

# QRC submission

Working together for a shared future



**Queensland Parliament Economic Development  
Committee Issues paper # 1, July 2009.**

Submitted: 10 August 2009

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## Background

### **About Queensland Resources Council (QRC)**

The Queensland Resources Council (QRC) is a not-for-profit peak industry association representing the commercial developers of Queensland's minerals and energy resources.

The QRC works to secure an environment conducive to the long-term sustainability of the minerals and energy sector in Queensland.

### **The socio-economic contribution of the Queensland Resources Sector**

In 2007-08 the Queensland resources sector is estimated to have directly and indirectly (ie through supply and demand relationships with sectors including manufacturing, construction, financial, property and transport) contributed \$41.3bn, or 20 percent of Queensland's total Gross State Product (GSP).

The sector's direct GSP contribution to the Queensland economy was 5 percent in 1990-91, 6 percent in 2002-03, and 10 percent in 2007-08. By comparison, agriculture contributed 3 percent and government 5 percent in 2007-08.

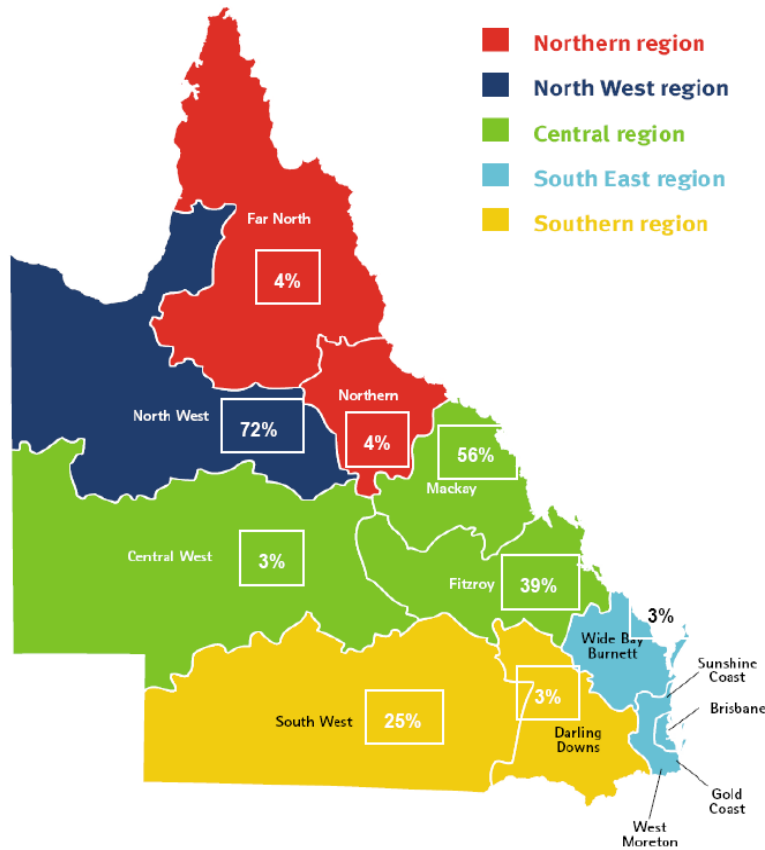
Directly and indirectly, the Queensland resources sector represents 20 percent of the Queensland economy and 12 percent of total employment.

In 2007-08 the resources sector is estimated to have directly and indirectly contributed 191,300 full-time equivalent (FTE) jobs, or 12 percent of total Queensland employment. Substantial growth in 2003-08 generated large increases in FTE employment. In 2003, direct and indirect employment was estimated at approximately 72,000 or 6 percent of total Queensland FTE employment.

The following map shows the economic contribution of mining alone to each of the state's regions.



Percentage Economic Contribution of Mining by Queensland Region



Source: QLD Office of Economic and Statistical Research 2008

Mining is the dominant economic activity in much of regional Queensland. In central and North West Queensland, mining accounts for around 90 percent and 70 percent respectively of the regions' economies.

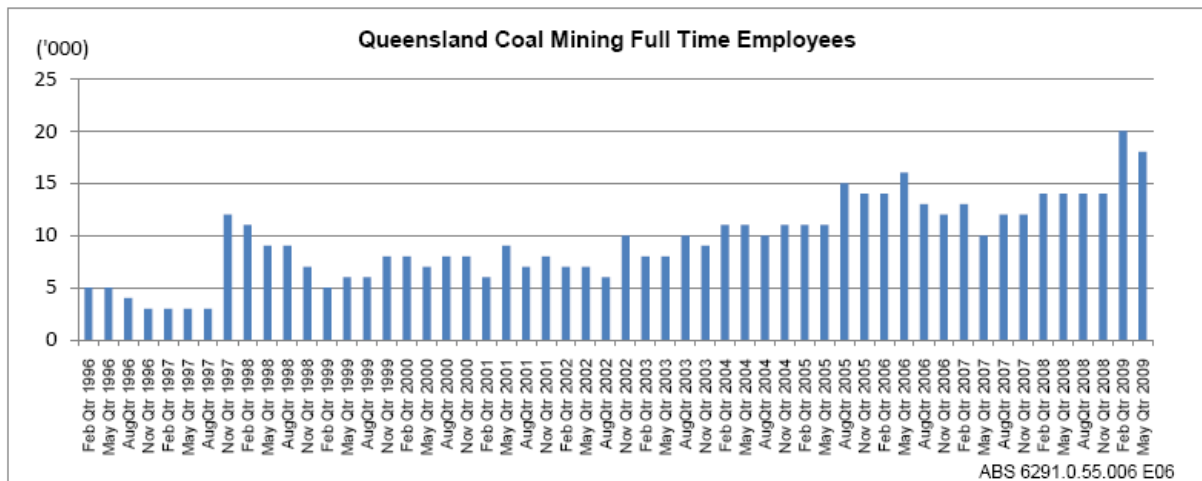
Despite the current economic downturn it is expected that strong demand for minerals and energy will continue to be driven by the rapidly growing economies of India and China in the medium to long-term. While the resources sector in Queensland shed approximately 6,000 personnel during the first phase of the downturn in late 2008 and early 2009, employment numbers published by the Australian Bureau of Statistics (May 2009) show a counter-intuitive growth in sector employment of almost 10,000 over the previous 12 months. The following table (Source: ABS) reveals this apparently remarkable achievement.

