



Proposed location of the regulator in Mackay

Focus paper 2

NOT GOVERNMENT POLICY



Project Management Office



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The CWP Select Committee recommendation

On 29 May 2017, the Coal Workers' Pneumoconiosis Select Committee (CWP Select Committee) released its report no. 2 – *Inquiry into the re-identification of Coal Workers' Pneumoconiosis in Queensland*. The CWP Select Committee specified in recommendation 5 of the report, that:

The Mine Safety and Health Authority should be established in Mackay, ensuring the Commissioner, senior management, Mines Inspectorate, Coal Workers' Health Scheme, and mobile units are all based in central Queensland.¹

This recommendation was later repeated in the CWP Select Committee's exposure draft Mine Safety and Health Authority Bill 2017, as part of its report no. 3.

The Queensland Government response

The Queensland Government, in its response to the Infrastructure, Planning and Natural Resources Committee's consideration of the report and exposure draft Bill, noted that it is unusual for legislation to provide for the specific location of a statutory authority's office. Any future changes to this location would require legislative amendment. This may restrict the government's ability to allocate resources efficiently and to respond to operational needs.

Additionally, it was noted that, while Queensland's coal mines are primarily located in the central part of the Bowen Basin, the state's mineral mines and quarries (comprising more than 1000 sites) are distributed more broadly across the state, and Queensland's petroleum and gas reserves are concentrated predominately in southern and south-western Queensland, within the Cooper-Eromanga and Surat basins.²

In the Queensland Government's response to the CWP Select Committee's report no. 2, support was given to considering the regional footprint of the regulator and further consideration of the case for basing the regulator in Mackay.³

Purpose of this Paper

The Project Management Office will attempt to describe the scope of the proposal in this paper, with reference to current arrangements and required or likely changes in order to satisfy the intent of the recommendation. Specifically, this paper will attempt to identify the:

- scope of the recommendation and issues arising
- current arrangements for service delivery across the State
- business units to be relocated to Mackay, and those not specified for the move
- number of staff affected
- number and types of specialist staff functions to be relocated
- labour market implications of the move, with particular reference to specialist functions
- availability of suitable accommodation in the Mackay area

The purpose of this paper is to help stakeholders better understand the implications of housing the regulator in Mackay, so they can provide informed feedback on the *Options for a resources safety and health regulator in Queensland: discussion paper*.

Note: This document provides general information only—it does not reflect government policy.

¹ Coal Workers' Pneumoconiosis Select Committee, 55th Queensland Parliament, *Black Lung White Lies: Inquiry into the re-identification of Coal Workers' Pneumoconiosis in Queensland*, Report No.2, May 2017, p. 7.

² Queensland Government, "Submission to the Infrastructure, Planning and Natural Resources Committee", 7 September 2017, p. 10.

³ Queensland Government, "Response to Coal Workers' Pneumoconiosis Select Committee report no. 2 – *Inquiry into the re-identification of coal workers' pneumoconiosis in Queensland*", September 2017, p. 18.



Scope of the recommendation and associated issues

The reference to a “Mine Safety and Health Authority” might reasonably be interpreted as an authority concerned with the safety and health of all mine workers, not just coal mine workers. This is not made explicit in the CWP Select Committee’s recommendations. The omission is understandable given the Select Committee was originally established to inquire into the re-emergence of coal workers’ pneumoconiosis—a mine dust lung disease specifically caused by long-term exposure to respirable coal dust. However, the CWP Select Committee does:

- suggest that the Mine Safety and Health Authority should be governed by a Board, including representatives of the metalliferous mining sector
- refer to ‘resource workers’
- make recommendations regarding exposure to silica (a hazard for mine and quarry workers, and to gas industry workers involved in hydraulic fracturing)
- consider respirable dust exposure for ‘other workers’ (in its extended terms of reference).

It is assumed, therefore, that the intent of any Mine Safety and Health Authority is to safeguard the health and safety of all mine workers, and to take action to address the risks of all mine dust lung diseases.

The CWP Select Committee recommendations and exposure draft Bill do not mention the existing Petroleum and Gas Inspectorate or Explosives Inspectorate that, together with the Mines Inspectorates and support functions, form the existing Resources Safety and Health division of the Department of Natural Resources, Mines and Energy (DNRME). This apparent exclusion has the potential to result in suboptimal arrangements.

