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Major Project Development Assessment Processes
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Major Project Development Assessment Process

North Queensland Conservation Council welcomes the opportunity to contribute to this review and asks that the following comments be taken into consideration.

The reality of red or green tape

Tape of various colour (mostly green) has, in recent months, become the punching bag of industry and government. There has arisen, largely by means of repetition in government and the media, the belief that Australia is suffering badly because its industry is beset by constraints and, as a result, its people are 'struggling'. Setting aside issues of wealth distribution, this is an incorrect and preposterous statement when viewed in terms of quantity and quality of life.

In supporting this view, NQCC points to comparative data. [The World Bank \(2013\) ranks Australia 10th out of 185 countries in terms of ease of doing business](#). This puts it above Sweden, Canada, Germany and Japan and 171 other countries. That this is so, given that Australia is a vast, environmentally and ecologically sensitive land with a high level of expectations when it comes to human welfare and sustainability, is commendable.

That Australia also does well in other areas is demonstrated by OECD data that put Australia as number one on its '[Better Life Index](#)', which takes into account housing, income, jobs, community, education, environment (significantly, in the context of the massive mining development in Australia, measured in terms of air and water quality), civic engagement, health, life satisfaction, safety and work-life balance.

Radovich has posited the concept of [Happiness as a Business Model](#). The Productivity Commission, as an arm of the Federal government, not of the mining sector nor the of the business sector in general, may need to consider the alleged (but in reality, highly over-stated) impact of 'tape' on business in terms of the Radovich argument.

In summary, there is little evidence to suggest that Australia is beset by unnecessary 'tape' (otherwise seen as 'wise caution'); there is, however, evidence to suggest that Australia leads in terms of the Better Life Index and ranks very highly in terms of doing business ... and, as is oft-quoted 'If it ain't broke...'.
Benchmarking

As is pointed out in the Issues Paper released by the Productivity Commission, there are many drawbacks to benchmarking. One that is not mentioned directly is the framework within which different nations operate, including the social and environmental standards to which they aspire.

The report suggests that Canada might be an appropriate country against which to benchmark Australia's performance. Yet in terms of the criteria referred to above, Canada is ranked 17th in the World Bank's scale of ease of doing business (compared with Australia's ranking of 10th) and 6th in terms of the OECD's Better Life Index (compared with Australia's 1st). In other words, Australia is doing better than Canada on both counts, so following Canada's might well be a backward step.

The Issues Paper refers to a report commissioned by the Minerals Council of Australia that states that Australian coal projects take an average of 1.3 years longer to receive approval than do 'those elsewhere'. In the MCA-commissioned report, Australia is compared with the group 'Rest of the World'. Investigation shows that the top five coal exporters in the world are Indonesia, Russia, South Africa, Columbia and the US. Does Australia aspire to the social and environmental standards of Indonesia, Russia, South Africa and Columbia?

In considering the costs to industry of (possibly warranted) delays, it is essential that the costs to the environment (such as loss of diversity, loss of World Heritage status) and to the community (for example, fly-in-fly-out work styles (cheap and easy for mining companies but, as demonstrated in the recent Windsor report to Parliament, involving serious long-term costs to the community) be taken into account.

The relative costs of the DA process

The Issues Paper refers to a Business Council of Australia 'contention' that the "costs and delays associated with environmental impact assessments are significant". They refer to an ANU study that "estimated a direct cost to all industries of up to \$820 million over the life of the EPBA Act".

The EPBC was promulgated in 1999, so the average annual cost to all industries was \$63 million. Given that, in 2011 just *one company* (Xtrata) in *one industry* recorded a profit of \$2.8 billion dollars, the costs of ensuring compliance with environmental standards are paltry. In contrast, the benefits to the community and to the environment of rigorous assessment may well far exceed the private cost to Xtrata or other industries in the business of selling off Australia's resources.

The fact that an LNG project referred to in the Issues Paper involved “up to (up to?) 90 people at various stages of the approval process” is beside the point. Quite apart from the fact that the paper makes no mention of the amount of time each of these 90 people spent on the process, how does this compare with, say, the number of people involved with a major toxic spill or with construction of a hospital?

The assumption that speed = cheap = good

The 2009 Review of the EPBC Act recommended the use of strategic assessments; this recommendation was based on a (not online) report of the COAG Business Regulation and Competition Working Group.

In 2010, the former Department of Environment, Water, Heritage and Arts commissioned Access Economics to deliver a cost benefit analysis of strategic assessments (rather than case-by-case assessments). The report was desperately flawed:

- The findings were based on the assumption that the benefit to the environment was the same regardless of which approach was adopted (in other words benefits were not considered in this ‘cost benefit analysis’)
- The study was based on the seven strategic assessments then underway in Australia, only ONE of which had been completed (in other words the findings were based on a sample of one – and that, the first one)
- The study assumed that the only costs involved were the full time equivalent labour costs of public servants.

Despite being fatally flawed, the report did not die. It found its way into the 2011 Deloitte Access Economics report to SEWPAC on the costs and benefits of reforms to EIAs under the EPBC Act. This report was commissioned because the number of assessments required was increasing as (i) developments were becoming more likely to trigger to the EPBC Act, as increasingly, suitable locations not containing items of NES have already been developed and (ii) the total number of listed matters of NES is increasing and a longer list makes it more likely that a development would trigger the Act.

The Deloitte Access Economics report came out in favour of bilateral agreements, guidelines and early engagement.

So, from a faulty study, based on a desire to cut costs in the face of increased need, reforms were made without any consideration of the impact of different procedures on the environment.

The danger in the current review of project assessment processes being undertaken by the Productivity Commission is that, again, speed and lower costs to business (particularly the mining and resources sector) will be used to justify modification of the assessment process to the detriment of the environment and the community (and, ultimately, the economy).

Using approaches such as those discussed above would fail to enable the Productivity Commission to meet one of its criteria: cost-effectiveness. It would also threaten the criteria of accountability, opportunities for public participation, open and transparent processes, proportionality, and justification.

Bilateral and Strategic Agreements

The recent Alpha mine case in Queensland, in which the Federal government railed against the quality of the state government's assessment process demonstrates the dangers associated with removing one layer of review.

The apparent tensions between the Federal and Queensland governments in relation to the Strategic Assessment of the Great Barrier Reef currently being undertaken is a further example. In this case, when addressing an issue of national importance (the loss of World heritage status for the GBR and the loss of 50% of coral cover in the last 27 years) the state government response has been, according to those involved, limited.

For whatever reason, states often have other agenda and other criteria for success (for example, the Queensland Premier has publicly stated 'We are in the coal business'), and fail to take responsibility for matters of national significance.

It is a truism worth repeating, that a healthy environment is essential to a satisfied community and a thriving economy. This is recognised in the EPBC Act, and, with the onset of climate change, is becoming more and more obvious. Unfortunately, the triple bottom line appears to be becoming lost behind sectoral pillars. Societal vertical integration is being swamped by industries' horizontal goals.

In fact, Australia is a developed country with the means and the incentive to protect community and environmental values from the worst excesses of the invisible hand, market failure and corporate greed – if it chooses to so do.

We ask that these comments be taken into account in the Productivity Commission's study and that the Commission consider the greater public good of protecting Australia's community values and environment when assessing industry demands for slicker assessment.



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