Queensland	May Quarter 2008	August Quarter 2008	November Quarter 2008	February Quarter 2009	May Quarter 2009
Coal Mining	13,879	14,232	13,847	19,694	17,626
Oil and Gas Extraction	2,641	4,863	3,941	3,87	4,095
Metal Ore Mining	4,184	5,376	4,611	3,75	5,422
Non-Metallic Mineral Mining and Quarrying	4,546	3,652	2,41	2,575	4,065
Exploration and Other Mining Support Services	6,739	5,537	12,084	8,393	9,804
Mining, nfd	4,999	4,187	7,786	8,738	5,587
Total	36,988	37,847	44,679	45,99	46,597



An inevitable global economic turnaround will place increasing pressure on the availability of skilled sector workers. Pre-downturn research determined that approximately 20,000 additional personnel would be required in the mining industry in Queensland by 2020 to meet expected demand. This research did not incorporate employment demand for the subsequent emergence of the coal seam gas- liquefied natural gas industry (CSG/LNG). The Australian Petroleum Production & Exploration Association (APPEA) said in a 30 June 2009 media release: "Australia currently has over \$200 billion worth of oil and gas projects on the drawing board with the potential for creating 60,000 jobs nationwide."

Queensland has the largest share of eastern seaboard coal seam gas reserves, estimated at more than 250 trillion cubic feet. The next largest gas reserves (175tcf) are located in the North West Shelf region of Western Australia.



Semi-skilled, trades, professional and managerial roles will make up the bulk of the additional personnel. It has been long recognised by industry that skills shortages in the areas of science, technology, engineering and maths (STEM) could affect projected growth and threaten industry competitiveness.

In 2007-08 the Queensland resources sector is estimated to have paid approximately \$16bn in wages and salaries to direct and indirect employees.

In 2008-09 the resources sector was predicted to pay \$3.6bn to the Queensland Government in royalties and rents, free and clear of industry infrastructure charges. Sector royalties are used to fund essential community services including police, education and health.

The Queensland Treasury forecasts that royalties will bring in nearly \$7bn over the ensuing three years.

Queensland electricity demand is currently 53,000 GigaWatt Hours per annum, or 24 percent of the national total demand. It is projected to grow to 125,000 GWh or 30 percent of the national demand by 2030. (Source: Coolibah Consulting, 3 August 2009).



There is little obvious investment incentive for new coal-fired power stations now or in the near future. Without access to continuing growth in reliable and affordable baseload power, economic growth is jeopardised.

### **Responses to Issues for Comment**

The following QRC responses are broadly structured against the *Issues for comment* and question format of the Issues Paper for ease of consideration by Committee Members. However, as will be evident, each question has not necessarily drawn a distinct, stand alone QRC response.

## **S6.0 Queensland's traditional and emerging economic strengths**

### **Questions 1-5**

Immediate employment creation opportunities in the resources sector are real, significant in number and identified in Appendix 1 (drawn from a QRC submission to the Queensland Government in May 2009 in support of its emerging Jobs Plan). The project recommendations and associated employment outcomes still stand.

The QRC is on the record in seeking a more strategic skills approach to the resources sector and other industries of economic priority to the state through the establishment of a high-powered independent skills authority. The authority would drive skills planning and investment in the context of industry and economic outcomes, similar to the Australian Government's policy entity, Skills Australia.

Evident prior to the economic downturn, skills shortages and underlying labour market factors had begun to act as a brake on growth across industries. The QRC considers these factors unresolved in that they have 'masked' by the downturn, and are expected to resurface during inevitable economic recovery. Massive long-term public investment in infrastructure creation coupled with private sector recovery requires a skills base that cannot be left to chance availability and passive supply-side approaches to creating and sustaining a skilled workforce. The diversification of the state's industry base proposed in this paper and strongly supported by QRC will only exacerbate the skills risks.

As confirmed by the Australian Government's emerging policy agenda on skills, there is a move to a more strategic focus on future workforce development across the higher education and vocational education and training sectors. This is aligned to the future workforce needs of industry and the nation through a demand side response to skills formulation. The QRC recommends support of this approach by the Queensland Government.

In addressing the issues of science research and technology infrastructure, innovation and commercialisation of discoveries, and their impacts on employment and the economy, QRC considers a coordinated standing engagement by government in a roundtable with the major Queensland universities to formulate future policy would be a possible starting point. Queensland's newly-formed Department of Employment, Economic Development and Innovation should enable and coordinate public policy formulation in this area.

