



28 August 2020

Lisa Gropp
Presiding Commissioner
Productivity Commission

sent via email: resources@pc.gov.au

Productivity Commission Draft Report - Resources Sector Regulation

Dear Ms Gropp

The Business Council welcomes the opportunity to comment on the Productivity Commission's Resources Regulation Draft Report.

Regulation plays a critical role in ensuring that resources projects across Australia meet community expectations, both in terms of environmental and investment outcomes. In many cases, this is a shared responsibility requiring multiple jurisdictions to work effectively together. An inappropriate regulatory framework risks both environmental and investments outcomes failing to align with the national interest over time.

The Commission has done an excellent job of identifying ineffective and effective regulatory approaches to the resources sector and highlighting these in its Draft Report. The Business Council is generally supportive of the findings and recommendations contained in the Draft Report.

A central piece of national legislation in the resources sector's regulatory landscape is the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)* (EPBC Act). In its Interim Report, the Independent Review of the EPBC Act proposed several reforms to existing regulatory arrangements.

In our view there are three critical elements in the proposed reform architecture which are worthy of support and generally applicable to resources sector regulation more broadly:

- national environmental standards that define environmental outcomes in the national interest and processes for sound and efficient decision making;
- effective devolution of decision making based on accreditation of state and territory systems to achieve a 'single touch' approach to assessment and approvals; and
- rigorous, independent monitoring, compliance, enforcement and assurance that is progressive, proportional and well resourced.

Each of these elements is mutually reinforcing in building trust and confidence in the EPBC Act and enabling it to fulfill its purpose — to address environmental matters that are important to the nation now and in the future.

With respect to the EPBC Act, the most immediate reform task going forward involves developing the policy detail behind each of these elements necessary to give all stakeholders clarity and certainty about how this architecture will work. Importantly, this includes details around the transition from current arrangements to full implementation of the new architecture. Job-creating private investments, with development proposals currently in the assessment and approval 'pipeline', are particularly vulnerable in this regard.

It is even more critical now, given the economic impacts of the COVID pandemic, that reform of inefficient and ineffective resources sector regulation be implemented. In the Business Council's view, the Commission's Draft Report serves as an excellent starting point for the necessary policy details to be developed and taken forward.

Yours sincerely

Jessica Wilson
Executive Director, Policy