

24 April 2008

Mr Mike Woods  
Commissioner  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

via: regulatoryburdens@pc.gov.au

Dear Mr Woods,

Thank you for the opportunity to provide a submission on the Productivity Commission's issues paper *Annual Review of Regulatory Burdens on Business – Manufacturing and Distributive Trades* dated February 2008.

The Queensland Resources Council (QRC) is a non-government organisation representing companies that have an interest in exploration, mining, minerals processing, gas and energy production. It is the resource industry's key policy-making body in Queensland, working with all levels of Government, interest groups and the community.

QRC acknowledges the Commission's efforts in identifying specific areas of regulation that are unnecessarily burdensome, complex or redundant, including the duplication of regulations, or the role of regulatory bodies, throughout Australia.

Minimising the regulatory burden on business is not necessarily minimising regulation itself but improving regulatory outcomes. In terms of assessing regulatory burdens, QRC supports the Taskforce on Reducing the Regulatory Burden on Business principles for good regulatory process.

In terms of Commission's approach to considering the regulatory burdens based on an annual review of particular sectors, this timetabled approach will cause considerable overlap amongst the range of activities that are associated with QRC's member companies – specifically the relationship between:

- mining (primary sector – completed 2007);
- minerals processing (manufacturing sector – 2008);
- transportation and electricity infrastructure (economic infrastructure – 2009); and
- generic economy-wide regulations (2011).

In light of this, QRC seeks to assist the Commission's review by highlighting the effects of regulation on the full range of the economic activities undertaken by the mining, minerals processing and energy sectors – noting that the 2008 review will focus primarily on minerals processing.

Queensland's mineral processing industries – in particular the concentration of extracted product, smelting and refining – compete within a truly competitive international market, which is a commodity market with price-taker characteristics. As a result, minimising costs is the primary consideration of business in this sector. In order to leverage Queensland's significant resource endowment, maintaining an economy that is free from the deadweight loss of regulatory burdens is essential to realise the challenges of global competition.

QRC remains concerned with the overarching need to improve the administration of regulatory frameworks, and in particular for Governments to focus on the resulting compliance burdens. QRC set out examples of these regulatory inconsistencies and overlaps in its 2007 submissions to the Commission's review of the Primary Sector.

In relation to areas for the review to consider, QRC would like to bring to the following items to the Commission's attention.

- **Vocation Education and Training (VET) reform agenda to ensure that regulatory impediments are removed** – QRC considers that there is a need to accelerate appropriate reforms in the vocational education and training arena which may assist in alleviating skills shortages.

Skills shortages are imposing severe constraints on future expansion of the resources sector. QRC notes the findings of the Minerals Council of Australia report, *Staffing the Supercycle: Labour Force Outlook in the Minerals Sector*, which found that by 2015, the minerals sector will need to employ an additional 70,000 employees to achieve predicted increases in output. Of particular concern is that these increases are forecast to be in trades (26,983 additional employees required) and semi-skilled employees (22,059 additional employees required). A copy of this report is attached.

While the Federal Government is currently seeking views on reform to the VET sector (as part of its *Skilling Australia for the Future* consultation process), QRC supports accelerating reforms to address national interest priorities such as the skills shortage in the resources sector and encourage contributions to innovative VET service delivery models.

- **A skilled migration system** – QRC considers that the Federal Government's Skilled Migration Program represents an important (and timely) response to the acute shortage of skilled employees facing industry in Queensland. The ability to provide for 'fast tracking' of applications should be made available for pre-qualified companies to ensure recruitment times are minimised – such a process would enable critical skill shortages to be addressed in order to maintain productivity.
- **National Pollutant Inventory** – QRC notes there are concerns surrounding the:
  - the inclusion of transfers – noting the decision of the Environment Protection and Heritage Council at its June 2007 meeting and the further work being undertaken by the Department of Environment on calculation methodologies;
  - limited public awareness – which suggests the reporting burden on industry is difficult to justify;

- the inappropriate use and quality of data – requiring specific guidance to ensure that regulators and the general public are aware of the limitations of the data and the context in which the data is provided; and
- need for the name of this programme to reflect the inclusion of transfers, specifically the ‘National Emissions Inventory’.

→ **Addressing the need for greenhouse gas and/or energy policies and programmes given the introduction of national reporting legislation and the Government’s commitment to commence a national emissions trading regime (ETS) by 2010.**

While reform is progressing in this area, there is an urgent need to consider the implications of policies that will distort the ETS (providing for inefficient costs) or presenting unnecessary reporting and compliance costs.

- QRC seeks streamlining of existing and proposed programmes and polices to reduce regulatory burdens on industry (in terms of both compliance and inefficient costs) – this includes reporting requirements, mandatory renewable energy schemes, requirements for firms to invest in energy efficiency measures and legislative proposals for greenhouse gas emissions triggers for project approvals.
- QRC considers regulatory design of the ETS needs to reflect best practice regulation features and principles.

A copy of the QRC’s submission to the Garnaut Review regarding streamlining and design features of an ETS is attached.

→ **Poorly administered or under-resourced regulation imposes substantial burdens on Queensland’s mineral processing industries** – which causes uncertainty, delays and cost increases. QRC remains concerned that this is a key issue in many jurisdictions, including Queensland. In particular, the relationship between co-ordination within and between jurisdictions (refer attached QRC’s 2008-09 Queensland pre-budget submission – pages 7 and 18). While legislated regulatory regimes may provide an excellent framework, this good work is effectively lost if the implementation and operational aspects are not afforded the appropriate level of resourcing or bureaucratic priority.

It is the QRC’s view that the combination of unnecessary and poorly administered regulation imposes substantial costs on the Queensland mineral processing sector. Inefficient or ineffective regulation also presents a dead-weight loss to the community and onto the wider economy – in particular, the imposition of avoidable barriers to critical export and import-related industries that reduces Australia’s international competitiveness.

Should you wish to discuss any of the issues raised in this submission, including the specific aspects contained within the attached submissions, please do not hesitate to contact Russell Silver-Thomas, Industry Policy Advisor, on (07) 3295 9560.

Yours sincerely



Michael Roche  
Chief Executive

**ENCLOSED:**

- QRC's 2008-09 Queensland pre-budget submission
- QRC's submission to the Garnaut Climate Change Review responding to the *Emissions Trading Scheme - Discussion Paper*
- Minerals Council of Australia report, *Staffing the Supercycle: Labour Force Outlook in the Minerals Sector*
- QRC's submission to the Productivity Commission's *Annual Review of Regulatory Burdens on Business – Primary Sector 2007*.