



Department of
State Development

Our Ref: OUT16/2474

15 APR 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

I write in relation to the Inquiry into the North Stradbroke Island Protection and Sustainability (Renewal of Mining Leases) Amendment Bill 2015 and the North Stradbroke Island Protection and Sustainability and Other Acts Amendment Bill 2015.

In your letter of 18 March 2016, you requested a response to public submissions received by the Committee which relate to the draft North Stradbroke Island Economic Transition Strategy. Please find enclosed the Department of State Development's response.

As the department has previously provided a response to the Committee, the enclosed response only relates to new issues which were raised in further submissions.

If you require any further information, please contact Mr Matthew Andrew, Executive Director, Industry Development, Department of State Development, on [REDACTED] or [REDACTED] who will be pleased to assist.

Yours sincerely

[REDACTED]
Michael Schaumburg
Director-General

Enc

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Department of State Development
Request for information – April 2016

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Parliamentary Finance and Administration Committee
North Stradbroke Island Economic Transition Strategy

Response to public submissions – Part 2

Background

On 17 March 2016, the scope of the Parliamentary Finance and Administration Committee's inquiry into legislation governing sand mining on North Stradbroke Island was expanded to include:

- the draft North Stradbroke Island Economic Transition Strategy, and
- the North Stradbroke Island Sand Mining Workers Assistance Scheme.

As a result, the Committee invited further submissions which focussed on these issues.

On 18 March 2016, Mr Peter Russo MP, Chair of the Finance and Administration Committee, wrote to Mr Michael Schaumburg, Director-General, Department of State Development (DSD) to request a departmental response to public submissions received during the additional submission period.

Many of the issues raised in the latest submissions are addressed in the DSD's previous response to the Committee (provided on 24 March 2016). As a result, the following responses address the new issues raised and not those previously responded to. However, item 1.0 is an update of information previously provided to reflect the release of the economic analysis report to the Committee.

It must be noted that the responses below do not provide a complete response to each submission that is listed under each theme. Rather the responses are only relevant to that particular theme in the submission.

It should also be noted that issues raised in submissions regarding the North Stradbroke Island Sand Mining Workers Assistance Scheme fall within Queensland Treasury's responsibilities and are therefore not addressed in this response.

1.0 The economic impact of ceasing sand mining on North Stradbroke Island

1.1 Issue

Submitters are concerned about the economic impact that the closure of sand mining could potentially have on North Stradbroke Island's economy.

This response refers to the following submissions (additional to those already included in the DSD's previous response): 270, 277, 295.

1.2 DSD's response

In August 2015, DSD engaged an independent contractor to undertake an analysis of the employment and economic impacts of ending sand mining on North Stradbroke Island. On 7 April 2016, a letter was forwarded to the Committee enclosing a copy of the contractor's report.

The analysis sought to quantify the direct economic and employment impacts only. The indirect impact of sand mining closure to North Stradbroke Island and the broader Redland City region was explored, but only qualitatively discussed in the analysis. The mining company's employment and financial records were not analysed as part of this process as they are private documents.

The analysis was conducted using public information from the Australian Bureau of Statistics' 2011 Census of Population and Housing data on employment and income.

It should be noted that there are a number of limitations to using this dataset, such as the age of data, changes to the sand mining industry on the island since 2011 and any impacts of the mining company's business decisions such as production rates and productivity changes. Therefore, it is very difficult to predict the impact the end of sand mining will have on the North Stradbroke Island economy, due to its small size and the lack of reliable data sets.

That said, the analysis found that approximately 141 people are employed in sand mining operations on North Stradbroke Island. Of these, approximately 95 reside on the island.

These direct employment estimates assume that the current rate of production will remain constant throughout the mine's life until operations cease.

The analysis also found that sand mining operations on North Stradbroke Island generates between \$62.8 million and \$86.0 million in Gross Value Added terms each year.

It should be noted that this estimate captures the economic activity produced in the region rather than the proportion of economic activity retained in the region. Therefore this estimate is likely to represent the upper limit.

The analysis also found that tourism, construction and transportation industries are the most likely industries to absorb labour capacity in the future.

2.0 Inclusion of Toondah Harbour in the draft strategy

2.1 Issue

Submitters have raised concerns about the draft strategy's reference to the proposed development at Toondah Harbour.

This response refers to the following submissions: 270, 272, 273, 274, 278, 279, 280, 282, 288, 296, 298.

2.2 DSD's response

The proposed Toondah Harbour development at Cleveland is likely to generate a significant number of employment opportunities both during and post construction. As North Stradbroke Island is within close proximity to the Toondah Harbour development, the government considered it relevant to highlight the potential employment opportunities that this project may provide to NSI residents and in particular ex-sand mining workers.