### **Questions 6-9**

The Queensland resource sector is largely a price taker in global markets. Because of its large reliance on reliable and relatively inexpensive energy as a source of competitive advantage in global markets, climate change policies such as the proposed Emissions Trading Scheme (ETS) and the Renewable Energy Target (RET) are substantive reforms with a significant impact on costs and international competitiveness.



In comparison to the existing European Union scheme and the proposed United States scheme (Waxman-Markey Bill), the proposed Australian ETS is very aggressive and will impose significant costs on resource companies while global competitors are unlikely to face comparable costs in the foreseeable future.

While some cost increases are needed to drive changes in business and consumer behaviour, ETS costs should not be so high that emissions reductions are caused primarily by lowered levels of economic activity (e.g. shutdowns due to limited earnings). The ETS should be designed to encourage emitting firms to introduce new technologies and more efficient production methods. A level of transition assistance is required to ensure that emissions and energy-intensive firms stay viable until the rest of the world comes on board. While government has acknowledged the vulnerability of trade exposed firms and has proposed a number of transitional assistance measures, at least four separate industry and government-commissioned economic studies<sup>1</sup> demonstrate that the level of emissions intensive, trade exposed assistance proposed in the CPRS will be largely ineffective in ensuring a smooth and measured transition

Queensland is particularly susceptible with separate reports by the Federal Treasury and Access Economics for the Council for the Australian Federation Secretariat (May 2009) concluding that Queensland is most vulnerable to the impacts of rising energy and emission costs of all Australian jurisdictions with the state set to lose 28,000 jobs (net of 'green jobs' created) by 2020 assuming a Business As Usual (BAU) versus CPRS -5 scenario comparison.

The proposed quadrupling of the existing mandatory renewable energy target from 9,500 GWh to 45,000 GWh in 2020 will have a significant cost effect on Queensland's energy intensive industries – notably aluminium production. It is of concern that Australian Government's wish to accelerate renewable energy technologies and their adoption via an expanded MRET before the market has had an opportunity to determine the scheduling of the emission abatement options based on their cost effectiveness and quantum potential (COAG Energy Communiqué, 30 April 2009).

It is also of concern that through its recently released renewable energy plan, the Queensland Government will attempt to achieve a commensurate share of the expanded renewable energy pie by 2020. Specifically, the Queensland Government will seek the generation of 9,000 GigaWatt hours of Queensland based renewable energy by 2020 (or 20 percent of the total nationwide target). The QRC is concerned if further regulations introduced at the state level would further distort the market's ability to find least cost renewable options.

Because of the strong contribution of mining to regional Queensland and the multiplier effects on employment in these communities and regions, the future for many people remains under a cloud because of proposed climate change response policies.

**The QRC considers that the Queensland Government must continue to be seen to take up these CPRS/ETS and RET issues forcefully with the Australian Government on behalf of regional Queensland.**

Industry support is addressed in Section 3 of Appendix One for Committee Members' consideration.

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- <sup>1</sup> *The employment effects in the Australian minerals industry from the proposed carbon pollution reduction scheme in Australia* commissioned for the Australian minerals industry by Concept Economics (May 2009)
  - *Reports 1 and 2* commissioned for the Council for the Australian Federation Secretariat (the State and Territory Governments) by Access Economics (May 2009)
  - *Economic assessment of CPRS' treatment of coal mining* commissioned for the Australian coal industry by ACIL Tasman (May 2009)
  - *CPRS Impacts on EITE Mining/Processing Activities* commissioned for the QRC by ACIL Tasman (November 2008)



While recognising the Queensland Government's policy positions, QRC believes that denying uranium mining and substantially slowing the commercialisation of alternative energy sources such as shale oil and underground coal gasification technologies represents unnecessary sovereign risk.

Particularly in view of the Mines and Energy Minister's 'public interest' discretionary powers around any specific project, the state simply cannot afford the economic, energy security and employment consequences of a:

- (a) continuing blanket ban on uranium mining (allowed elsewhere in Australia for export under Australian Government policy guidelines and a clean energy source for many energy-impooverished countries)
- (b) any hint of extension of the present two-year shale oil moratorium. (Queensland reserves estimated to be equivalent to oil reserves of Nigeria (i.e. ranked #10 globally)
- (c) the de-facto 'three-mines' policy of the underground coal gasification policy that fails to provide a clear path to commercialisation for a technology that can provide much-needed energy security for Queensland through domestic production of high-value products such as fertiliser, explosives, diesel and aviation fuel.

In addition to these commodities whose growth aspirations are being smothered by current policies, the coal seam gas industry is undergoing a phenomenal transformation into an energy export industry, which could rival the coal industry in terms of significance to the Queensland economy. The development of LNG export facilities based on Queensland's world class coal seam gas fields requires a sympathetic policy framework that recognises the commercial imperatives driving these developments. The Queensland Government has an essential role in delivering policy stability and a clear planning and approval framework necessary to secure multi-billion dollar investments.

These energy security issues are matters for public debate and genuine leadership by the parliament of the day to strengthen Queensland's economy and confirm its leading role in national energy security beyond the current downturn.

Future additional royalty streams to government of the day would represent the 'cream on the cake' for their contribution towards the funding of successive governments' policy agendas.

