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11 December 2020

Office of the Coordinator-General
SSRC Act Post Implementation Review Team
Department of State Development, Tourism and Innovation
Level 17, 1 William Street
Brisbane Qld 4000

Dear Post Implementation Review Team,

Post Implementation Review—*Strong and Sustainable Resource Communities Act 2017*

Thank you for your enquiry of 11 March 2020 and further information through to 9 December 2020 seeking advice on the adequacy of the Consultation Post Implementation Review 'Strong and Sustainable Resource Communities Act 2017' (Consultation PIR).

Background

The *Strong and Sustainable Resource Communities Act 2017* (the Act) commenced on 30 March 2018. The Act was legislated in response to recommendations of an independent review (July 2015) and the recommendations of the Infrastructure Planning and Natural Resources Committee Parliamentary Inquiry into fly-in, fly-out (FIFO) work practices in regional Queensland (October 2015) (the inquiries).

The object of the Act is to ensure that residents of communities in the vicinity of large resource projects benefit from their construction and operation. The Act applies to resource projects which are within 125 kilometres of a regional community with a population greater than 200 and either are required to complete an environmental impact statement or have 100 or more workers and hold a site-specific environmental authority. Alternative workforce, distance and population thresholds may be decided by the Coordinator-General.

The Act prohibits projects deemed to be within the scope of the Act from having 100 per cent FIFO operational workforces or discriminating against residents of nearby regional communities in employment advertising. The Act further requires relevant projects to:

- complete an enhanced social impact assessment (SIA) as part of an environmental impact statement (EIS) under either the *Environmental Protection Act 1994* or the *State Development and Public Works Organisation Act 1971*
- prioritise the recruitment of residents in proximity to the resource project, then the recruitment of those who will relocate and live in nearby regional communities, in workforce management plans.

Proposal

As a Regulatory Impact Statement was not prepared to inform the making of the Act, the Office of the Coordinator-General (the department) was required to complete a PIR within three years of commencement.

The Consultation PIR presents the views of stakeholders as expressed in comprehensive targeted consultation, which included interviews, survey responses and written submissions. The department asked owners or proponents of relevant resource projects to estimate the costs associated with the Act. Those who responded reported one-off



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administration and compliance costs of up to \$10,000 and ongoing costs averaging \$6,000 per annum. The Consultation PIR notes it is difficult to measure the direct benefits of the Act, and there is insufficient information to determine whether the Act has provided an overall net benefit to Queensland as a whole.

The Consultation PIR presents three options:

- Repeal of the Act
- Retention of the Act in its current form
- Amendment of the Act.

Retention of the Act in its current form is presented as the preferred option as the department considers it is too early to assess the efficiency and efficacy of the Act. The department proposes to undertake further evaluation once six projects have completed the enhanced SIA, have finalised their reporting requirements in subsequent Social Impact Management Plans, and have completed construction.

Assessment

In undertaking its assessment of a Consultation PIR, the Queensland Productivity Commission (the Commission) has regard to the adequacy criteria in The Queensland Government Guide to Better Regulation (the guidelines). A PIR must assess the impacts, effectiveness and continued relevance of the new legislation.

The Commission acknowledges the considerable effort made by the department in preparing the Consultation PIR. The PIR presents the department's assessment of the issues, including a high-level summary of the impacts of the options. The Commission also acknowledges that the Act's development has placed constraints on assessing the impacts and effectiveness of the Act. Neither the Act nor explanatory notes state objectives that are specific, measurable or time-bound. An evaluation plan that specified data collection and performance indicators directly linking to the Act's objective was not in place when the Act commenced.

Notwithstanding this, the Commission does not currently assess the Consultation PIR as adequate under the guidelines. As currently structured, the PIR does not sufficiently assess the continued relevance of the Act to address a current policy problem such as a market failure, regulatory failure or distributive equity. The department has not presented evidence, for example, of how the Act has affected the utilisation of suitably skilled labour in the communities. Further evidence of the size and scope of the policy problem, plus the ability for alternative regulatory and non-regulatory options to address it, is required for stakeholders to assess the ongoing relevance of the Act.

Given the above, there is not a clear case for continued government action and, were the case made, it is not clear that the regulation is the form of government intervention likely to deliver the greatest net benefit to the Queensland community.

Consistent with the guidelines, if the Consultation PIR is approved for release it will be published on the Commission's website along with this letter. After consultation has concluded, a Decision PIR incorporating the consideration of public comments should be provided to the Commission for assessment before the matter is referred to Cabinet for decision.

Please contact Tim Elliott, Analyst on (07) 3015 5131 if you require any additional information or guidance in relation to the above comments or the guidelines in general.

Yours sincerely



Christine Tozer
Team Leader