As it is not clear whether the proposed arrangement is intended to be limited to the Mines Inspectorates, or has been circumscribed by the CWP Select Committee’s remit; there are two approaches that could be considered:

1. It could be concluded that the most efficient model is one that maintains an organisational link between the various inspectorates, with shared support services to provide best value. This approach facilitates shared learning and information exchange that would benefit the regulator and industry. In this model, the proposed Mine Safety and Health Authority would be a repurposed version of the existing Resources Safety and Health division.
2. A new Mine Safety and Health Authority could be comprised of the two existing Mines Inspectorates and the necessary support staff to ensure effective operations. The advantage here is a clear focus on mines safety, but there is a disadvantage in organisational coherence.

Failure to include the Explosives Inspectorate may represent a missed opportunity, depriving that inspectorate of a close working (regulatory and compliance) relationship with the regulators of their biggest client group—the state’s mines.

The exclusion of the Petroleum and Gas Inspectorate from the system of inspection is also potentially problematic, given emerging developments in the sector. Recent experience in relation to coal seam gas suggests that the health impacts of this activity may need to be assessed. It is reported that hospitalisations for circulatory and respiratory diseases have increased 142% over the 7 years of activity in the Darling Downs, with pollutants reported by industry rising by 6000%.⁴

⁴ McCarron G, ‘Air Pollution and human health hazards: a compilation of air toxins acknowledged by the gas industry in Queensland’s Darling Downs’, *International Journal of Environmental Studies*, 8 Jan 2018, available at: <<http://www.tandfonline.com/doi/full/10.1080/00207233.2017.1413221>>, [accessed 17 Jan 2018].



Industry bodies and Queensland Health have contested the correlation of these facts. This could become an important avenue of research and action for a regulator more evenly focused on issues of health, as well as safety.

More generally, there are efficiency arguments to be made in maintaining a single regulatory oversight body for the extractive resources sector in Queensland. To exclude one or two of the existing inspectorates from a revised regulatory body would result in duplication of effort around back office systems and a loss of potential for shared support services (e.g. licensing, administration, fee/levy management etc.). Arguably, the current system does not exploit potential synergies to the best effect; however, removing the potential for realising efficiencies, and for shared learning and development, appears counterintuitive.

The reference to ‘mine safety and health’, rather than ‘resources safety and health’ is inherently problematic, as it excludes workers in non-mining occupations who may be subject to the same, or similar, health risks as mine workers. The omission of these resource workers from the proposed authority will result in a duplication of functions between the authority and the DNRME, and may lead to a two-tier system of managing risks and issues. This approach has implications for service delivery that would need to be considered, alongside the fact that the Commissioner currently has a legislated role in relation to petroleum and gas, and explosives, in addition to mines.

On the specific issue of location, there is nothing in the CWP Select Committee’s publications that articulates a particular rationale for the relocation of the regulator to Mackay. While it might be reasonable to infer some reasons—most specifically that the original terms of reference related to coal mining and more than 80% of Queensland’s coal currently comes from the Bowen Basin— it is not the purpose of the Project Management Office to attempt to second guess the CWP Select Committee. The Select Committee has taken great pains with the wording of publications, as noted by the Counsel Assisting the CWP Select Committee, who said in evidence to the Infrastructure, Planning and Natural Resources Committee, “I am reluctant to paraphrase the report. A great deal of attention was given by the committee members to the precise words of the report.”⁵ This precision, coupled with the provision of significant detail around other recommendations, renders unlikely the possibility that the lack of detail in relation to this aspect of the recommendation is accidental.

Current arrangements

The Resources Safety and Health division of the DNRME was separated from the Minerals and Energy Resources division in August 2017. This structural change was intended, at least in part, to address existing concerns (also highlighted by the CWP Select Committee) that the body charged with the economic development of the industry was also responsible for regulating the safety and health activities of the industry. Allegations of regulatory capture were found to be without substance by a Queensland Ombudsman Review and the CWP Select Committee report, though it was noted that even the perception of capture could undermine confidence in the regulator.

The Resources Safety and Health division is specifically responsible for the effective and efficient operation of the inspectorates (Coal Mines, Mineral Mines and Quarries, Explosives, and Petroleum and Gas), Occupational Health and Hygiene, and relevant support services. The Inspectorates’ role is to undertake compliance activity in an effort to reduce safety and health risks. This role is supplemented by the work of a range of administrative staff and the Safety in Mines Testing and Research Station (Simtars), which aims to support the responsible use of Queensland’s mineral and energy resources through the provision of research, testing, engineering, scientific, training services that enhance industry safety and health outcomes.