QRC acknowledges continuing work by Queensland Mines and Energy in streamlining the existing project approvals process and in introducing a case management approach to handle project applicants as strong initial step towards a more effective regulatory regime.

This now prepares the way for implementation of the Queensland Government's 2009 election commitment to an industry-lead review of the state's resource project planning and approval processes. This would send a clear message to the global investment community as well as companies already operating here that Queensland is actively promoting and enabling further business development through leading standards in a low-cost, transparent and efficient regulatory environment.

It is suggested that for any industry promotion strategies to be effective, they must be clearly accompanied by enlightened world-class regulation and regulatory and royalty certainty. This would further assist government to avoid the need for 'picking winners' in its approach to industry policy.



## S7.0 Unemployment in Queensland

### Questions 10-12

The resources sector needs a continuing supply of skilled workers. Government policies driving enhanced standards of literacy and numeracy, as well as science, technology, education and mathematical (STEM) ability in school students are laying a long-term foundation for the state's technological and scientific advancement that will benefit industry and society at large. This commitment is supported by QRC. Higher educational achievements by an increasing number of proficient students not only contribute to the technical proficiency of an industry but also to the individuals' long-term employability.

Policies to expand the availability and take-up of STEM subjects by high school students and to train more STEM-proficient teachers should be encouraged.

To improve the employment opportunities for the identified target groups, closer understanding by the education and training systems and deeper engagement by them with industry in the formulation of policy and implementation of government employment programs is also recommended.

Government and agency expectations of industry can too readily descend into cost-shifting and unrealistic short-term employment outcomes. Industry is not a proxy for government nor the education and training system.

In terms of Indigenous employment, QRC sees value in improved coordination of the various indigenous training and employment program and funds available through government agencies. Initiatives such as the North West Indigenous Pilot Project under the QRC and Queensland Government offer avenues for improved coordination.

Greater delegation to officers to commit to the expenditure of funds coupled with more ownership of project outcomes at levels below the Minister, Director-General and SES personnel would be constructive, together with adequate resourcing.

The ability of government to implement indigenous employment programs in collaboration with industry is not at issue. More problematic are government agencies not staying the course because of personnel changes and new, competing budget priorities.

The resources sector remains one of the major employment prospects for indigenous people in remote Australia, given likely sectoral growth, demand for more skilled people and proximity. The education and skills challenges for indigenous people cannot be adequately addressed in isolation, without resolving wider social policy challenges that remain the core domain of governments.

The **Sustainable Resource Communities Partnership Agreement** between the QRC, the state government and the Local Government Association of Queensland provides a model framework for improving many aspects of the regional sustainability of resource communities.

The partnership agreement commits the parties to work collaboratively to build and maintain sustainable resource communities in Queensland. Through the agreement, the parties will consider priority areas such as comprehensive regional planning and infrastructure coordination, improved social impact assessment, and innovative solutions to the provision of affordable housing and high quality health and education services.





To support the Sustainable Resource Communities Partnership Agreement, the Queensland Government has also committed funding of \$100 million over three years to contribute to social infrastructure in resource sector communities such as childcare centres, sport and recreation facilities, health and emergency services facilities. The agreement could be enhanced by directing additional training investment to local communities to enable local people to be employed in the operation of such facilities.

Resource communities are self-evident – identified through their linkages to major resource production, taxation revenues and royalties paid to the taxpayer through the state government. The QRC believes these communities and regions are deserving of greater government investment in infrastructure, facilities and social services consistent with their economic contributions to the state.

A proportion of the total skills investment and capacity of the public training provider (TAFE Queensland) should be considered for a shift in alignment towards priority industry skills development as mentioned previously in the QRC's advocacy for a state-based Skills Australia equivalent.

#### **S8.0 Government role in job creation**

##### **Questions 13-15**

After successive years of economic growth and low unemployment, by late 2008 the labour market had become very tight and government employment programs focused on the long-term unemployed or other programs facilitating the overcoming of barriers to employment by groups or individuals.

These programs were of marginal effect in generating the growing numbers of skilled employees sought by the resources sector at the time. The sector was to some extent captive to the supply outputs of schools and universities, and the diminishing availability of transferable skills from other industries, supplemented by low numbers of international recruits. In short, government employment programs were largely irrelevant to the resources sector.

Government employment programs responding to increased unemployment since late 2008 are considered to warrant an entirely different approach to that deployed over the last decade. QRC notes that governments are moving their policy responses in this regard.



## Employed Persons by Industry (Queensland Government, July 2009)

Industry	4 quarters ending June 2009	Change since last quarter	Change since last year
Agriculture, forestry & fishing	79,890	-4,370	-310
Mining	46,130	2,570	8,180
Manufacturing	189,830	-2,350	1,550
Electricity, gas, water & waste services	26,800	-150	3,460
Construction	245,040	-1,180	8,560
Wholesale trade	66,750	330	-2,160
Retail trade	261,020	-2,230	-8,020
Accommodation & food services	159,370	2,470	4,500
Transport, postal & warehousing	139,900	1,460	19,460
Information media & telecommunications	35,070	-1,620	-6,360
Financial & insurance services	60,300	-1,870	4,190
Rental, hiring & real estate services	53,080	-1,870	-1,300
Professional, scientific & technical services	143,110	3,120	3,980
Administrative & support services	67,010	-1,640	-6,320
Public administration & safety	128,050	800	-930
Education & training	169,340	730	6,980
Health care & social assistance	225,120	7,640	13,180
Arts & recreation services	34,660	1,020	-5,280
Other services	95,500	3,230	7,950

Mining employment growth reflected in the above table is remarkable in the context of the GFC.

