



**Productivity Commission Study into
Resources Sector Regulation Draft Report**

Submission to the Australian Government
Productivity Commission

August 2020

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1. Introduction

The South Australian Chamber of Mines and Energy (SACOME) is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive, oil and gas sectors and associated service providers.

The importance of the Australian resources sector and its significance to the Australian economy is well documented. SACOME welcomes the Productivity Commission's (the Commission) Draft Report (the Report) as a mechanism to review regulatory processes, reduce unnecessary burden on industry and ensure the continued success of the resources sector.

SACOME broadly supports the Commission's draft leading practices, findings and recommendations as measures to ensure efficient and transparent regulatory frameworks that do not compromise environmental and social standards.

SACOME's '2024 Vision'¹ maps a path for future development of the South Australian resources sector and commits the sector to a range of economic, environmental and social outcomes. These outcomes overlap considerably with the Report's findings.

SACOME's submission follows the format of the draft leading practices, findings and recommendations as set out in the Report and is limited to comment on those that SACOME member companies have indicated are priority issues.

In particular, SACOME member companies' key concerns are the promotion of exploration activity, improved land access arrangements, the harmonisation of environmental processes, modern financial surety arrangements, infrastructure development and overall regulatory and fiscal stability.

Importantly, the Report states *"that many of the issues raised in this study have been raised in previous reviews."*² SACOME stresses the importance of taking the necessary steps to implement the Commission's recommendations. This will drive generational change to support investment in resources sector development and overall economic growth for industry.

SACOME welcomes the opportunity to make this submission and remains committed to working collaboratively with all stakeholders to improve regulatory outcomes.

¹ <https://www.sacome.org.au/2024-vision.html>

² Pg. 2 Productivity Commission Draft Report Resources Sector Regulation
<https://www.pc.gov.au/inquiries/current/resources/draft/resources-draft.pdf>

2. Draft Leading Practices, Findings and Recommendations

2.1. Resources Investment in Australia

Draft Finding 2.1: Australia's potential for investment

SACOME supports Draft Finding 2.1 that the potential for future resources sector investment in Australia remains substantial.

SACOME submits that regulatory frameworks geared towards enabling the discovery and production of resources in a safe, timely and cost-effective manner as critical to attracting this investment.

The current regulatory frameworks result in the average mine taking 13 years to go from discovery to production in Australia which provides a disincentive to private sector investment.

SACOME notes that the concurrent review of the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act) that makes up part of Australia's regulatory framework has found the EPBC Act to be ineffective and not fit-for-purpose.

The EPBC Act review has proposed a set of recommendations that aim to provide a risk-based and outcomes-driven approach to regulation supported by efficient and transparent assessment and approvals processes.

SACOME supports regulatory settings that reduce the time and cost of project development and improve South Australia's "investment attractiveness".

"Investment attractiveness" is of paramount importance in South Australia where resources sector operators are faced with the challenges of deep cover, remoteness of project locations and a lack of existing infrastructure acting as a deterrent to private sector investment.

SACOME further submits that exploration incentives play a critical role in attracting global capital and calls for all levels of Government to continue funding exploration programs.

For example, the South Australian Government's introduction of the 'Accelerated Discovery Initiative' (ADI) assisted South Australia's rise to the 6th most attractive jurisdiction in the world for mining investment, according to the 2019 Fraser Institute Survey of Mining Companies.³

The importance of the ADI and other exploration incentives is supported by data indicating that exploration expenditure has increased over the past 12 months in South Australia, though still at levels well below national growth rates.

³ <https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2019.pdf>

2.2. Managing resources development in the interests of the community

Draft Finding 4.1: Australia's pre-competitive geoscience arrangements

SACOME supports Draft Finding 4.1 that there is no case for a major reform of Australian pre-competitive geoscience arrangements.

SACOME has previously articulated the importance of funding the Geological Survey of South Australia (GSSA) and the provision of pre-competitive exploration data to industry in discussions with the South Australian Government.

SACOME supports the calls of both the Minerals Council of Australia (MCA) and the South Australian Government for the continuation and expansion of exploration incentive programs, such as Geoscience Australia's Exploring for the Future program (EFTFP), as set out in their submissions to the consultation process.

