



**Regional
Development**
Australia

FAR NORTH QUEENSLAND
AND TORRES STRAIT INC

Major Projects
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Dear Mr Chindamo

Re: Submission to the Productivity Commission Review of Major Projects Assessment Processes

Regional Development Australia Far North Queensland & Torres Strait (RDA FNQ&TS) welcomes the opportunity to provide comment on the Review of Major Projects Assessment Processes: Issues Paper.

RDA FNQ&TS has a broad agenda driving and supporting sustainable regional development to secure the long term growth, prosperity and well-being of the Far North Queensland and Torres Strait region. We work in partnership with businesses, local government, academia, non-government organisations, state and federal governments. We have collaboratively developed and are delivering a detailed Regional Road Map (www.rdafnqts.org.au/index.php/rda-initiatives/regional-road-map) including a draft Strategic Priority Package around Devolved Governance. Further effort has been dedicated to strategic collaboration with three other RDAs across northern Queensland developing packages with specific initiatives including a range of short and medium term projects to leverage investment and regional economic, social, cultural and environmental benefits.

RDA FNQ&TS has consulted with industry proponents, DP Energy and Evolve Energy, to inform this brief submission. We acknowledge and appreciate their contribution. General comments will follow specific issues identified by industry proponents.

RDA FNQ&TS acknowledges the current and future reforms being undertaken by the Queensland Government to streamline development assessment processes including the soon to be released Strategic Planning Policy and associated 'on-stop-shop' State Government development assessment agency. However the reduction in the public service across the State has resulted in a loss of senior decision-making staff at the regional level, with resultant centralisation in Brisbane. We remain committed to pursuing initiatives to



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support and facilitate quality development assessment at the regional level for example the need for a regionally based senior outpost of the SEWPAC Department to support decision-making for large projects and to coordinate cross-portfolio responses to barriers. Relocation of key agencies and development of multi-function facilities to assist government will reduce costs and increase efficiencies and outcomes.¹ Furthermore we continue to explore mechanisms to empower and support sub-regions to enable engagement and participation in the decision-making process.²

RDA FNQ&TS provides for your consideration the following synopsis of issues from the renewable energy industry³ with our analysis:

1) **Uncertainty.**

Policy and regulatory uncertainty has significant impact on industry due to long investment and development cycles. For example, the review of the Renewable Energy Targets impeded progress within the renewable energy industry until the outcome was known.⁴ In addition, uncertainty in relation to the continuation of specific industry grant programs such as ARENA, due to political insecurity, places further stress on proponents securing support to get projects off the ground.

2) **Duplication.**

Duplication between State and Federal processes is a major issue in FNQ&TS. While we acknowledge moves to address this, there has been some retraction of Commonwealth commitment to resolve these issues in recent months. Related to this issue is lack of progress on agreed and significant devolution of decision-making power to the States. While the Federal Government should maintain a focus on process standards, the focus should increase on the State's running effective processes in partnership with the Commonwealth triggered under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act).

3) **Capacity, skills, knowledge and resources.**

Capacity, skill and resources of local authorities to assess complex development and/or make rules relating to them for example, planning scheme regulations, codes etc. In South Australia there are uniform planning rules which have removed confusion for operators and reduced the burden on local authorities to 'reinvent the wheel' regarding planning, regulating and assessing renewable energy projects (wind in particular). We recommend consideration of a more coordinated approach at local authority level and possibly state level to provide clarity, certainty and support for planning

¹ Draft Strategic Priority Package 11: Devolved Governance, initiative 1

² Draft Strategic Priority Package 11: Devolved Governance, initiative 7

³ Please note while renewable energy industry operators have provided input on this submission, it does not mean they endorse all of the comments and recommendations made by RDA FNQ&TS.

⁴ We note the confirmation of the RET and the importance this policy security delivers – refer to CEC release for further information <http://ci25.actonsoftware.com/acton/rif/2847/s-010d-1303/-/l-sf-lead-01e1:283e/q-01ec/showPreparedMessage>



and assessment agencies. Furthermore, the technical skills and understanding required of agency staff at State and Federal levels assessing development projects, and projects seeking support under industry grant programs, can also be an issue.

4) Maximising equitable sharing of benefits from major projects.

