

Follow-up of Report 15: 2013–14 Environmental regulation of the resources and waste industries (Report 1: 2017–18).

Tabled 19 September 2017.

Slide 1: Welcome

This is a presentation about the performance audit report on the follow-up of Report 15 from 2013–14, *Environmental regulation of the resources and waste industries*.

Please note that this is a summary. The full report can be read on our website.

Slide 2: Context—original report

On 1 April 2014, we tabled Report 15: *Environmental regulation of the resources and waste industries* in parliament.

It examined the effectiveness of the Department of Environment and Heritage Protection—EHP—and the Department of Natural Resources and Mines—DNRM—in ensuring operators are complying with the conditions of their environmental authority to conduct resource and waste activities.

We concluded EHP was not fully effective in its supervision, monitoring, and enforcement. We also concluded that the two departments were not effectively managing financial assurance, or mines that are not currently in operation. This unnecessarily exposed the state to liability and the environment to harm.

Slide 3: Context—original recommendations

In our first report, we made nine recommendations, all of which the two departments accepted.

We recommended they improve data sharing and develop clearer guidelines when dealing with 'care and maintenance' sites.

We recommended that EHP improve planning and reporting on environmental compliance activities, and the recovery of fees and costs, including how financial assurance is calculated and collected.

Slide 4: Audit objective

In this year's follow-up audit, we assessed whether EHP and DNRM actioned our recommendations and addressed the issues that led to them.

Slide 5: Implementation of recommendations

We concluded that overall the two departments have gone to considerable effort and have fully implemented seven of our nine recommendations.

To a large extent the two recommendations not implemented (which were aimed at improving responsibility for, and the calculation and collection of, financial assurance) have been overtaken by the government's proposed changes to the financial assurance scheme.

Slide 6: Implementation of recommendations

In implementing our recommendations, EHP has:

Compliance program

- moved from a reactive compliance activity program, to more proactively targeting high-risk sites for inspection. It is now better placed to detect non-compliance

It is still too early for us to determine how effective they will be in the long term.

Information gathering and use

- improved the way it collects and shares data. It now has timely access to better information to plan its strategies, operations, and target its resources to maximise compliance

Cost recovery

- increased both the recovery of overdue annual return fees, and legal and investigation costs
- The department now also records both its internal and external costs of investigating and prosecuting all non-compliance cases.

Slide 7: Further progress—financial assurance

The two recommendations that EHP has not fully implemented are around improving financial assurance arrangements.

EHP has improved the calculation of financial assurance, resulting in a \$1.85 billion increase in financial assurance held. But, there is still a \$1.9 billion shortfall between estimated rehabilitation costs and the amount the departments collect, leaving the government and environment exposed.

Part of the shortfall is due to the current practice of giving discounts based on environmental and compliance performance. Under the proposed new financial assurance scheme, discounts will no longer be offered.

Slide 8: For more information

For more information on the issues, opportunities and recommendations highlighted in this summary presentation, please see the full report on our website.

Thank you for listening.