SACOME welcomes the Commonwealth Government's recent announcement of an additional \$125 million of funding, over four years, to expand the EFTFP across the whole of Australia.

The expansion of the EFTFP into Southern Australia is consistent with the direction and aims proposed in the National Resources Statement (NRS) to help unlock new greenfields provinces.

Furthermore, SACOME refers the Commission to the importance of the following exploration incentive programs in supporting the discovery of new deposits and ensuring continued development of resource projects.

Accelerated Discovery Initiative (ADI)

SACOME reiterates the importance of the ADI to increasing South Australia's "investment attractiveness." Across 2018 and 2019 SACOME consistently advocated for the South Australian Government to reintroduce a mineral exploration incentive to bring South Australia back to relative parity with other States who had adopted this initiative following its success in South Australia.

Previous exploration incentives operating in South Australia were responsible for catalysing an extra \$700 million in mineral exploration investment between 2002 and 2014. They also contributed to a \$2.4 billion increase in State mining revenue over that time.⁴

⁴ <https://sarigbasis.pir.sa.gov.au/WebtopEw/ws/samref/sarig1/image/DDD/RB201400014.pdf>

ExploreSA: The Gawler Challenge (the Challenge)

The Challenge,⁵ is focused on uncovering new targets in the State's highly prospective Gawler Craton region. SACOME supports its use of existing world class geoscience datasets from recently completed major geophysical data collection programs across South Australia.

The program builds upon the success of SACOME member company OZ Minerals' partnership with Unearthed to launch the Explorer Challenge.⁶ The Explorer Challenge called for geologists and data scientists to develop ground-breaking approaches to discover new exploration targets near OZ Minerals' Prominent Hill copper-gold mine.

The Explorer Challenge resulted in 1000+ individual registrations from over 60 countries. This included 10,000 downloaded data sets, 20 teams applying machine learning and over 400 potential exploration targets being identified. The Explorer Challenge thus showcases the importance of utilising modern exploration techniques and the value of crowdsourcing as an innovative approach to exploration.

Junior Minerals Incentive (JMEI)

JMEI funding ceased as of 30 June 2020. At the end of 2019, SACOME was part of a joint industry association call⁷ for continued funding of the JMEI by the Commonwealth Government through the Federal Budget. Industry associations specifically requested that:

- JMEI funding continues over the forward estimates with an increased allocation to \$50 million per annum (\$200 million over the Forward Estimates);
- the JMEI is made a permanent initiative in the Federal Budget; and
- that the Commonwealth Government allows for the carry forward of unused/returned JMEI exploration credit to future annual funding rounds, making them available to eligible applicants.

SACOME strongly supports continued funding for this program. This request highlights the importance of certainty around regulatory frameworks and funding programs for resources sector operators.

⁵ http://www.energymining.sa.gov.au/minerals/about_us/initiatives/exploresa_the_gawler_challenge

⁶ <https://www.ozminerals.com/media/news/oz-minerals-partners-with-unearthed-on-explorer-challenge/>

⁷ <https://secureservercdn.net/198.71.233.51/0h5.0cf.myftpupload.com/wp-content/uploads/2020/01/Junior-Mineral-Exploration-Incentive-Submission-11-Dec-2019-Commonwealth.pdf>

Draft Finding 4.2: Tenement approvals

Draft Finding 4.2 states that no evidence has been presented to this study that indicates that differences between jurisdictions' approaches to licensing have created impediments to investment.

SACOME notes the Commission's finding that no jurisdiction's regime for the allocation of tenements is "leading practice."

The review of the *Mining Act 1971 (SA)* (the Mining Act) in South Australia has sought to implement leading practice through modernisation of tenement frameworks.

SACOME submits that Draft Finding 4.2 highlights the need for jurisdictions to continually review and refine their regulatory processes with the aim of them being leading practice and to facilitate resources development.

Draft Leading Practice 4.2: Potential licence holders

SACOME supports Draft Leading Practice 4.2 in principle and agrees with a risk-based approach to due diligence when granting or renewing tenements.

SACOME also provides in-principle support to the assessment methods set out in Draft Leading Practice 4.2.

