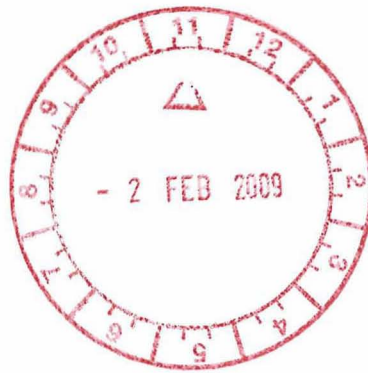


30 January 2009



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Dear Ms Jewell

INQUIRY INTO PUBLIC SECTOR EXPENDITURE

The Chamber of Minerals and Energy of Western Australia (CME) appreciates the opportunity to provide input to the current inquiry into public sector expenditure.

The CME is the peak resources sector representative body in Western Australia funded by its member companies who generate an estimated 95 per cent of all mineral and energy production in the State. The sector is diverse and complex covering exploration, processing, downstream value adding and refining of over 40 different types of mineral and energy resources across the State.

The CME has consistently advocated for appropriate resourcing of government departments that promote and regulate the minerals and energy industries and support the foundation contribution these industries make to the State revenue base (e.g. royalties of almost 12% of total State revenue in 2007/08), whilst providing balanced and appropriate protection for the environment. Contemporary and effective regulators make for strong industries.

Past inquiries into government structure and departmental reform have recommended changes to the way government does business and many recommendations are yet to be implemented. These proposed reforms would improve efficiencies across government and have a tangible impact on promoting investment and reducing the cost of doing business for the resources and energy sectors.

At a time when project approvals are a major issue facing government, it appears counterproductive that approval agencies, or sections of agencies, may experience staff cuts due to proposed budget initiatives.

Staff numbers are not the only issue impacting improved efficiency of approval processes. There are other measures which can be implemented, though experienced staff are required to review and develop systems. Potentially cutting budgets in regulatory and policy functions may lead to further inefficiencies, delays in approval and impact on State revenue through direct and indirect taxation.

The Chamber respectfully suggests that the current inquiry would find value in revisiting the findings and recommendations of several important recent reviews, including:

- The Bowler Inquiry (2002) into greenfields exploration
- The Keating Review (2002) into State government approvals processes
- The Prosser Inquiry (*Commonwealth*) (2003) into exploration impediments
- The EPA (2008) Environmental Impact Assessment review
- Office of the Auditor General Review (2008) into project approvals

The CME has consistently advocated for improvements to the approvals process in Western Australia and contends that significant reforms can be made that would be economically advantageous for industry and government without compromising environmental standards or levels of stakeholder engagement.

Failings of the current system are well documented, however despite some effort at reform, there has been little change in government process.

The CME has identified a number of priority areas for reform to project approvals processes from prior inquiries:

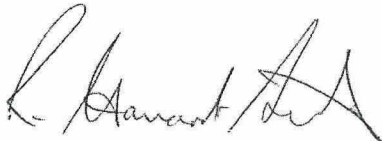
- A strategic framework to focus and assist decision making within and across government agencies. This framework should provide for consideration of the social, economic and environmental aspects of resource projects within a single prime approval body.
- Support the implementation of outcomes from the EPA Environmental Impact Assessment (EIA) review, including adoption of a risk-based approach to environmental impact assessment.
- Imposing time limits and project tracking mechanisms.
- Reform of the Appeals process.
- Legislative reform to remove duplication across State and National legislation.
- Enhanced planning that anticipates development
- Development of supporting policy framework.
- Appropriate resourcing.
- Review of the structure and function of key agencies involved in project approvals.
- Improvements to the administration of the Aboriginal Heritage Act.
- Providing the Department of Indigenous Affairs with clearer authority within mainstream government through better links with the Premiers office and effective funding arrangements and accountability measures.
- A coordinated approach to the development of initiatives that will allow indigenous people to take up economic opportunities offered as a result of increased resources activity

The CME believes implementation of these and previous review recommendations will result in significant improved efficiency on an across-government basis compared to the current situation.

A hardcopy of this submission has been forwarded by post.

Please contact me if you wish to discuss any of the issues we have raised in this correspondence.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Reg Howard-Smith', with a stylized flourish at the end.

Reg Howard-Smith
Chief Executive