

Review into the Institutional Arrangement to
Manage Regulatory Burden - Extractives Supply Chain

Information requests

3.1 – Extractive industry data and information

The Commission has found that economic data and information on the mining sector is generally aggregated at the ‘whole of sector’ level, or specific data focuses on minerals other than extractive minerals.

The Commission invites interested parties to provide statistics or data specific to the extractives mineral sector in support of submissions to this issues paper.

3.1 Comments

As noted in the Issues Paper, the extractives mineral industry is largely made up of smaller operators, many of whom are located within 60km of Adelaide’s CBD to minimise transportation costs.

Orica routinely provides comprehensive blasting services to 10 quarries in SA, eight of which are located within 60km of Adelaide. This is in addition to servicing 25 - 30 quarries located around SA on an as-needs basis.

3.2 – Design and performance of the extractive mineral regulatory framework

What are the key regulatory design elements and/or regulation performance activities that significantly impact value creation in the extractive mineral supply chain?

What proposed strategies or approaches could mitigate or remedy concerns regarding the regulatory framework?

To what extent does the yet to be proclaimed Statutes Amendment (Mineral Resources) Act 2019 address concerns with the design or performance of the regulatory framework for extractive minerals for construction?

Please provide supporting relevant examples or case studies where available.

3.2 Comments

An important regulatory element briefly mentioned in the Issues Paper is the application of the SA Explosives Act 1936 and associated regulations, as explosives are essential to the extractives industry.

The explosives industry feedback provided to government during the 2016 review of the Explosives Act 1936 and associated regulations identified a fundamental need to move away from prescriptive regulations towards leading practice regulations that adopt a risk assessment approach. A copy of Orica’s comments provided as part of this review can be forwarded to the Commission, on request.

For well over 30 years the explosives industry has significantly improved safety by using specialised manufacturing vehicles to transport non-explosive blasting intermediates (ammonium nitrate (AN) and ammonium nitrate emulsion (ANE)) to the blast site. Once at the blast site, the blasting intermediates are processed further by the manufacturing vehicles to produce the end-use explosive that is directly loaded into the blast hole. This change in industry practice has resulted in a significant decrease of explosives being transported on public roads.

Over several years the explosives industry has requested the SA regulator recognises the non-explosive properties of these blasting intermediates, under normal storage, handling and transport conditions. These products have been tested and classified as Division 5.1 oxidising agents as per international (United Nations) requirements. SA is the only Australian jurisdiction that classifies AN and ANE as explosives and applies explosives separation distance requirements for storage. This results in significant difficulties with locating and licensing suitable AN and ANE storage facilities within close proximity to extractives industry customers, increasing the cost burden to these customers.

As acknowledged in the Issues Paper, the extractives industry productivity fluctuates significantly over time. The ability to quickly relocate experienced, competent personnel and suitable equipment, through recognition of equivalent interstate licences and security clearances, is essential to the effective response to rapidly changing demands. This mutual recognition objective was one of the four cornerstone outcomes of the Strategic Issues Group (SIG) for Explosives. SIG-Explosives aimed to harmonise explosives legislation across Australia and was coordinated by Safe Work Australia between 2013 and 2015, with a series of meetings that involved all Australian explosives regulators.

SafeWork SA participated throughout the SIG-Explosives process and subsequently the SA Minister for Work, Health and Safety agreed to implement the resulting four outcomes. To date the explosives industry has not been consulted on any proposals relating to new or updated legislation.

Adopting risk based legislation that includes recognition of: a) AN and ANE as non-explosive and b) equivalent interstate licences and security clearances for equipment and operators, without the need to re-licence in SA, would significantly assist the explosives industry with tailoring safe, flexible, reduced cost solutions for the extractives industry.

3.3 – Regulatory performance indicators and benchmarking

How well do existing performance indicators measure performance in achieving regulatory objectives?

What type of indicators or information could be used to provide evidence of performance in the extractives supply chain?

Please provide supporting relevant examples or case studies where available

3.3 Comments

Orica is unaware of what performance indicators SafeWork SA adopts to measure their performance in achieving regulatory objectives.

Over the past 18 months, our industry has noted significant decreases in SafeWork SA resourcing for their explosives compliance section, resulting in delays with licensing and regulatory correspondence that cascade into delays in meeting our extractives customers' requests.

3.4 – A strategic approach to public infrastructure

Improvements in the extractive supply chain are not confined to potential reforms in mining regulation.

What areas of information and regulation are important to improving the agility of the sector to ensure the state can build affordable infrastructure?

Please provide supporting relevant examples or case studies where available.

3.4 Comments

Whilst not directly aligned with the background provided in the Issues Paper, Orica has noted difficulties relating to SA planning approval processes when exploring alternative



AN and ANE storage facility locations to optimise the delivery of services to the extractives industry. These difficulties have related to complying and non-complying land use.

4.1 – Extractive mineral regulatory approvals

The Commission invites stakeholders to provide feedback on its overview of the approvals process for extractive minerals, including in relation to:

- *the specific steps/approvals that are considered to have a disproportionate effect on the efficiency and effectiveness of the extractive mineral industry and supply chain in SA;*
- *how these processes compare to interstate arrangements; and*
- *if there are any additional or different approval processes that cause unnecessary regulatory burden.*

Please provide examples and/or case studies.

4.1 Comments

Please refer to the comments provided under section 3.2 and 3.3.

4.2 – Impact of recent reforms

The Commission would like to understand the impact of recent regulatory reforms on the extractives industry in SA:

- *How successful were they in delivering the intended outcomes?*
- *To what extent, if any, have they given rise to unintended consequences?*
- *What reforms were proposed but have not yet been implemented?*
- *What other policy changes have been important to the extractive industry?*

Please provide examples and/or case studies.

4.2 Comments

No comments are offered on the outcomes of recent regulatory reforms relating to the mining industry.

As noted in the comments provided in section 3.2, the 2016 review of the Explosives legislation has not resulted in any legislation changes to-date.

4.3 – Extractives supply chain regulations

The Commission has provided a broad summary of the regulatory framework relevant to the extractives supply chain in SA and invites stakeholder feedback in relation to:

- *the additional or different specific regulatory requirements not outlined in this issues paper that are relevant to the scope of the review, and why they should be considered; and*
- *the specific areas or sections of regulation (local, state and Commonwealth) that impact on the efficiency and effectiveness of the extractives supply chain in South Australia.*

Please provide examples and/or case studies.

4.3 Comments

Please refer to the comments provided under section 3.2.

4.4 – Land use and competing interests

What are the impacts of the current regulatory framework in resolving competing interests and meeting operational performance standards having regard to:

- *competing uses;*
- *operational performance standards;*
- *transport access for delivery; and*
- *financial impacts of constrained development and operational standards.*

What problems arise as a consequence of the progressive approvals approach?

Please provide examples and/or case studies.

4.4 Comments

Please refer to the comments provided under section 3.3.