SACOME agrees regulators should be adequately funded in order to conduct such assessments.

Draft Finding 4.3: Domestic gas reservation policy

SACOME broadly supports Draft Finding 4.3 that domestic gas reservation schemes can reduce returns to investors and discourage investment in gas exploration and extraction, leading to higher prices in the longer run and imposing net costs on the community.

The discovery and extraction of new gas reserves is key to increasing supply and lowering prices nationwide.

In South Australia, gas generation comprises approximately half of all electricity generation. This electricity generation is reliant upon a secure supply of gas to ensure affordable production of electricity.

SACOME reiterates that ensuring an affordable, diversified, reliable supply of gas is critical to meeting the State's energy demands. Development of new gas reserves should therefore continue to be a public policy priority.

In its 2019-20 Pre-Budget submission, SACOME called on the South Australian Government to establish a Gas Acceleration Program to advance meritorious gas projects

in South Australia and bring forward locally produced natural gas for local electricity generators and industry customers at a reasonable cost.

SACOME has also called for the upgrade of pipeline infrastructure to facilitate the efficient transport of new gas reserves to end users.

SACOME remains committed to working with all Governments towards unlocking the nation's gas resources to increase supply and see a fully functioning gas market.

Draft Finding 4.4 and Draft Recommendation 4.1: Bans and moratoria

SACOME supports Draft Finding 4.4 and Draft Recommendation 4.1 that bans and moratoria can prohibit activity of potential value to the community.

Multiple inquiries have found the risks of unconventional gas development are minimal and can be managed effectively.

In South Australia, hydraulic fracture stimulation has been used safely for over sixty years.

The imposition of legislated moratoria in the Limestone Coast places unnecessary limits on South Australian gas supplies.

Draft Leading Practice 4.3: Community information provision

SACOME broadly supports Draft Leading Practice 4.3 that, where resources projects are contentious and generate intense public concern, establishing institutions, independent of resources companies and regulators, to provide accessible information to landholders and the broader community can help inform debate.

To properly inform debate, these institutions need to provide the community with easily accessible scientific-based information.

SACOME supports the South Australian Governments partnership with the Gas Industry and Environmental Research Alliance (GISERA) to investigate the environmental, social and economic impacts of conventional gas development in South-East South Australia. This project will better inform community perceptions about all forms of gas exploration, as well as its development and production.

2.3. Managing resources activities on private lands

Draft Finding 5.1 and Draft Leading Practice 5.1: Land access

SACOME supports Draft Finding 5.1 and Draft Leading Practice 5.1 that the implementation of a right to veto would amount to a fundamental shift of property rights in Australia away from the Crown and into the hands of private landholders.

Land Access remains a priority issue for South Australian resources sector operators and ensuring that mineral rights remain vested in the Crown is a core policy principle for SACOME.

Recent amendments to the *South Australian Mining Act 1971* ('the Mining Act') provided a timely opportunity to modernise land access guidance for resources sector operators, landowners and Traditional Owners.

As part of the process SACOME has drawn on the expertise and experience of member companies in developing the SACOME Land Access Guides 2020 for Mineral and Petroleum Exploration to assist South Australian resources companies undertake land access in a 'leading practice' manner.⁸

SACOME has also called on the South Australian Government to utilise these positive examples and to develop a State framework for land access. SACOME is committed to working collaboratively with the Department for Energy and Mining (DEM) to progress this initiative.

Draft Leading Practice 5.4: Low-cost dispute resolution

SACOME notes Draft Leading Practice 5.4 that low-cost dispute resolution methods that take an investigative approach to resolving problems between parties can reduce tension between landholders and resources companies.

The South Australian Government has implemented the *Fair Trading (Mining and Resources Industry Land Access Dispute Resolution Code) Regulations 2018* in this regard.

The content of the Code which establishes an alternative dispute resolution procedure is non-contentious. However, SACOME submits the Code is an unnecessary piece of regulation that adds yet another layer to the already highly regulated setting that resource sector companies operate in.

Both the Mining Act and the *Petroleum and Geothermal Energy Act 2000 (SA)* (the Petroleum Act) outline how explorers are to conduct resources exploration and production on most land in South Australia, including freehold and pastoral land, subject to approval by the Department of Energy and Mining (DEM).

