

**STRADDIE CHAMBER OF COMMERCE**  
and  
**CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND**

*Joint Submission*

*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*

Finance and Administration Committee

**CCIQ** Powering  
business  
potential



## Introduction

1. The Straddie Chamber of Commerce (SCC) and the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide a submission to the Finance and Administration Committee on 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*.
2. The SCC and CCIQ support the primary objective of the Private Members Bill (introduced by Shane Knuth MP on 27 October 2015) which is to extend the cessation date to 2024 and allow for rehabilitation of land in the region until the end of 2029. This objective rejects the State Government proposal to end sand mining activities in the North Stradbroke Island Region by 2019.
3. While the following option is currently not on the table, our organisations preferably favour Sibelco's August 2015 proposal to end extraction from its mining leases in 2027. This voluntary proposal demonstrates good faith and compromise as it effectively halves the life of mine from the currently legislated 2035.
4. Sibelco has also proposed boosting the government's investment package by \$20 million to fund economic and community transition projects on the island. This compromise is seen to result in better outcomes for businesses, employees and the community when compared to the proposal in the State Government's Bill. If this was added to the proposed \$28.9 million in government economic transition, the resultant \$48.9 million dollars would go much further.
5. CCIQ and SCC have worked closely together to prepare submissions, attend Departmental briefings and Parliamentary hearings, as well as publicly advocate on behalf of island businesses on all matters relating to sand mining on North Stradbroke Island. This joint submission represents our collective views and is supplementary to the submission made by the Straddie Chamber of Commerce.
6. Importantly, the SCC was established in 2011 as a direct result of the Bligh government's original decision to end sandmining on North Stradbroke Island in 2011. The business community quickly determined that the consultation process established during that period, and the transition plan developed to accompany the legislation, was not representative of business needs and interests.
7. The SCC is a strong voice for business on the Island as an organisation:
  - Represents 85 of the approximate 120 potential members;
  - Whom collectively employ 158 full-time employees and 487 part-time employees within SCC member businesses (excluding the mining company); and
  - SCC member businesses (excluding the mining company) have an annual turnover of \$64.5 million.
8. Furthermore, 49% of member businesses are in the 'Accommodation, Food & Beverage' industry with 21% listed as being in service industries. In addition, 50% of SCC member businesses have a

turnover of less than \$300,000 and 33% have an annual turnover of over \$900,000. As such it is clear to see the SCC, founded as a result of a pushback on the cessation of sandmining, persuasively represents the business community on Stradbroke Island.

9. CCIQ is the State's peak business and employer organisation. We represent the views and issues of over 25,000 businesses across all industry sectors and regions of Queensland. Since 1868, CCIQ has advocated on behalf of our members to make business more efficient through pushing changes to policy, enacting legislation and reducing red tape at all levels of government.
10. A survey of the SCC members found that **82% of businesses report that at least 30% of their business is directly or indirectly serviced by the sand mining industry.**
11. More importantly, members have strongly opposed the closure of mining in just three short years in 2019 and over **85% of businesses favour keeping the sand mining going until at least 2025 or later.**
12. However, the vast majority of businesses are realistic and understand that mining is a finite resource and the business community, along with the island economy, must prepare for an eventual closure of operations.
13. It is our understanding that the mine path suggested in the Private Members Bill was selected after consultation with Sibelco and therefore the SCC and CCIQ supports this measured addition to the Bill.

## North Stradbroke Island Economy

14. Our organisations recognise that a long-term economic plan is critical to successfully transition from the sandmining industry to other industries such as tourism. This will be key to securing the sustainability of current and future businesses as well as the social prosperity of residents based on North Stradbroke Island.
15. The current draft North Stradbroke Economic Transition Strategy released by the Queensland Government paves the way for continued strong economic performance of North Stradbroke Island. However, there is concern over the \$28.9 million commitment made by the Queensland Government which is seen as grossly inadequate in creating more long-term employment opportunities that promote sustainable economic growth, particularly in light of the 2019 cessation date.
16. Leveraging the strength of North Stradbroke Island's existing tourism industry is a logical approach acknowledged by established businesses currently operating on the island. As mentioned in the Strategy, tourism is the largest employer with 70 per cent of small businesses on the island in the industry. The tourism economy in the Cleveland-Stradbroke region supports approximately 800,000 visitors with an average total expenditure of \$111 million each year.
17. The anticipated increase in the volume of visitors, tourism dollars, investment and range of experiences and offerings is likely to have a positive ripple effect on local businesses and the community.