Major project development assessment processes need to consider how to best manage and spread the benefits from investment to facilitate community cohesion and broader regional outcomes (social, cultural and environmental). This can be achieved via a much stronger focus on the quality of social impact assessment processes within the major project assessment framework. State and Commonwealth agencies, have insufficient skills to set adequate terms of reference and to review social impact assessment work. The State once has a strong Social Impact Assessment Unit, while the Commonwealth has never had such a capacity.

5) Facilitating innovative approaches – development assessment processes

Innovative projects, many utilising new technology or a new application of existing technology, frequently face longer assessment processes where further information is required and additional requirements need to be met. There is a need for greater support for innovation through assessment processes and industry support programs. Links to productivity improvements as well as multiple positive outcomes for industry and communities will flow from innovative, commercialised solutions. Industry operators have informed RDA FNQ&TS that commercialising technology in Australia is challenging due to high costs and other barriers in getting projects off the ground domestically. An attractive option is to sell IP to international interests rather than pursue full commercialisation in Australia. There are many renewable energy technology developers from across the country which have relocated to more supportive jurisdictions, notably the US and China.

6) Facilitating innovative approaches – industry regulatory frameworks

Perverse incentives exist in industry regulation, which protect the status quo restricting innovative approaches, for example for energy generation in Queensland.⁵ Reform of regulatory frameworks is required to recognise and support innovative projects and investment that can deliver economic benefits. This is particularly the case in relation to government owned corporations who do not have any incentive to change their business model in relation to energy production, preventing the universally sought outcome of reduce energy generation costs, passing these savings on to consumers, domestic and commercial alike. Industry regulation needs to acknowledge the need to be flexible and support innovative approaches. Industry operators acknowledge the important role of champions for industry investment and projects whether internally with departments or at the political level. Much progress can be made with this type of support.

7) Weighting of particular claims in the assessment process.

⁵ Continued investment in traditional technology/poles/wires etc with a guaranteed rate of return on these assets



Evidentiary support for claims around particular social/health impacts arising from wind and other renewable energy projects need to be peer reviewed or omitted from the process. There is significant scientific evidence disputing a range of social/health claims that should be applied to negate concerns raised in these areas and claims must provide sufficient evidence to be considered as relevant in development assessment decision-making processes. Please note that there have been no reported health issues from wind farm operating in Torres Strait since the 1990s, which is well within the accepted 2km boundary from urban dwellings.

RDA notes that the impact of conservation legislation such as the *Wild Rivers Act* 2005 (Qld) can be significant⁶ highlighting the need for whole-of-government, cross-portfolio policy cohesion to understand and clarify the relationships between economic development, development assessment and conservation legislation to ensure primary policy objectives are progressed and achieved.

Fundamentally, the Queensland *State Development and Public Works Organisation Act 1971* (SDPWO) is at odds with the EPBC Act – both are seeking to achieve conflicting objectives and adopt different approaches to administering legislative responsibilities. Where projects of 'state significance' are facilitated and coordinated through the SDPWO Act development assessment process, projects triggering the EPBC Act are typically handled by mid-level Commonwealth bureaucrats (refer to point 3 above regarding skills, capacity and knowledge) operating in remote, policy poor environment, without strategic support, resulting in de-facto decision making. The manner in which the EPBC Act has been administered is typically problematic for project proponents operating in Far North Queensland, which has a concentration of Matters of National Environmental Significance with two World Heritage Areas (Wet Tropics, Great Barrier Reef Marine Park), possibly another through the Cape York World Heritage Area process, significant Commonwealth Marine Reserves (Coral Sea and Northern Region- Gulf) and an abundance of national listed threatened species. Therefore very few projects don't trigger the legislation, meaning that SEWPAC staff in Canberra, operating remotely from the policy environment and community, essentially determines the bulk of economic development projects in the region.

RDA FNQ & TS has been brokering a range of conversations with relevant Queensland and Federal Ministers including Deputy Premier Seeney and Minister Burke, promoting several initiatives including the dedication of at least one Senior Executive level SEWPAC officer dedicated to servicing the FNQ region with devolved decision making capacity and direct reporting to 'head office'.⁷ RDA FNQ&TS is also supportive of the region operating as a 'pilot region' for innovative approaches around devolved decision making models.