The real strength in these numbers is in the multiplier effect that mining has on wider employment generation, calculated as 3.32 further jobs for every mining job. (Source: ACIL Tasman for Queensland Mines and Energy). This highlights the extended value of the resource sector's contribution to sustaining employment in regional Queensland during the last difficult year.

#### Questions 16-17

In determining future policy directions, the QRC recommends the state government should take account of existing industries that have withstood the impact of events such as the Global Financial Crisis. The resources sector is one of these and pivotal to the future of the state's economy.

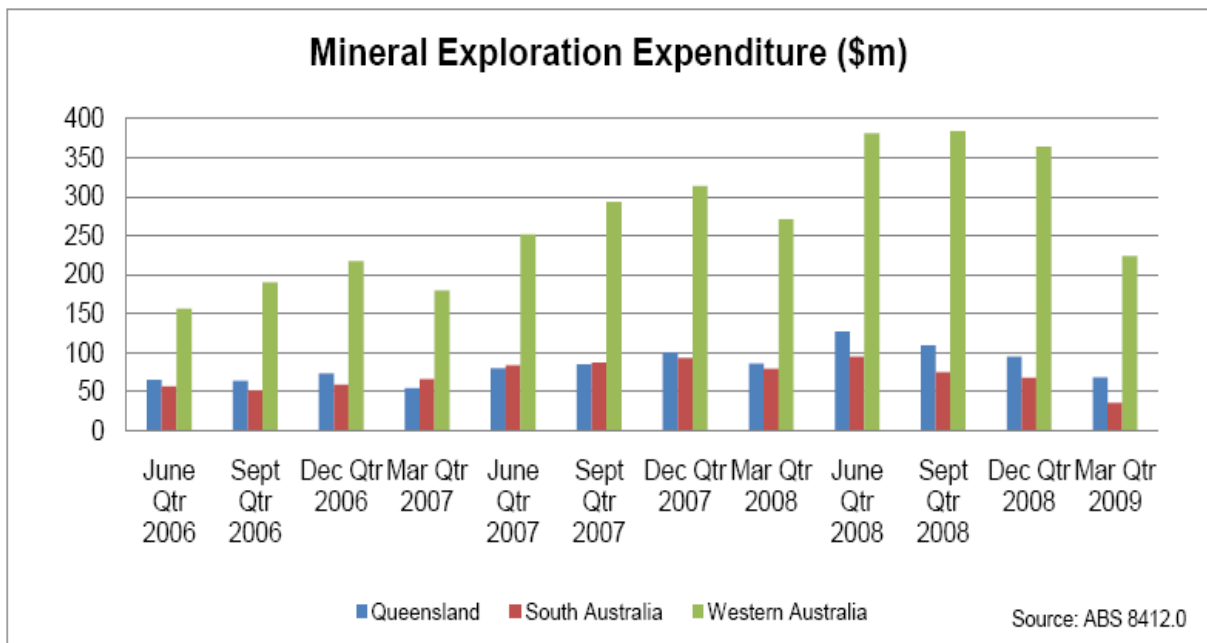
With the correct policy settings, the sector can continue to grow in established areas such as exploration, mining and minerals processing operations, and in new areas such as CSG/LNG (already being facilitated by policy) along with undeveloped opportunities such as uranium mining and export, and shale oil production.

Evidence from growth trajectories for India and China, together with projected growth in global energy demand identified by the International Energy Agency (regardless of the downturn) confirm that the resources sector has a long-term future, providing local policy settings are correct.

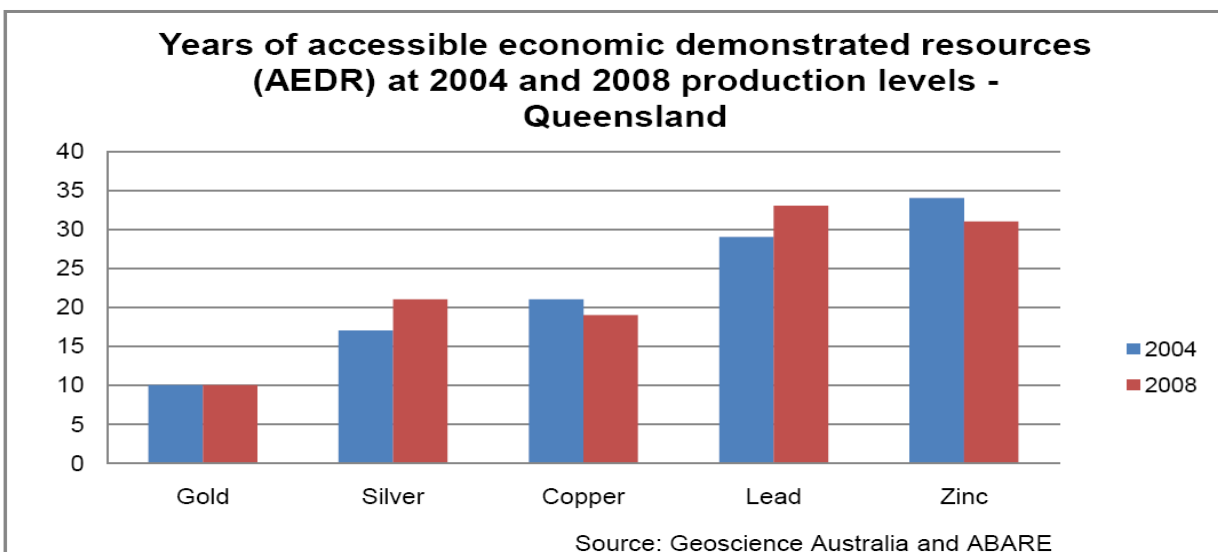


It is in policies and related investments that either enable or discourage business and industry growth that government can and should make its major contributions to employment.