Both Acts lay down clear obligations for the explorer to notify and consult with landowners, to repair damage to improvements, to rehabilitate disturbed areas and to pay compensation for financial loss, hardship or inconvenience. SACOME submits that these Acts and a State framework for land access will provide landholders with the necessary, consistent and fair information they need.

The recent establishment of the Rural Business Support Landowner Information Service is specifically designed to assist landowners, farmers and community members across

⁸ https://www.sacome.org.au/land_access_guides.html

South Australia in their dealings with the resources sector and will ensure landowners are aware of their rights and obligations. SACOME is an active supporter of this service.

Draft Finding 5.3: Native Title agreements

Draft Finding 5.3 states that the proposed *Native Title Legislation Amendment Bill 2019 (Cth)* (the Bill) amendments will allay concerns that the resources industry has about the validity of Native Title agreements.

South Australia operates under an alternative 'right to negotiate' scheme with regard to Native Title arrangements.

SACOME brings to the Commission's attention an unintended consequence of the Bill's accompanying regulations, namely the prohibition of exploration Native Title Mining Agreements (NTMAs) (under Part 9B of the South Australian Mining Act) being entered by Registered Native Title Body Corporates (RNTBC) via standing instructions from the common law holders of Native Title.

The proposed changes to the definitions of "*native title decisions*" and "*standing instructions decision*" in sub-regulation 3(1) and sub-regulations 8(1), (2) and (8) means that a decision to enter an exploration NTMA under Part 9B of the Mining Act amounts to a "high-level decision".

Under the 2018 Exposure Draft regulations, standing instructions cannot be given for high-level decisions. This would require exploration companies and RNTBCs to consult with common law native title holders each time they propose to enter an exploration NTMA.

From a South Australian perspective, the inability for a RNTBC to enter into an exploration NTMA without first going through a detailed community consultation process will place a significant time and cost burden on exploration companies; and has potential to undermine the decision-making autonomy of the RNTBC where authority has been delegated.

The costs of such community meetings can be significant, unless the meetings can be aligned with AGMs (or meetings at which other business is conducted), the costs will almost entirely be passed on to the explorer.

The current Prescribed Bodies Corporate (PBC) regulations work well with the existing Part 9B process in South Australia, keeping costs to a minimum for all stakeholders.

SACOME encourages the Commonwealth Government to further consider the proposed changes to the PBC Regulations so that RNTBCs continue to have the ability to consent to entering exploration NTMAs under Part 9B of the Mining Act.

Draft Finding 5.7: Alternative regimes

SACOME notes Draft Finding 5.7 does not find any State-based alternative regime to be leading-practice.

South Australia, Victoria and Northern Territory have implemented alternative regimes prescribed under the *Native Title Act 1993* (Cth) for negotiating agreements between resources companies and traditional owners.

SACOME has been a signatory to a range of industry/Traditional Owner/Government ILUAs. These ILUAs were supported by the South Australian Government and Traditional Owners, providing a stable and efficient framework for agreement making and resources activity.

Overall, ILUAs have proved to be effective instruments, yielding mutual benefit to all stakeholders.

Draft Leading Practice 5.5: ILUAs

SACOME supports Draft Leading Practice 5.5 which highlights South Australia's ILUAs for gas and mineral exploration as a leading-practice example.

SACOME member companies ILUAs with Native Title Group's include ongoing protection of Aboriginal heritage and culture, Indigenous employment requirements, scholarship funding and support for Indigenous art.

SACOME notes that some agreements have come or are coming to an end and has called on the South Australian Government to provide the appropriate funding for their renegotiation.

2.4. Addressing unnecessary burdens

Draft Finding 6.3: EPBC Act referral process

SACOME supports Draft Finding 6.3 that the EPBC Act nuclear and water triggers can create unnecessary regulatory burden.

