

Government Acts On Impediments To Major Projects

The Federal Government announced in November 1991 a new process aimed at encouraging more development projects in Australia and speeding up consideration of their approval.

The new process will apply to projects primarily involving new investment of \$100 million or more in agriculture, forestry, mining and minerals processing.

The Minister for Industry, Technology and Commerce, Senator John Button, and the Minister for Primary Industries and Energy, Mr Simon Crean, said the new process would underline the Government's commitment to realising major investment opportunities.

But they stressed that the new process would not bypass existing commitments to proper environmental standards and Aboriginal and heritage issues.

The new process introduces a "45 day rule".

Under the process:-

- companies would submit fully developed project proposals to the relevant Industry Minister;
- the Minister would refer proposals that meet the criteria to the Structural Adjustment Committee of Cabinet (SAC), either directly or through the Major Projects Group of officials;
- the Cabinet Committee would consider action to clear identified impediments and barriers where these could be removed or minimised by Government action;
- the proposals would be lodged with the Cabinet Committee within 45 days of their receipt by the relevant Minister.

All Commonwealth Ministers with Portfolio responsibilities affecting project approval are members of the Cabinet Committee.

Senator Button said the new process would focus Government action on impediments to specific projects.

"The Government has responsibility to provide the speediest possible consideration of resource development and resource proceedings proposals," he said.

Mr Crean said the Government was serious about strengthening Australia's ability to attract major projects. This could be done without compromising existing Commonwealth commitments on Aboriginal, heritage and environmental values.

"Through this process, the Cabinet Committee can have a role, for example, in ensuring contract and information exchange among decision makers at both the State and Federal levels when a project is being considered," he said.

Mr Crean said the Government's aim was to develop a pro-active approach to industry development based on sound investment opportunities, particularly those realising the potential of resource based industries.

The Ministers said the new procedures would give a strong development focus to the work of the Structural Adjustment Committee and enhance the role of the Major Projects Group set up in the Government's Industry Statement in March.

Set out below is more detail on the new process.

New Process for Ministerial Consideration of Major Projects

Where Government-induced impediments or barriers to investment can be identified, prospective developers of major projects are to be invited to bring projects directly to the attention of Industry Ministers. In the case of resource projects, this is the Minister for Primary Industries and Energy and/or the Minister for Resources and in the case of secondary processing, the Minister for Industry, Technology and Commerce.

The Principles to Apply

The Structural Adjustment Committee will give priority to cases where:-

- proponents are seeking the removal of impediments which will have benefits across the board, rather than direct financial assistance;
- projects are internationally competitive and encompass a net export strategy;
- support is likely to increase the potential for other projects proceedings; and
- any necessary financial support is capable for being delivered through existing programmes and mechanisms.

Types of Projects to be Considered

The types of projects to be considered under this process fall within the resource development and resource processing areas of agriculture, forestry, minerals and chemicals. They should be valued at over \$100 million although, in certain circumstances, projects of a lower value may be considered, and should be at a stage where there is a substantial commercial interest in seeing the project through to completion. While the focus is on commercial ventures, consideration may also be given to related infrastructure projects. This would be where these

are judged essential to the development of particular commercial ventures, where there is a clear Commonwealth role to play in enabling such projects to proceed, and where this cannot be adequately addressed through existing Commonwealth/State arrangements.

Eligibility for Consideration Through this Process

The aim of this process is to ensure that major projects are not lost through delay, confusion or indecision. The focus is therefore on substantial projects with the potential to generate significant benefits in the form of exports, employment and value-added. Proponents must ensure that proposals are genuine and clearly identify particular impediments or barriers to investment rather than broad industry issues which would be better addressed in a more general context. In particular:-

- the process will apply only to major projects as defined above;
- proponents must be well established companies with a reputation in their particular field or a closely associated one; and
- proponents must provide full details of their proposal, including:-
 - ownership structure;
 - nature of the project;
 - proposed financing arrangements;
 - market prospects;
 - technological and/or employment considerations;
 - potential for value adding;
 - the precise nature of the impediment to the project proceeding. While generic issues such as tax policy, macro-economic policy and micro-economic policy may be considered relevant and may therefore be raised, the focus should be on the particular project and the specific measures required to enable it to proceed. This may take the form of financial assistance or administrative arrangements/impediments that are perceived as blocking the proposal. However, the prime focus is to address Government-induced impediments, not a lack of commercial finance.