The Toondah Harbour development is not an initiative of the draft strategy.

3.0 Challenges of growing key sectors

3.1 Issue

Submitters are concerned that there are some challenges in developing the key industries which have been identified for growth in the draft strategy.

This response refers to the following submissions: 267, 271, 277, 279, 281, 282, 286.

3.2 DSD's response

The draft Economic Transition Strategy identifies 26 potential initiatives across three key themes:

- diversifying and expanding the current tourism industry
- expanding the education and training sector
- inspiring business development and growth.

These themes were identified as they capitalise on the competitive advantages of North Stradbroke Island, are already established and have the capacity to develop sustainably without the need for ongoing government support.

Sustainable tourism

The draft strategy addresses several challenges that could affect the long-term viability of the island's tourism industry including seasonal fluctuation in visitor numbers, infrastructure capacity during peak periods and access to and from the island.

Proposed initiatives in the draft strategy address these challenges:

- Creating a marketing campaign and program of events will assist in increasing visitor numbers outside the peak tourist periods.
- Whale watching infrastructure will attract visitors during the tourism low season which coincides with the peak whale watching time.
- Walking and cycling trails, the proposed Minjerriba Cultural Centre and upgrades to Straddie Camping facilities will all contribute to attracting more visitors to the island. Education-based tourism continues to represent a key market opportunity for the island and could also assist in increasing visitation outside the peak tourist periods.
- A proposed feasibility study into a Brisbane CBD to Dunwich ferry service may assist to address the challenge of access to and from the island. Investigations into improving public transport on the island will also identify ways the island can better cater for day visitors as well as address some of the issues relating to traffic and parking congestion at peak times.

During implementation, DSD will work with Redland City Council to identify municipal infrastructure needs such as car parking and lighting.

Education and training

The draft strategy addresses challenges that could affect the development of the education and training sector including access to transport services, limited library and computing services and lack of ongoing support for adult learners.

Proposed initiatives in the draft strategy address these challenges:

- Investigating the island's public transport options, as discussed above, will assist in improving access to transport services for current and potential students.
- Refurbishment of the Dunwich Secondary Campus will provide a hub for education and training on the island including a modern resource and information centre.
- Creating a service to administer and coordinate learning activities will provide information and support to students.

4.0 Cost benefit analysis

4.1 Issue

A submitter questioned whether a cost benefit analysis was undertaken for each of the initiatives proposed under the draft economic transition strategy.

This response refers to the following submission: 282.

4.2 DSD's response

Many of the initiatives proposed in the draft economic transition strategy do not necessarily generate a direct monetary return but rather act as catalytic investments to stimulate economic growth. For this reason, cost benefit analysis was not considered the most appropriate approach.

Instead, DSD applied a multi-criteria assessment on approximately 180 initiatives as a method of prioritising them. Projects were ranked according to their benefit to industry and the community, economic development, employment creation and community support.

5.0 Land tenure and planning regulations

5.1 Issue

Submitters are concerned that the complexity of land tenure on North Stradbroke Island limits opportunities for economic development and private sector investment.

Some submitters also highlighted the need to ensure that future development is sustainable and does not detract from the island's environmental and cultural heritage values.

This response refers to the following submissions: 267, 270, 274, 279, 283.

5.2 DSD's response

Attracting private sector investment to North Stradbroke Island is key to growing the island's economy and to generating long-term employment for residents. Land tenure and land use planning on North Stradbroke Island is complex and may be seen as a barrier to private investment.

Draft strategy initiatives such as the Tourism Site Identification Study and the Dunwich Master Plan will help to address some of these complexities and provide greater certainty to the community and potential investors. These initiatives will involve further investigation and consultation about the type, size and scale of development that is acceptable at specific locations.

The 2011 Indigenous Land Use Agreement (ILUA) between the Queensland Government and the Quandamooka People provides a number of economic development opportunities. Some parts of North Stradbroke Island are subject to ILUA planning investigations. The outcomes of these investigations will influence future planning and may provide potential development opportunities for these areas.

It is imperative that development on North Stradbroke Island is carefully planned to ensure a balance is achieved between building a sustainable island economy and protecting the fragile natural environment and rich Indigenous culture. The government will continue to work with the community and the private sector to identify economic development opportunities which achieve this balance.

6.0 The National Broadband Network (NBN) on North Stradbroke Island

6.1 Issue

Submitters raise the importance of digital infrastructure to enable the island to capitalise on opportunities available in the digital economy.

This response refers to the following submissions: 267, 279, 283, 300.

6.2 DSD's response

DSD has not yet engaged with the Federal Government to discuss fast-tracking North Stradbroke Island's NBN rollout.

DSD will endeavour to engage with the Federal Government during implementation of the strategy.