Greater government investment in programs supporting exploration – in particular the quality and coverage of the state’s pre-competitive geo-scientific data is a prime opportunity. This aids both the discovery of new mineral reserves and generating employment. The following table illustrates how far Queensland is lagging behind other jurisdictions in exploration expenditure.



Putting the impact of this expenditure drought in perspective, the following table highlights the limited remaining life of the state’s presently accessible economic metal resources.





The economic value of implementing modern streamlined transparent approvals processes that reduce development timelines and costs, the time to production and accompanying employment becomes more apparent as new reserves are identified and projects initiated.

### **S9.0 Skills requirements for the Queensland economy**

#### **Questions 18-20**

The QRC again highlights the value of establishing an independent high-level strategic authority to drive skills planning and investment through the VET system. Accountable to the Minister for Education and Training, and akin to Skills Australia, the authority would ensure the creation of a skilled workforce for all industries of economic priority to the state's economy and budget.

The skills required in the Queensland economy have not necessarily changed since the economic downturn. Rather, it is only the level of demand and/or location has shifted. Recent research from the Mining Industry Skills Centre confirms the extensive advice from employers of severe shortages of mechanical and electrical trade employees both in the resources sector and other industries. This shortage has been chronic and remains to be addressed by the VET sector.

While the resource sector has retained apprentices through the downturn, the likely reduction in apprenticeship commencements means the relative supply of tradespeople may decline again during the economic recovery, unless creative interventions are implemented immediately. Similarly, the advent of the CSG/LNG industry is expected to increase the demand for drilling and pipelining skills, already chronic area of skills shortage. Drilling skills are also necessary to support exploration and the discovery of new resources.

Government agencies are considered to have the knowledge and experience in a range of institutional and off-the-job training pathways and models to partially augment a structured training system, which could now be deployed. QRC is aware of moves within the Department of Education and Training to shore up future trade numbers through the implementation of such alternative pathways. QRC contends that these new flexible pathways should remain a feature of the training system beyond the present economic downturn. Government also has a major role in promoting trade careers – especially chronic skills shortage trades – to schools and the broader community.

The QRC, in collaboration with organisations such as Skills DMC (national industry skills council) and the Mining Industry Skills Centre, stands ready to work with government agencies in the formulation of training responses to meet identified skills needs.

In the professional area, future numbers of graduate mining engineers, metallurgists, and geoscientists is a heightened concern with some students currently switching either their enrolments or majors to other fields in response to perceptions of employment prospects in the resources sector. QRC is working with the relevant universities in this regard, and recognition and positive commentary on the long-term future of the industry by Members of Parliament is always valuable.

Skills programs and university programs cannot of themselves immediately generate graduates to steadily sustain productive employees with years of experience. These programs require time to complete, typically 3-4 years minimum, and that is why continuing enrolments and completions are essential even during a downturn.



Government policies to attract students to VET and university programs opening to resources industry careers remain important. This includes promotion through the media, further policies to enhance STEM (Science, Technology, Engineering, Maths) access and takeup in schools, ready access to new training options commensurate with the times that articulate to trade outcomes, and continuing more nimble training responses by the public training provider.

In schools, the government already has its Gateway schools models with industry that could be further ramped up at this time to assure future employment outcomes. QRC therefore recommends the redirection of further modest levels of departmental resources to increase the reach, capacity and level of engagement by teachers and schools with the QRC and its industry sponsors of the **Queensland Minerals and Energy Academy (QMEA)**.

The government has correctly recognised the CSG/LNG industry in the Surat and Bowen Basins and Gladstone as a major economic priority. Investing in the expansion of the QMEA in these regions would be consistent with achieving the long-term sustainable workforce for this industry.

The resources sector continues to invest heavily in training and development of its own staff. Many companies have established in-house Registered Training Organisations (RTOs) to ensure the availability of skilled people trained to industry standards. The industry's commitment to safety, education, innovation and adoption of new technologies is reflected by the high level of investment internally in these RTOs, through community development programs, and through schools and universities.

The industry's vocational education and training centre of excellence – the Mining Industry Skills Centre – efficiently and effectively allocates training funds made available by the Department of Education and Training for training relevant to the industry through a range of public and private training providers, while leveraging significant further investment from industry in the process. Given the importance of the sector to employment, the budget and the economy, the QRC recommends a review of the present minimal level of funding allocated for mining training (in comparison to other vocational areas) to a level more commensurate with the industry's present and future value to the state.

The resources sector has and will continue to rely to a modest extent on skills recruited to Australia from the global marketplace under the s457 Visa program. QRC urges Members of Parliament to support the continuing availability of the s457 program in consultations with the Australian Government, allowing companies to recruit such candidates on merit. Access to skills in 'thin markets' globally can be critical to the timing of project commencements and resulting employment of many Queenslanders.