18. While SCC and CCIQ supports the fundamentals of the Queensland Government's strategy, there are some significant issues that must be raised. Firstly, the proposed cessation of sand mining in 2019 will detrimentally rush the transition and will result in unemployment, a stall in the local economy, flow-on effects that will impact the entire community whether or not employed by the mining company and only a limited number of new opportunities to offer. Furthermore, the transition strategy would jeopardise existing tourism operators in the short term.
19. The 2019 date is an extremely short deadline that is viewed as hasty and a risky decision that does not reflect economic responsibility, future job security and robust consultation with the community. It would be wrong to assume that tourism can automatically be considered a viable alternative to sand mining under the proposed 2019 time frame. A thriving and prosperous local tourism industry takes decades to develop and mature.
20. It must be understood that the Island's restaurants, corner stores, bakeries, cafes etc. achieve their critical mass of sales through the local community, with tourism being a vitally needed but only one segment.
21. Should local residents who were employed through the sand mining operation relocate, many of the island's businesses who add to the tourism industry will be adversely impacted and may be forced to close. This then significantly compromises the 'visitor experience' and the anticipated transition to tourism will face a more difficult uphill battle.
22. Parallels can be drawn from a case study readily available through the experience in Tasmania with shutting down of the State's Forest Industries. The closure of businesses in local townships such as cafes and restaurants as a result of decreased demand from locals has meant that there are fewer hospitality establishments for visitors. This had undoubtedly damaged Tasmania's tourism industry, particularly the drive tourism market.
23. Furthermore, the loss of an annual injection of \$130 million into the local economy by the sand mining company cannot be adequately mitigated and restored under such a short period. The trickle effect of this substantial economic contribution will undoubtedly affect the small businesses and residents on North Stradbroke Island and indeed the entire Redlands region.
24. SCC and CCIQ recommends that the State Government analyse the patronage derived by both direct and indirect employees of Silbeco and their spend on existing local businesses and ferry operations to the island. This valuable data can assess the economic impacts confronting these businesses and whether they are likely to face serious viability issues, particularly without commitment of new development in the short-term horizon.
25. Many years of solid investment in creating more tourism ventures and markets are required to generate anywhere near the same input as Sibelco currently makes. The existing brand for North Stradbroke Island needs more time to mature, grow and develop.

## Impact Assessment

26. When the Draft North Stradbroke Island Economic Transition Strategy was released by the Queensland Government in December 2015, detail around the proposed 150 jobs to be created through the Strategy's initiatives were unspecified. Clarification is sought on what those jobs may be, who will fill them and in what timeframe these jobs would be created.
27. It is concerning to the business community that it appears the proposed projects have not been analysed by Treasury or to Treasury standards for actual generation of revenue or full time employment. Job estimates including the type of roles to be offered are considered to be essential for the adequate assessment of the proposed transition projects.
28. This is particularly alarming given that the potential timeframes of the realisation of some of the projects, such as Toondah Harbour, could take several decades to eventuate as all relevant development approvals have not yet been obtained or even commenced.
29. Despite the draft Strategy being decoupled from the proposed legislation process, the two processes are intrinsically linked. There is, to the best of our knowledge, no regulatory impact statement accompanying either Bill before the house and indeed this is the case with the draft Strategy. The impacts on the existing economy due to the cessation of mining in 2019 have not been acknowledged in the draft Strategy or the associated legislation.
30. The SCC recently surveyed membership on the estimated impact of an immediate closure of mining in 2019. The results are from 85 members which represents approximately two thirds of the business community on Stradbroke Island. Results found:
  - **The immediate loss of 22 full-time positions and 66 part-time positions, resulting in a loss of 197 positions (including the mining company's 110 FTE);**
  - **An estimated removal of \$4.2 million dollars in wages from the North Stradbroke Island economy based on average NSI wage data; and**
  - **An estimated realistic replacement number of hospitality jobs would need to be 307 full-time positions to return to current status quo.**
31. There is a real disconnect in policy and planning surrounding the State Government Bill. At no point has the existing economy been sufficiently quantified, nor have the strong linkages between the wider business community and the mining industry been illustrated by Treasury or the Department of State Development.
32. Yet the State Government has confidently stated in their Bill that the implementation of the Government Bill will not incur additional costs, contrary to findings that revealed the majority of businesses indicated it will have real and significant impact with the immediate mine closure.
33. With the average wage of Sibelco's employees estimated at \$110,000 p.a., there would be a further \$12 million dollars in wages removed from the local economy at the end of mining. This is a direct cost to the economy and again contradicts the claim that there would be no additional costs in implementing the Government Bill.

