



Department of
State Development

Our Ref: DGC16/359

23 MAR 2016

Mr Peter Russo MP
Chair
Finance and Administration Committee
Parliament House
Corner of George and Alice Streets
BRISBANE QLD 4000

Email: fac@parliament.qld.gov.au

Dear Mr Russo

Thank you for your letter of 18 March 2016 about the Inquiry into the North Stradbroke Island Protection and Sustainability (Renewal of Mining Leases) Amendment Bill 2015 and North Stradbroke Island Protection and Sustainability and Other Acts Amendment Bill 2015.

In response to your request for a written briefing on the draft North Stradbroke Island Economic Transition Strategy, please find the Department of State Development's response enclosed.

As the North Stradbroke Island Sand Mining Workers Assistance Scheme is administered by Queensland Treasury, we have referred your request to that department for their direct response. For future information requests regarding the scheme, please contact Ms Catherine McFadyen, Director, Economic Policy on 3035 1451 or catherine.mcfadyen@treasury.qld.gov.au.

I would also like to thank you for informing us of the key dates for the Committee's review.

If you require any further information, please contact Ms Danielle Ellem, Office of the Chief Economist, Economic and Industry Development, Department of State Development, on 3452 7275 or danielle.ellem@dsd.qld.gov.au, who will be pleased to assist.

Yours sincerely

Michael Schaumburg
Director-General

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***Briefing for Finance and Administration Parliamentary Committee
North Stradbroke Island Economic Transition Strategy***

BACKGROUND

1. The *North Stradbroke Island Protection and Sustainability Act 2011* (NSIPS Act) was developed by the then State Government to substantially end sand mining on North Stradbroke Island by 2019.
2. The government prepared a strategy in 2011 to support NSI's economy transition to a more diverse and sustainable industry base. The 2011 strategy underwent extensive public consultation, however a change of government in 2012 meant that the strategy was not finalised.
3. In 2013, the then State Government amended the NSIPS Act to enable the time and extent of mining on NSI to be extended to 2035.
4. Following election in 2015, the current State Government announced its commitment to reinstate the 2019 mining phase out date. The Department of Environment and Heritage Protection (DEHP) has drafted the *North Stradbroke Island Protection and Sustainability and Other Acts Amendment Bill 2015* which is being considered by the Finance and Administration Committee.
5. To support the North Stradbroke Island economy to transition away from sand mining, the government also committed \$20 million towards an Economic Transition Strategy.

DEVELOPMENT OF THE DRAFT ECONOMIC TRANSITION STRATEGY

Governance

6. The development of the North Stradbroke Island Economic Transition Strategy is being led by the Department of State Development (DSD) with direction from the North Stradbroke Island Ministerial Forum. The North Stradbroke Island Ministerial Forum consists of:
 - Hon Jackie Trad MP, Deputy Premier, Minister for Infrastructure, Local Government and Planning and Minister for Trade and Investment
 - Hon Kate Jones MP, Minister for Education and Minister for Tourism and Major Events
 - Hon Anthony Lynham MP, Minister for State Development and Minister for Natural Resources and Mines
 - Hon Steven Miles MP, Minister for Environment and Heritage Protection and Minister for National Parks and the Great Barrier Reef.
7. Decisions arising from the Ministers' Forum are actioned through an inter-departmental committee. This committee also provides a key mechanism for coordinating consultation activities across departments.
8. Membership of the North Stradbroke Island Inter-Departmental Committee (IDC) consists of:
 - The Department of the Premier and Cabinet
 - The Department of Infrastructure, Local Government and Planning
 - The Department of Environment and Heritage Protection
 - Queensland Treasury
 - The Department of National Parks, Sports and Racing
 - The Department of Natural Resources and Mines
 - The Department of Tourism, Major Events, Small Business and the Commonwealth Games.

9. The IDC has been engaged at various stages throughout the development of the draft strategy.

Work which informed the draft Economic Transition Strategy

10. In preparing the draft Economic Transition Strategy, DSD undertook a review of the following work prepared in 2011:
- A situational analysis, which provided contextual information about North Stradbroke Island's history, environment, socio-economic opportunities and challenges and industry profile.
 - An economic transition strategy, which provided a framework for encouraging sustainable economic activity.
 - A transition action plan that identified priority actions with the potential to contribute to sustainable economic growth for the island and its community.
11. Additional documents which were reviewed include:
- The Redland City Council: Redlands 2030 Community Plan (adopted in 2010), Corporate Plan 2015-2020 and Redland City Tourism Strategy and Action Plan 2015-2020 (adopted in 2015).
 - The Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC) publication; 'Through Native Title, to a Glad Tomorrow' which outlines the need for transition strategies and identifies opportunities to advance the economic and social advantage of the Quandamooka people.
12. The 2011 strategy and action plan focused on three main industries for growth on North Stradbroke Island. These were tourism, education and training and niche business.