## **S10.0 Interaction between regulation and economic growth and recovery**

### **Questions 21-23**

The issues of regulatory reform, resulting employment stimulation, reducing regulatory costs and making Queensland an attractive destination for business investment have been addressed in earlier responses and in Appendix 1.

In terms of issues that will impact 'very strongly' and 'more than normal' on the resources sector in the coming year, the QRC's CEO sentiment index has identified uncertain and/or poor regulation as a Top 3 policy challenge after the global economy and domestic climate change policy.



QRC contends that the state should be moving to a position where government and government agencies will increasingly be held accountable not only for economic outcomes but also accountable for the economic, employment and productivity impacts and consequences of the background regulatory environment. This would include the performance of government agencies involved in implementation of policy and regulation.

QRC is on the record as supporting a lift in the quality of the bureaucracy in key agencies to ensure it is 'fit for purpose' in informing and implementing government policy and regulation in a complex modern economy.

*Michael Roche*

**Michael Roche**  
Chief Executive



Appendix 1

## STATE GOVERNMENT JOBS PLAN

Prepared by Queensland Resources Council  
22 May 2009

### **Purpose:**

To provide resource sector inputs into the Queensland Government's forthcoming *Jobs Plan*, building on the issues identified in a briefing to the Premier's Employment Taskforce which emphasised the linkage between policy/infrastructure decisions and their job creation benefits.

### **Background:**

The government has announced a bold commitment to creating 100,000 jobs as part of its strategy to reducing the impact of the recession on the Queensland economy. The Premier's Employment Taskforce was briefed on the basic structure of the government's *Jobs Plan* as having four key planks for job creation:

1. **Infrastructure and government procurement** including:
  - keeping Queensland's building program going,
  - achieving the jobs dividend that comes from maintaining the government's capital contribution during a period of reduced private sector investment,
  - leveraging opportunities from procurement, and
  - maintaining apprenticeship and trainee numbers.
  
2. **People** - providing employment support and building skills through initiatives such as:
  - Rapid Response Teams,
  - Increased funding commitments to Skilling Queenslanders for Work.
  - The government is committed to ongoing investment in skills and preventing the growth of long term unemployment, ensuring Queensland is best placed to maximise employment opportunities when economic recovery begins.
  
3. **Industry support** – encouraging new industries to emerge and existing industries to grow and transform, boosting and re-focussing government support to deliver employment outcomes,
  - building export and trade capability, and
  - improving the regulatory, planning and approval environment is essential to achieving this commitment.
  
4. **Investment attraction and innovation**
  - supporting innovation, research and industry partnership, and
  - supporting new industries and technologies will be essential to achieving this commitment.



**Issues:**

The resource sector would like to bring the following project and policy reforms to the attention of the Queensland Government. These initiatives have been grouped under the headings of the *Jobs Plan*.

1. **Infrastructure and government procurement:** Suitable resource sector projects to consider for support.
  - Northern Missing Link – a rail line linking the Goonyella rail system with the expanding Abbott Point coal terminal.
  - Implementing the recommendations of the Sims Review of energy to North West Queensland.
  - Dredging for the Port of Gladstone - securing channels for LNG exports out of Curtis Island and Fisherman’s Point.
  - Improved access to Port of Townsville – new port access corridor for rail and road.
  - Early engineering work around Wiggins Island Coal Terminal in Gladstone.
  - Investing in the upgrading of the Mount Isa rail corridor.

Infrastructure & Government procurement	Jobs	Support required	Basis of estimate
Northern Missing Link – a rail line linking the Goonyella rail system with the expanding Abbott Point coal terminal	300 operational jobs for stage 1 – North Goonyella to Newlands	Queensland Government secures Commonwealth seed funding to commence work (approx \$200m in seed funding)	ABARE Major Projects (October 2008)
Expanding Abbot Point coal terminal X50	Up to 500 workers during the X50 Expansion Project.		Ports Corporation Queensland
Implementing the recommendations of the Sims Review of energy to North West Queensland	100 – 200 <sup>e</sup>	Delivering competitively priced energy to the Mount Isa region (one of the most prospective metal provinces in the world) via a transmission link from the east coast – (approx \$50m in FEED work)	QRC estimate based on submissions to Sims Review
Dredging for the Port of Gladstone -securing channels for LNG exports out of Curtis Island and Fisherman’s Point	500 – 1,500 <sup>e</sup>	Accelerating the regulatory approval and commencing work on dredging (approx \$150m in seed funding)	Queensland Government submission to Federal Government





Infrastructure & Government procurement	Jobs	Support required	Basis of estimate
Improved access to Port of Townsville – new port access corridor for rail and road.	150 – 250 <sup>e</sup>	Starting work on the project proposed to AusLink by the Queensland Government (\$150m)	Queensland Government submission to AusLink, QRC estimate
Wiggins Island Coal Terminal Stage 1 – 2012 Stage 2 – 2016	Stage 1 – 500 construction 130 Operating Stage 2 - 600 Construction 225 operating	Commencing early construction works (\$50m)	ABARE Major Projects (October 2008)
Mount Isa rail corridor	50 – 150 <sup>e</sup>	Accelerate re-sleeper upgrade (\$120m)	QR Network master plan 2008, QRC estimate.

**2. People – providing employment support and building skills**

- Increased government support, via Education Queensland for the ground-breaking school-based Queensland Minerals and Energy Academy (QMEA).
- Resource key Departments to reflect their economic importance including DIP, DERM, and DEEDI.