SACOME is a co-signatory to the MCA's EPBC Act Review Submission and supports the principles and positions set out in that submission.⁹

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<https://minerals.org.au/sites/default/files/MCA%20Submission%20to%20the%20Independent%20Review%20of%20the%20EPBC%20Act%2024%20Apr%202020.pdf>

SACOME also made a submission in parallel to the MCA document, reflecting priority issues raised by South Australian operators during the consultation process.¹⁰ Specifically, SACOME emphasised the need for:

- more flexible approaches to environmental offsets to reduce delays and unexpected determinations, both of which impact project viability. This includes relaxing strict 'like-for-like' requirements under the EPBC Act; and
- amendment of the nuclear action trigger to explicitly exclude projects with elevated concentrations of naturally occurring radioactive minerals, noting that non-uranium projects with elevated concentrations of naturally occurring radioactive minerals (NORMs), such as minerals sands and copper mining, are increasingly being captured under the trigger.

SACOME welcomes the EPBC Act Interim Report recommendation that nuclear actions should be assessed by States and Territories under the proposed devolution model; and that the water trigger should be limited to consideration of any project that risks *irreversible depletion or contamination of cross-border water resources only*, with accreditation of state/territory laws where they meet Commonwealth standards.

Draft Finding 6.4: Bilateral assessment agreements

SACOME supports Draft Finding 6.4 that bilateral assessment agreements significantly reduce regulatory burden for projects that require Commonwealth and State or Territory environmental assessment.

SACOME supports the Commonwealth Government's commitment to commence discussions with willing States to enter agreements for 'single touch' approvals, which supports the establishment of approval bilaterals.

SACOME supports harmonising processes under the EPBC Act without compromising the environmental and social concerns of all stakeholders. As a cautionary note, however, SACOME urges the Commonwealth Government to take an appropriate amount of time to implement EPBC Act reforms so as to avoid unnecessary complications and unintended consequences given the complexity of the reform process.

Draft Leading Practice 6.2: Statutory timelines

SACOME notes Draft Leading Practice 6.2 that timelines, statutory or otherwise, supports project planning.

SACOME also notes the Report's commentary on DEM's annual reporting of their performance against timeframes. In 2017, 38% of mining projects' program for

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https://www.sacome.org.au/uploads/1/1/3/2/113283509/sacome_submission_to_the_epbc_act_review_2020_final.pdf

environment protection and rehabilitation (PEPRs) were decided within the target timeframe of 92 days.

SACOME agrees with the Commission's view that the timelines imposed on regulators need to be realistic.

However, SACOME submits that the introduction of a new fee for submitting or reviewing PEPRs in the 2019-20 South Australian State Budget creates a 'fee for service' arrangement introducing a level of commerciality and a reasonable expectation for quicker turnarounds in the processing of PEPRs.

Draft Leading Practice 6.12: Leading-practice approaches to coordination

SACOME supports Draft Leading Practice 6.12 that effective coordination among agencies within a jurisdiction reduces uncertainty, facilitates timely processing and minimises overlaps and inconsistencies.

SACOME agrees that the lead agency approach in South Australia manages the risk of regulatory capture with appropriate controls.

The lead agency approach provides SACOME member companies with a single-entry point to Government, coordination of approvals and case management for major mining projects.

2.5. Delivering sound environmental and safety outcomes

Draft Leading Practice 7.4: Offsets are an area of Commonwealth-State duplication

SACOME's submission to the EPBC Act Review raised that more flexible approaches to offsets would reduce delays and unexpected determinations, both of which impact project viability.

Policy and administrative changes to improve implementation and consistency of the offsets policy, as well as enabling the use of advanced offsets, are key priorities for South Australian operators.

A more flexible approach to offsets is needed to maximise environmental outcomes from industry investment. This includes:

- Harmonising offset approaches between Commonwealth and State's/Territories so that offset requirements are mutually reinforced through a single administrative mechanism.
- Enabling offsets to contribute to broader environmental outcomes through removal of strict 'like-for-like' requirements. Member companies have observed that like-for-like offset standards frequently mean re-establishing a pre-European settlement standard, which is difficult to achieve.

- Establishing a national financial-based offsets mechanism to enable government or the 'fund manager' to use offset contributions to make strategic investments for long-term landscape scale environmental outcomes. Proponents should be provided the option of either establishing offsets independently or contributing to the fund.