Key activities in development of the draft Economic Transition Strategy

13. DSD research and analysis identified that the overall demographic and economic situation on the island remains similar to 2011 and that the priority industries identified in 2011 remain relevant.
14. During June 2015, DSD met with Redland City Council, QYAC and the Straddie Chamber of Commerce separately to initiate consultation on the draft strategy. These meetings were intended to discuss the aspirations for the island and to outline the timeframes for developing the draft strategy.
15. During July 2015, DSD met again with Redland City Council, the Straddie Chamber of Commerce and QYAC separately to gauge support for the actions proposed in the 2011 documents. Key stakeholders expressed a desire to partner with the department in the transition process. There was general agreement that the 2011 strategy and recommended actions were still of value.
16. Both Redland City Council and the Straddie Chamber of Commerce expressed reservations about the transition timeframe at these meetings.
17. During this period, DSD worked with Queensland Government agencies to gather information on grants provision, capital works, programs and service delivery on North Stradbroke Island. This ensured that initiatives proposed for funding under the draft strategy did not duplicate existing government commitments on the island.
18. Following the review of previous work and initial inter-agency and key stakeholder consultation, DSD collated 180 potential initiatives for inclusion in the strategy.

19. To determine which of these initiatives would be included in the draft Economic Transition Strategy, DSD undertook a multi-criteria analysis. This process enabled the department to prioritise initiatives according to their benefit to industry and the community, economic development, employment creation and community support.
20. Using this process, 26 initiatives were identified for funding across the three priority sectors previously identified: sustainable tourism, education and training and business development and growth.
21. These industry sectors have been targeted for support through the draft strategy because they:
 - currently exist on North Stradbroke Island and have the potential for growth
 - are emerging and would evolve without government intervention
 - capitalise on the unique characteristics of North Stradbroke Island.
22. DSD engaged an external contractor to provide high level cost estimates for proposed infrastructure initiatives and to identify key risks for construction. The estimates were based on industry standard costs for comparable projects.
23. Following prioritisation and costing of initiatives, during September DSD met with Redland City Council, the Straddie Chamber of Commerce and QYAC. At these meetings, a copy of the draft strategy was provided as well as a draft spreadsheet of initiatives prioritised for inclusion.
24. Feedback was sought from stakeholders on the draft documents. It was emphasised at these meetings that they were working documents and therefore subject to change.
25. DSD acknowledges that a copy of the spreadsheet was requested by the Committee following its discussion at a public hearing held on 7 March 2016. DSD is currently seeking advice on its release.
26. DSD sought advice from Queensland Treasury regarding the estimated number of jobs which could be generated out of the draft Economic Transition Strategy. Based on construction and growth in the tourism industry, plus additional advice received on predicted mine rehabilitation work, it was estimated that approximately 151 positions may be generated through the draft strategy plus predicted growth.
27. On 3 December 2015 the draft Economic Transition Strategy was announced in Parliament to coincide with the introduction of the government's *North Stradbroke Island Protection and Sustainability and Other Acts Amendment Bill 2015*.

Economic Impacts

28. In August 2015, DSD engaged an independent contractor to undertake an analysis of the economic impact of ending sand mining on North Stradbroke Island. DSD is seeking advice on whether this report can be released.

Public consultation on the draft Strategy

29. Public consultation on the draft Economic Transition Strategy was conducted between 3 December 2015 and 5 February 2016. During this time, members of the community were able to provide comment on the draft strategy through the completion of an online survey form, via email/phone or in person.
30. DSD engaged a contractor to conduct on-island consultation and to produce a report outlining the results. Over the consultation period, DSD received 191 completed online surveys, 110 stakeholder comments (through listening posts on the island and one on one stakeholder meetings) and 30 written submissions.

31. The results of the consultation are now being considered in the drafting of the final Economic Transition Strategy. As the Economic Transition Strategy is currently the subject of Cabinet deliberations, the draft consultation report is considered Cabinet-in-Confidence and is therefore unable to be released at this point.
32. On 17 March 2016, the draft Economic Transition Strategy was referred to the Parliamentary Finance and Administration Committee for review.