People	Jobs	Support required	Basis of estimate
Resource key Departments to reflect their economic importance.	200 – 400 <sup>e</sup>	Key areas such as infrastructure, tenures, water, native title, and environment protection are all struggling to keep up with their workload.	QRC estimate

**3. Industry support – encouraging new industries to emerge and existing industries to grow and transform, boosting and re-focussing government support to deliver employment outcomes:**

- A focus on industry's costs
- Developing an LNG masterplan for Queensland – what opportunities does this new export industry offer Queensland – what are the major milestones?
- Streamline project approval through a lead agency model.
- Oil shale – removing the state-wide moratorium.
- Underground coal gasification – fast tracking the pilot projects on existing tenures.
- Remove ban on uranium mining and assess proposals on their economic and environmental merits.
- Securing EITE status for the coal industry under CPRS.
- A focus on industry's costs.



Industry support	Jobs	Support required	Basis of estimate
Developing an LNG masterplan for Queensland – what opportunities does this new export industry offer Queensland – what are the major milestones?	Bringing forward LNG jobs sooner – for example, getting the QGC/BG project ahead of schedule by 1 year would bring forward- 3,600 jobs during construction and approximately 820 jobs during operation	A high level overview of the opportunities of LNG and identifying the role government can play in planning and fostering this growth. Identify major approval milestones and set targets.	QGC/BG EIS
Streamline project approval through a lead agency model.	1,700 construction and 1,455 operational jobs directly related to the 18 priority resource projects.	Eliminating process duplication and overlaps in project approval processes delivers faster decisions and greater investor certainty.	DEEDI (Mines and Energy) estimate
Oil shale – removing the statewide moratorium.	150 – 400 <sup>e</sup>	Allowing oil shale proponents to present the merits of their project through the usual approval processes	QRC estimate
Underground coal gasification – fast tracking the pilot projects on existing tenures.	100 – 300 <sup>e</sup>	Clarifying the application of the UCG policy so that individual proponents can proceed to commercialisation without waiting for an industry-wide appraisal.	QRC estimate
Remove ban on uranium mining and assess proposals on their economic and environmental merits.	Several hundred	Allowing uranium proponents to present the merits of their project through the usual approval processes. Major benefits for Queensland in poly-metallic mines.	QRC currently updating estimate using independent economic analysis

The impact of cost increases on the creation and retention of jobs in industry is difficult to quantify with any precision, but the issue is uppermost in industry's mind. QRC members remain concerned that the impact of many government decisions on company cost structures is largely invisible to government. Key areas of focus include:

- direct cost increases such as royalties, levies, and charges;
- indirect costs such as when traditional government functions are transferred to industry which is what the industry is increasingly facing demands to support social infrastructure such as medical, housing and education services in resource communities;
- regulatory and compliance costs including: – uncertainty and delays in processing tenures; and shortages of resources in key Departments delaying decisions. Development plans are a good



example of where the government requests detailed operational information on mine planning, when it's unclear how they can put that information to good use; and

- opportunity cost – when key infrastructure is unable to perform and market opportunities are missed or when the negotiations around the pricing and financing of expansions of infrastructure take longer than the time to build the infrastructure.

In the absence of clear examples of the cost impact of decisions, it is too easy for Governments to brush aside industry concern with the compliance impact as head-in-the-sand resistance to policy change.

#### 4. Investment attraction and innovation

- Restructure QR to allow management to focus on adding value. The monopoly network services and above rail freight elements need to be separated.
- Flow through shares – kick-starting the Queensland Government's target to be Australia's greenfield exploration capital by 2020.
- Encourage SunWater to move towards a more commercial focus on their business
- Streamline resource project approval through a lead agency model.
- Securing a better treatment for black coal-fired energy generation under the CPRS.

Investment attraction and innovation	Jobs	Support required	Basis of estimate
Flow through shares – kick-starting the Qld Government's target to be Australia's greenfield exploration capital by 2020.	1,200 pa in Queensland (over 4000 nationally)	Securing Commonwealth support for correcting the tax anomaly that sees junior exploration companies unable to realise the tax benefits of their work – at a cost of \$130m pa	Synergies Economic Consulting modelling for QRC
Securing EITE status for the coal industry under CPRS.	11,440 (by 2020)	Securing Commonwealth support to treat coal mining on an equal basis with other Emission Intensive Trade Exposed Industries.	Concept Economics.
Securing a better treatment for black coal-fired energy generation under the CPRS.	400 – 800 e	Securing Commonwealth support for more equitable treatment of Queensland black-fired power generation.	QRC estimate

#### Recommendation

With all of the EIS information at hand and the project development experience of key agencies such as Infrastructure and Planning, the government will be much better placed to refine such a list of proposals and develop a clear sense of the likely timing of the jobs created, but the Queensland Resources Council commends this approach to the Queensland Government of systematically considering the jobs dividend that is available from maintaining a focus on the resource sector across the four key planks for job creation:

1. Infrastructure and government procurement;



2. People - providing employment support and building skills;
3. Industry support – encouraging new industries to emerge and existing industries to grow and transform, boosting and re-focussing government support to deliver employment outcomes; and
4. Investment attraction and innovation.

As a major driver of employment creation and wealth for the Queensland economy, with the right policy settings, the resource sector has a major contribution to make across each of these four key areas.