⁵ Infrastructure, Planning and Natural Resources Committee, 55th Queensland Parliament, “Public Briefing – Inquiry into the Exposure Draft of the Mines Safety and Health Authority Bill 2017”, 4 September 2017, p. 4.

Currently, regional offices are strategically positioned in various locations across the state so Inspectorates can readily access the sites they regulate. This approach provides a highly diversified workforce across the regions, with more than 80% of staff located outside the Brisbane CBD.

In addition to Brisbane (CBD and suburban locations), there are four main regional offices that service inspectorate activities (excluding Simtars and Government Explosives Reserves), with additional satellite locations across the state. The main offices are in Townsville (18 staff), Mackay (17 staff), Mount Isa (10 staff) and Rockhampton (21 staff).

In terms of the Inspectorates functions performed from each of the offices, Table 1 demonstrates a high degree of cross-functional operation, with each office servicing at least two different Inspectorates.

Table 1: Inspectorate staff by location*

Location	Coal	Mineral Mines and Quarries	Explosives	Petroleum and Gas	Other	Satellites	Staff numbers
Townsville	0	10	3	3		1 - Cairns 1 - Atherton	18
Mackay	14	1	2	0			17
Mount Isa	0	8	2	0			10
Rockhampton	12	0	4	4		1 - Bundaberg	21
Roma	0	0	0	4			4
Brisbane**	9	13	18	22	58***	1 - Helidon 2 - Gold Coast 4 - Maroochydore	128

*Headcount and location refer to compliance activities and does not include Simtars and Government Explosives Reserve staff (who are not active in compliance activities).

**Includes Redbank, Stafford and Woolloongabba.

***The Health Surveillance Unit currently has 21 staff positions, including a number of temporary staff. The staff cohort is expected to reduce to 7.

The compliance, enforcement and other activities of the Resources Safety and Health division are diverse and include inspections, audits, licensing and authorisation, workshops, seminars, and collaboration with other government agencies. Figure 1 illustrates inspectorate activities during 2016–17.



Figure 1: Inspectorate compliance activities by location, 2016–17

The data suggests that Resources Safety and Health inspectors and authorised officers are located close to the operations they regulate.

It can be seen that 90% of inspections and audits performed by the Mineral Mines and Quarries Inspectorate are performed from three regional offices—Brisbane, Townsville and Mount Isa. This reflects mining activity in the north-west minerals province, and the quarrying sector, which supports the major population centres in south-east Queensland.

For the Coal Mines Inspectorate, the majority of compliance activity is undertaken from the Rockhampton and Mackay regional offices, reflecting the geography of coal mining in the Bowen Basin. The extent of the basin is well served from regional offices located in the north and south.

The work of the Petroleum and Gas Inspectorate appears most dispersed, with compliance activity occurring from seven locations—70% of activity is undertaken between Brisbane and Roma, reflecting the predominance of coal seam gas in the southern central region and processing in the south-east.

Finally, while half of all explosives compliance activity is undertaken from Brisbane—reflecting the relative concentration of community-based activities—the remainder is dispersed, with notable concentrations in Townsville and Rockhampton where the mining industry is a key consumer.

Table 2: Compliance activity by location

Office	% compliance activities (2016-17)			
	Coal	Mineral Mines and Quarries	Explosives	Petroleum and Gas
Brisbane	5%	43%	50%	40%
Gold Coast	-	-	5%	10%
Roma	-	-	-	30%
Maroochydore	-	-	-	5%
Rockhampton	61%	2%	20%	5%
Mackay	31%	8%	5%	-
Mount Isa	-	17%	5%	-
Townsville	-	30%	15%	5%
Cairns	-	-	-	5%

Business units to be relocated

The CWP Select Committee’s recommendation specifies that the Commissioner, senior management, Mines Inspectorate, Coal Workers’ Health Scheme and mobile units should all be based in central Queensland. However, the model described by the Select Committee also includes additional functions. It is not clear whether these functions are also to be located in Mackay.