⁶ for example the viability of the Cape Alumina Pisolite Hills project due to prescribed buffer zones – http://www.capealumina.com.au/media/10156/20101018_asx_release_project_updated-final.pdf – please note that Pisolite Hills was declared a project of 'state significance' 3 October 2012 – http://www.capealumina.com.au/media/25204/2012-10-03_asx_release_ph_re-start_final.pdf

⁷ Strategic Priority Package 11: Devolved Governance – Key Package Initiative 1: De-centralise government functions and increase alignment to FNQ tropical assets/strengths by advocating relocation of key agencies and development of multi-function facilities to assist government reduce costs and increase efficiencies & outcomes.



RDA FNQ&TS supports and promotes the safeguarding the natural and cultural values of the region, we note the need to balance economic benefits with social, cultural and environmental outcomes. We believe processes need to be changed to deliver these multiple benefits acknowledging economic development as the driver of this change.

RDA FNQ&TS notes the work of the Australian Petroleum Production & Exploration Association Ltd (APPEA) in its recent report *Cutting Green Tape*⁸ which documents in detail the implications of duplicated, overlapping requirements through a range of case studies and makes useful recommendations including:

- 1) *Fast-track bilateral arrangements for accreditation by the Commonwealth of state processes and create a 'one-stop-shop' for state assessment and decision processes under the EPBC Act.*
- 2) *Refine and reduce the triggers under the EPBC Act (national threatened species lists, refine the catch-all trigger of 'the Commonwealth Marine environment').*
- 3) *Clarify the roles and responsibilities of State and/or Commonwealth agencies and legislation.*
- 4) *Streamline reporting within Commonwealth and State processes (such as removing duplicate reporting to agencies, adding statutory timelines where appropriate).*⁹

RDA FNQ&TS promotes the importance of effective and appropriate social impact assessment (SIA) processes as part of the broader development assessment process. We recommend ensuring that the level of SIA required is appropriate to the scale and impact of the development proposal in question and pays particular attention to the needs and cultural appropriateness of activities relating to and impacting upon Aboriginal and Torres Strait Islander peoples.

In conclusion, providing certainty of processes and relevant industry policy is critical to securing investment and economic development; addressing duplication of processes is important but not at the expense of retaining ultimate decision making power with the Federal Government in relation to federally assessable development projects; and ensuring there is an appropriate skill level and resources by decision making agencies at Local, State and Federal levels to effectively assess proposals is essential. Further attention to ensuring regional benefits accrue from major projects is required as is considering effective mechanisms for supporting innovative major projects within development assessment processes and industry grant programs. This is of particular importance for Aboriginal and Torres Strait Islander communities, whether native title provisions come into play or not. The legacy of major projects operating in remote locations must be positive in the long-term for the communities residing there.

Finally, the importance of cohesive policy and legislative reforms across all portfolios that potentially impact on major projects is fundamental to reducing time delays, unnecessary regulation and striking an acceptable balance between economic development and safeguarding communities and the natural environment. We recommend a Federal- State Government process to rationalise competing legislative objectives and

⁸ *Cutting Green Tape: streamlining major oil and gas project environmental approvals processes in Australia*, http://www.appea.com.au/images/stories/Reports/appea_cutting%20green%20tape.pdf, February 2013.

⁹ http://www.appea.com.au/images/stories/Reports/appea_cutting%20green%20tape.pdf p.11



processes, to address conflicting agendas and departmental 'cultural clashes' to deliver a cogent, integrated policy framework. In the Far North Queensland context, we specifically promote the need for senior SEWPAC representation in the region and the selection of significant projects across all States/Territories to act as 'guinea pigs' testing the new coordinated approach.

This brief submission provides a starting point for further engagement with the Productivity Commission on the review process. If it would benefit the review process, RDA FNQ&TS will engage regional industries more broadly to provide comprehensive case studies for the consideration of the Productivity Commission. Otherwise RDA FNQ&TS is keen to support, facilitate and promote any forums or other regional consultation undertaken by the Productivity Commission in relation to this review.

Please do not hesitate to contact the Chair, Dr Allan Dale or the CEO, Sonja Johnson to discuss this submission and future engagement opportunities. Thank you.

Yours sincerely

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