SACOME welcomes the EPBC Act Review recommendation that environmental restoration should be incentivised by requiring decision-makers to accept robust restoration offsets and creating the market mechanisms to underpin the supply of these offsets.

Draft Finding 7.5: Financial surety arrangements

SACOME has established an internal Mine Closure Working Group to inform conversations around managing legacy mines, closure planning and leading practice financial assessment models.

Section 62AA of the Mining Act establishes the Mining Rehabilitation Fund (MRF) through which financial assurance for mine closure and rehabilitation will be managed.

An issue raised by resources sector operators in relation to existing financial assurance/environmental bond mechanisms is that it captures capital in the early stages of a project that could be otherwise directed toward productive use.

SACOME has previously commissioned a report entitled '*Developing Best-Practice Mine Closure in SA.*' The report considered best-practice financial assurance mechanisms across Australia for implementation in South Australia. The report ultimately recommended adoption of Western Australia's two-part model, comprising:

- Full financial security if there is a high risk of the rehabilitation liability reverting to the State, based on criteria such as finances of the operator, location, potential risks or past performance.
- Mandatory payment into a mining rehabilitation fund based on a percentage of calculated rehabilitation cost.

SACOME supports these recommendations and promotes them as leading-practice examples of financial surety arrangements.

2.6 Investment affected by abrupt policy changes, policy inconsistency and uncertainty

Draft Finding 8.1: Policy and regulatory uncertainty

SACOME supports Draft Finding 8.1 that abrupt policy changes can undermine investor confidence and discourage investment.

SACOME has previously cited the sudden imposition of a legislated moratoria in the Limestone Coast as an example of an abrupt policy change that overlapped with established approval processes.

The importance of consistent regulatory frameworks to support resources sector investment is paramount.

Draft Finding 8.2: Inconsistent climate and energy frameworks

SACOME supports Draft Finding 8.2 that uncertainty and inconsistent climate change and energy policies across jurisdictions risk impeding resources sector investment.

SACOME notes the Report refers to SACOME's comments in relation to the importance of 'clear, agreed national energy policy' for 'future investment by major resources sector operators.'¹¹

SACOME reiterates that the energy needs of the resources sector are distinct. This is due to:

- the importance of energy prices as a component of business viability;
- the scale of resources operations;
- the quantity of energy required to power them;
- the consequences of an interruption to supply;
- the importance of energy as a pre-requisite to project development; and
- the scale and cost of energy infrastructure investment required for project development.

SACOME submits that long-term consistency in national energy policy is needed to resolve the regulatory and policy uncertainty that has been a disincentive to investment in energy generation.

Draft Finding 8.5 and Draft Recommendation 8.1: Workforce issues

SACOME notes the Commission's draft finding and draft recommendation in relation to workforce issues, however the South Australian resources sector faces distinct future workforce challenges.

Admissions to mining and petroleum engineering courses at South Australian universities have been in decline and a skills gap is emerging. SACOME member companies have advised they have experienced difficulties in attracting students and graduates to the resources sector due to poor understanding of the sector and employment opportunities therein.

¹¹ <https://www.sacome.org.au/energy-policy.html>

SACOME has been proactive in this space, partnering with the Playford Trust and the South Australian Government to fund scholarships for students enrolling in mining and petroleum engineering at the University of Adelaide over the next five years.

The resources sector's transition from a traditionally labour-intensive workforce towards a professional workforce needs greater collaboration between government, industry and educational institutions. This will be important to attract students and to understand, manage and develop educational outcomes that will facilitate future workforce requirements.

Other factors affecting investment

While there are no specific draft leading practices, findings or recommendations in regard to infrastructure development, the Report cites SACOME's submission that infrastructure availability is one of *'the two major impediments materially affecting resources sector investment in South Australia.'*

SACOME has consistently advanced that road, rail, port and power infrastructure are critical for the development of resources projects, particularly for greenfield resource provinces.

SACOME reiterates that the South Australian Government has historically taken a facilitative approach to attracting investment in 'economic infrastructure,' relying on operators/investors to fund the infrastructure necessary for project development.

SACOME reiterates that the Commission should focus on resolving specific regulatory impediments to infrastructure development to assist in the development of South Australian resources projects and to drive state and national productivity outcomes.