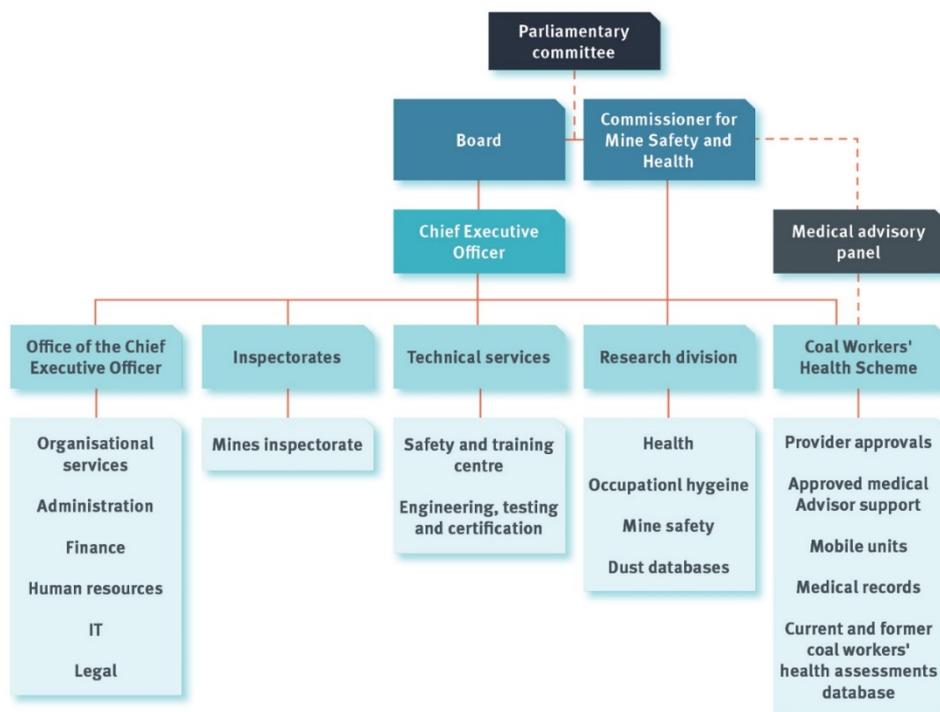


Figure 2: Mine Safety and Health Authority—as set out in the CWP Select Committee’s exposure draft Bill



Functions highlighted by the CWP Select Committee

Commissioner for Mine Safety and Health

The revised role of Commissioner is broadly similar to the current role and might be expected to be supported by a similar staff cohort. At present, the Office of the Commissioner is staffed by one senior officer and one executive assistant, with the support of DNRME communications staff when necessary.

Should the Mine Safety and Health Authority be created as a standalone body, it is anticipated that some form of communications support will be required. This will represent an added cost to the authority.

Senior management

It's not clear what 'senior management' means under the current or future models.

It is reasonable to assume that the Commissioner and the Chief Executive Officer are senior management, but it's not clear whether those people responsible for leading each of the business units (Office of the Chief Executive Officer, Inspectorates, Research, Technical and Health Scheme) would also be considered senior management.

Under current arrangements, those leading similar functional teams are generally 'senior executive service' level appointments, meaning appointees are:

... expected to perform an important leadership role in the control of a branch or group and are responsible for the achievement of results in line with corporate or professional goals.⁶

This definition would seem to agree with a generally accepted notion that senior managers are those with the day-to-day tasks of running an organisation, generally comprising heads of geographic or functional areas of activity. Based on this understanding, those leading the five work units under the control of the Chief Executive Officer would also be expected to be located in Mackay.

The proposed Executive Director of Medical Services would, therefore, represent another senior level post to be created as part of the proposed structure. This position is expected to lead the Coal Workers' Health Scheme, provide clinical guidance and leadership to the health and health-related safety activities of the authority, oversee the approval of health service providers under the scheme, provide clinical oversight and guidance to those performing assessments under the scheme, and advise the Commissioner and the Board.

Mines inspectorates

It is assumed that both the Coal Mines Inspectorate and Mineral Mines and Quarries Inspectorate are required within the Mine Safety and Health Authority. It is not clear whether the Explosives Inspectorate and/or Petroleum and Gas Inspectorate are expected to form part of the new authority.

It is anticipated, though not certain, that the Mines Inspectorates would retain those staff currently involved in non-inspection duties, such as licensing and authorisation, operations support and general administration. In addition, statutory functions, such as those provided by the Board of Examiners are expected to remain.

⁶ Australian Public Service Commission, *Work level standards: senior executive service—work level standards SES band 1*, available at <<http://www.apsc.gov.au/publications-and-media/current-publications/work-level-standards-ses/ses1-wls>>, [accessed 11 January 2018].



