RELEASING THE HAND BRAKE – THE PRODUCTIVITY COMMISSION'S REVIEW INTO RESOURCES REGULATION

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Oil, Gas and Resources Alert

By: Clive Cachia

As the Commonwealth Government sets its agenda after the recent election, it has tasked the Productivity Commission (PC) to conduct a comprehensive review of the regulatory landscape affecting the resources industry in Australia. In its media release, the Government noted:

> *Australia's resources sector plays a vital role in sustaining our national prosperity employing more than 247,000 people as at May 2019 and making up 73 per cent of goods exports in 2018. It is however being held back by complex layers of state and federal regulations.*
>
> *While resources exports in the 2018-19 financial year reached an all-time record of $278 billion, we cannot take this success for granted. It has become harder than ever to get new resources projects off the ground, restricting the sector's future expansion and costing jobs right across Australia.*

To address this perceived regulatory hand-brake, the terms of reference for the PC included:

- assessing best-practice project approval processes across Australia and internationally to identify impediments to business investment in the Australian resources sector
- identifying best-practice examples of government involvement in the resources approval process
- examining examples of effective community engagement and benefit-sharing practices between the resources sector and the communities in which they operate.

The Productivity Commission has recently released its Issues Paper in response to this referral.

The scope of the Issues Paper is broad and focuses on the following:

- "resources" are limited to minerals and petroleum but does not extend to renewables (other than as a comparator)
- all aspects of the project lifecycle - exploration, development, production, processing and site rehabilitation

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- the four stages of the project approval process - application, assessment, approval and compliance monitoring
- regulatory best-practices including a focus on potential sources of regulatory costs - for example, excessive complexity or redundancy, conflicting objectives, regulatory duplication and mis-alignment, excessive reporting requirements, regulator conduct and inadequate resourcing of regulators
- impediments to resources investment - including quality, access and affordability of infrastructure, royalty and tax arrangements, barriers to adequate workforce and barriers to foreign investment
- all laws and regulations are within scope including those related to:
  - environment
  - employment and safety
  - community engagement (ie. social licensing and native title)
  - benefits sharing (including royalties for regions)
  - foreign investment

Submissions to this Issues Paper are due by **31 October 2019** with a draft report scheduled to be released by the PC by March 2020. The Final Report is due to be released by **August 2020**.

Fresh from its electoral success in the resource-rich States of Western Australia and Queensland, the Commonwealth Government will likely use this PC review to drive regulatory reform in the sector during this term of Parliament. As such, responses to the Issues Paper could be a valuable opportunity for explorers, producers, investors and other stakeholders to influence the sector in the years ahead.

Please let us know if you would like any assistance with making a submission before the end of next month.

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