Specifically, SACOME submits this could be done through the development of 'Resources Infrastructure Corridors' to facilitate infrastructure investment by holistically resolving land access, approvals and logistics issues; and provide operators with a de-risked and expedited path to project development.

SACOME again emphasises the importance of maintaining 'economic infrastructure' so that existing resources projects can continue to operate efficiently. The significant state and national road maintenance backlog are a material challenge to immediate and future productivity.

2.7 Community engagement and benefit-sharing can help mitigate impacts on local communities

Draft Finding 9.1 and Draft Finding 9.3: Pros and cons of benefit sharing

SACOME notes the Report's commentary on community engagement and benefit sharing.

SACOME member companies, as regional stakeholders, continue to invest in their communities. This is achieved through employment, procurement of goods and services, community partnerships and sponsorships, contribution to regional infrastructure and provision of mineral and petroleum commodities to regional supply chains.

SACOME notes the many statutory obligations resources sector operators have to reduce negative impacts on local communities. SACOME supports all endeavours to meet regulatory obligations and to engage with community stakeholders about issues that affect them in a respectful and on-going manner.

2.8 Specific community engagement and benefit sharing arrangements for Aboriginal and Torres Strait Islander communities

Draft Finding 10.1: Aboriginal and Torres Strait Islander benefit sharing

Draft Finding 10.1 states that regulatory requirements to engage and share benefits, can mean only small groups of Indigenous people benefit from resources activity; voluntary activities offer the potential for larger groups of Aboriginal and Torres Strait Islander people to benefit, including those who reside in the local community but are not native titleholders.

SACOME broadly supports reforms aimed at increasing Aboriginal community engagement and benefit sharing between resources sector operators and Native Title groups.

The majority of SACOME member companies already have well-developed relationships and processes with Aboriginal communities which promote community engagement and benefit sharing.

For example, Indigenous employment is a key focus for the resources sector, as a means to share the economic benefits of resources development and to build long-term individual and community capacity.

A prominent SACOME member company has partnered with the Far West Coast (FWC) Aboriginal Corporation through a formalised Liaison Committee to deliver positive socio-economic outcomes. As a result, this member's operations have achieved a rate of Aboriginal employment at or above 20% for the past five years.

2.9 Effective governance, conduct, capability and culture are crucial for leading practice regulation

Draft Finding 11.1 and Draft Finding 11.2: Robust regulatory systems

SACOME supports Draft Finding 11.1 and Draft Leading Practice 11.2 that effective governance, conduct, capability and culture are crucial for leading practice regulation.

SACOME also notes the Report refers to the amendment of the South Australian Mining Act as an example of a jurisdiction progressing regulatory reform.

The Mining Act commits to increased transparency, with all inputs to government decision making to be made public. It also commits to a regular review and amendment process to ensure regulation remains fit-for-purpose.

Currently, SACOME is evaluating and reviewing the draft Mining Act regulations as the next step towards modernisation of this important regulatory framework in an orderly and informed fashion.

Draft Recommendation 11.1 Regulators need to be appropriately resourced

SACOME supports Draft Recommendation 11.1 that each jurisdiction should assess whether regulators of resources sector activity are appropriately funded to enable timely processing of applications and effective adoption of a risk-based regulatory system; and opportunities for enhancing regulators' cost recovery processes.

SACOME highlighted the importance of resourcing regulators in order to effectively assess potential licence-holders in its support of Draft Leading Practice 4.2 (above)

3. Conclusion

SACOME welcomes the opportunity to make this submission to the Productivity Commission's Draft Report and lends its broad support to the Commission's 100 draft leading practice examples, findings and recommendations.

SACOME member companies are a cornerstone of the South Australian economy. Resolving their priority regulatory issues will facilitate resources sector development and allow them to continue to contribute to the civic and economic well-being of the communities they operate in, as well as broader contribution to the nation.

SACOME supports the development of efficient and effective regulations that reflect best practice, reduce red tape, and result in clear and transparent regulatory frameworks that balance stakeholder requirements.

SACOME remains committed to working with all stakeholders to improve regulatory outcome.