Coal Workers' Health Scheme

The current Coal Mine Workers' Health Scheme is administered by Occupational Health and Hygiene, within the Resources Safety and Health division. This unit is also responsible for the health surveillance function.

Given the breadth of recommendations relating to health surveillance, it is anticipated that a staff cohort to provide ongoing support to this work will be required. The CWP Select Committee has not explicitly recommended that this cohort be based in Mackay, but it would seem sensible to co-locate the surveillance and health scheme administration functions. It is expected that these staff might also support the work of the proposed Executive Director of Medical Services and Medical Advisory Panel.

Mobile units

The CWP Select Committee has specified that the mobile units include the capacity to undertake spirometry, chest X-ray, high-resolution CT scans and general health checks.

On the basis of these services, it is anticipated that the units will require at least one doctor and one radiographer per unit. As the mobile units will be expected to travel long distances, it is unlikely that driving duties could be readily undertaken by the medical/health professionals in addition to their normal duties. Therefore, a driver will also be required. It seems likely that an administrator would be a useful addition to this team to allow the health professionals to focus on delivering health services rather than managing administration. However, it is noted that these functions could be carried out by the health professionals. This means an addition of at least three staff per unit.

The median salaries for doctors (GPs), radiographers, and heavy goods vehicle drivers in Australia are \$125 000, \$80 000 and \$59 000 respectively. The median salary for administrators is \$44 000, giving a total staff cost of between \$264 000 and \$308 000 per annum. Salaries may have to be greater to compensate for working conditions. Additional funds will be required for the purchase and fit-out of a vehicle and equipment (estimated at \$1 million), and maintenance (approx. \$150 000 per annum), fuel, electricity, insurance etc.

Other functions

There are a number of business functions not specifically highlighted in the CWP Select Committee's recommendation, but included as functions of the proposed authority, leading to some doubt about the physical location of these functions.

Technical and research

While these are noted as two separate functions, the scope of the CWP Select Committee's suggestions indicate that those staff currently employed in Simtars are largely envisaged as continuing their roles within the revised structure.



The relevant parts of the CWP Select Committee's report state:

The Safety in Mines Testing and Research Station (Simtars) should be dissolved as an entity within DNRM. The research, testing and certification, and training functions of Simtars should be administratively relocated within the Mine Safety and Health Authority. The occupational hygiene services currently offered by Simtars on a fee for service basis should be discontinued. The officers who currently provide those services should be redeployed to the Mine Safety and Health Authority to undertake research and/or occupational hygiene inspection activities within the inspectorates.⁷

Further, there should be a more comprehensive and well-funded research focus from Simtars researchers (to be undertaken within the new Research Division of the Authority), which would extend their world-leading expertise in explosions and mine rescue to incorporate a broader focus on occupational health issues.⁸

Office of the Chief Executive Officer

It is assumed that the Office of the Chief Executive Officer will be located alongside the Chief Executive in Mackay. The skills and numbers of staff required to support the Chief Executive Officer are not detailed by the CWP Select Committee. However, as the Chief Executive Officer is to be responsible for the day-to-day operation of the authority, it might be expected that the office of the Chief Executive Officer would comprise those staff currently providing support to the Executive Director and Chief Operating Officer of the Resources Safety and Health division.

Medical Advisory Panel

There is no suggestion that the panel would need to be located in Mackay. Indeed, the Coal Mine Dust Lung Disease Collaborative Group has already been convened by the government and might usefully continue to serve the proposed authority. The group currently operates on an electronic basis. Any change to that model would require increased funding to cover reasonable expenses.

⁷ Coal Workers' Pneumoconiosis Select Committee, 55th Queensland Parliament, *Black lung white lies: inquiry into the re-identification of coal workers' pneumoconiosis in Queensland*, report no.2, May 2017, p. 7.

⁸ As above, p.12.



Summary

In summary, the CWP Select Committee proposal requires the **creation** of:

- a Chief Executive Officer role, supported by the Office of the Chief Executive Officer—most likely to be staffed by a skill set broadly equivalent to the existing Office of the Executive Director and Office of the Chief Operating Officer (excepting those staff dealing with the Government Explosives Reserves) and complemented by additional support staff for back-office functions currently available on a corporate basis (some of these services may be acquired on an ad hoc basis)
- an Executive Director of Medical Services position
- mobile health assessment units.

