are required to identify to the department any known non-compliance at the site. In this way, DMP will review those reports specifically and take appropriate action, and use a risk-based approach to audit the remaining annual environmental reviews. In this way, an appropriate level of compliance oversight will occur in an efficient way.
- 3) *formalise review and approvals procedures for inspection reporting*
DMP has already reviewed its inspection approval process to address the comments made by the Auditor General. This includes additional training for officers, and expanding regular internal audits to monitor adherence to approved administrative procedures.
- 4) *finalise risk assessment processes for inspection planning.*
DMP has been formally trialling risk based assessment models for inspection planning and application assessment since 2010. These trials have been necessary to ensure that the methodology is practical and ensure the appropriate level of compliance oversight. In late 2011, this trial was substantially completed, with the department committing to the implementation of a comprehensive, formalised risk assessment methodology across the department's entire environmental regulatory role. The development of this methodology has been resourced with dedicated senior expertise from within DMP being assigned to the task.

Recommendation 6: DMP should: Collect and analyse information on all non-compliance, and report it appropriately. This will include introducing the full post-approval capabilities of its data management system.

DMP has progressed a number of initiatives to improve the level of reporting, with the focus on individual site performance. In 2008, DMP initiated the development of an electronic system to collect and analyse information in relation to assessments and reporting requirements. In 2009, DMP implemented its environmental data management system - the Environmental Assessment and Regulatory System (EARS) that records assessment and approvals information. In 2010, DMP commenced work to extend EARS to include a "Post Approvals Compliance Monitoring" (PACM) module. The new module is expected to be operational in November 2012 and will improve the accessibility of compliance data and DMP's analytical capability. This will be used to analyse and demonstrate the effectiveness of its inspections.

In October 2011, DMP published a specific strategy paper on "Transparency in Environmental Regulatory Decision Making" to forecast the department's intention to publish environmental performance data.

DMP has also completed substantial information technology changes to improve the data linkages between the agency's various regulatory databases and strengthen the interrogation functionality. This has been particularly focused on the interaction between the department's records management system and the Environmental Assessment Regulatory System (EARS).