34. The State Government has ignored the high degree of interconnectedness of all businesses on North Stradbroke Island and should consider the downstream effects in the assessment of the Government Bill.

### Extending the cessation date

35. SCC and CCIQ is of the opinion that a more appropriate date to substantially and sustainably end mining activities in the north Stradbroke region is 2024 and for the rehabilitation of the land by 2029 as prescribed for the Katter's Australia Party Bill before Parliament. Land remediation is expected to be of world-class standard and provide a desirable outcome for those looking to open new tourism businesses.
36. It is critical to bear in mind the technical skills of those employed in the mining industry means that tourism opportunities may not be suitable or desired by these workers. Workers are likely to leave in search of employment that better utilises their skills, meaning there could be a "mass exit" of employees at specific time points rather than a more gradual departure which will inevitably affect local business trade.
37. A longer transition period allows for new opportunities to progressively be established and sustain economic activity throughout the transition. SCC and CCIQ advocates for accelerating new opportunities on the island immediately as part of the recommendation to extend the cessation date to 2024.
38. Tourism developments which employ a large number of workers such as resorts and island accommodation are likely to take significantly more than four years to complete when including the time to find a proponent and prepare a development application. The completion date of large developments of significant economic and employment impact is therefore highly likely to be after 2019.
39. Recognising the construction phase will also bring in a number of workers, this is a temporary workforce only for the short-medium term likely to result in another substantial "mass exit" of workers. New workers employed by the resort during the operational phase, representing a sustainable workforce, would then need to correspond to the number of visitors which in most cases would not reflect high figures in the early stages of the business.
40. While the proposed Toondah Harbour redevelopment project is expected to provide an opportunity to support economic development by acting as a regional gateway to North Stradbroke Island, this project should not be considered as a project aiding island businesses in the transition of industries as a short-term solution. The Toondah Harbour redevelopment project is located on the mainland and does not provide significant positive impacts and assistance for island businesses during its construction period as employees (who live on the island) would essentially be relocated and spend on the mainland.
41. There are indeed a number of tourism developments that are quicker and easier to establish particularly nature-based activities such as tours. While every new business will play an

important role in the economic rebuilding of North Stradbroke Island, developments with lower capital investment generally do not yield a large number of employees.

42. SCC and CCIQ strongly recommend extending the cessation date to 2024. Notwithstanding the final date decided upon, accelerated tourism development and infrastructure projects on the Island is an absolute necessity. As seen with the recent State Government's Accelerated Works Program unlocking 430 jobs for North Queensland following the Queensland Nickel collapse, the same initiative is required for North Stradbroke and the Redlands region to effectively mitigate the economic impacts.
43. Furthermore SCC and CCIQ believes the \$28.9 million commitment is not enough to assist with the transition as it does not represent the total costs required to undertake education and training, accelerate development and build the necessary infrastructure to advance the tourism industry and boost the local economy.

## Government transparency

44. A Parliamentary Briefing on the Bill before Parliament held on the 17 February 2016 publicised that the State Government had undertaken consultation with the community on North Stradbroke Island, including the business community, on likely economic impacts.
45. A subsequent Parliamentary Briefing held on 24 February 2016 revealed that the Committee was unable to obtain a copy of the draft consultation report produced in reference to the North Stradbroke Island Economic Transition Strategy. The Department reasoned that *"the North Stradbroke Island Economic Transition Strategy is not given effect by the North Stradbroke Island Protection and Sustainability and Other Acts Amendment Bill 2015 and is a matter currently the subject of Cabinet deliberations"*.
46. This is found to be disingenuous that a public consultation process has resulted in findings being withheld from the public. A fair consultation process is one that is open and transparent. Just as submissions to the Parliament are made public, government-held documents influencing the decision being made should also be made public.
47. The SCC and CCIQ strongly advocate that the results of the public consultation be released for a fair and transparent process that carefully considers all stakeholders' views.

## Further enquiries

48. We thank the Committee for the opportunity to provide comment and welcome any feedback. Please contact Colin Battersby, Chair of Straddie Chamber of Commerce or Nick Behrens, Director of Advocacy at CCIQ, at [nbehrens@cciq.com.au](mailto:nbehrens@cciq.com.au) for matters relating to this submission.