Therefore, the scope of the proposal is assumed to include the **relocation** of:

- the Coal Mines Inspectorate
- the Mineral Mines and Quarries Inspectorate
- the Office of the Commissioner
- Simtars (repurposed to provide separate research and technology functions)
- the Office of the Chief Operating Officer (minus Government Explosives Reserve staff)
- the Office of the Executive Director
- the Coal Mine Workers' Health Scheme.

Absent from the recommendations are the:

- Board of Examiners (2 staff)
- Explosives Inspectorate (30 staff, of which 2 staff are already in Mackay)
- Petroleum and Gas Inspectorate (41 staff)
- Health Surveillance Unit (currently 21 staff, expected to return to 7)
- Government Explosives Reserves (20 staff, which are geographically dependent).



Number of staff to be relocated

On the basis of the CWP Select Committee's recommendation, the total staff cohort to be **relocated** is 182, including:

- the Commissioner and Office of the Commissioner (3 staff)
- the Coal Mines Inspectorate (21 staff to be relocated, 14 staff already in Mackay)
- the Mineral Mines and Quarries Inspectorate (32 staff to be relocated, 1 staff already in Mackay)
- Simtars, repurposed to provide separate research and technology functions (90 staff to be relocated, 9 staff already in Mackay)
- the Office of the Chief Operating Officer (minus Government Explosives Reserves staff, 22 staff)
- the Office of the Executive Director (3 staff, does not include the Executive Director, Chief Executive Officer to be appointed by Governor In Council)
- the Coal Mine Workers' Health Scheme (11 staff).

It is suggested that, due to their statutory role, the Board of Examiners would need to continue operating and that proximity to the Coal Mines Inspectorate would be advantageous. This would add two more staff.

Similarly, the Health Surveillance Unit (though not specifically highlighted by the recommendations) would seem to be well placed to provide support to the proposed Executive Director of Medical Services. This would add a further seven staff.

If these staff are to be included, the **total number for relocation is 191**, with 24 additional staff already located in Mackay (total of 215)

In addition, the creation of an effective Office of the Chief Executive Officer may require resources in addition to those currently providing support functions within the Office of the Chief Operating Officer. However, the details and logistics of staffing the authority would properly be a matter for the Chief Executive Officer and no allowance has been made for additional staff to fulfil these roles.

Finally, the additional position of Executive Director of Medical Services would need to be factored into the final staff tally, though as it would be a new position, it would not qualify as a relocation.



It should be noted that this proposal excludes both the Explosives Inspectorate and the Petroleum and Gas Inspectorate. Both the *Explosives Act 1999* and the *Petroleum and Gas (Production and Safety) Act 2004* address safety and health in the mining and resource industry. If these inspectorates were to be transferred as well, the staff cohort grows from an estimated 215 to 286. However, no mention is made of these inspectorates in the CWP Select Committee report and, in response to the Queensland Government's submission on this issue, the Committee stated that it:

... considers that matters regarding the petroleum and gas inspectorate and the explosives inspectorate were beyond the scope of its initial terms of reference and its report on those terms of reference... The draft Bill reflects the recommendations of that report, as far as they relate to the establishment of a Mine Safety and Health Authority. [...] the CWPSC remains committed to the structure of the Authority recommended in Report No. 2, Black lung: white lies and reflected in the exposure draft Bill.⁹

⁹ Infrastructure, Planning and Natural Resources Committee, 55th Queensland Parliament, *Mine Safety and Health Authority Bill 2017*, report no. 54, October 2017, p. 16.



Specialist functions to be relocated

Coal Mines Inspectorate

- Mines inspection (coal)
- Mines inspection (electrical)
- Mines inspection (mechanical)
- Mines inspection (occupational health)
- Occupational hygiene
- Investigations

Mineral Mines and Quarries Inspectorate

- Mines inspection (metals)
- Mines inspection (mechanical)
- Mines inspection (geotech)
- Mines inspection (electrical)
- Mines inspection (mining)
- Mines inspection (chem)
- Mines inspection (geomech)
- Occupational hygiene
- Investigations

Office of the Commissioner

- Statutory functions

Simtars

- Training coordination/delivery
- Research
- Research science
- Environmental monitoring and management services
- Engineering/project engineering
- Mining engineering
- Chemistry and analytical chemistry
- Gas monitoring and consulting
- Gas analysis services
- Spontaneous combustion/testing
- Engineering testing and calibration
- Certification services
- Combustible dust services
- Dust management
- Emergency response preparedness
- Accident/incident investigation and simulation
- Mine accident prevention
- Mechanical operations
- Electrical operations
- Testing
- Hazmat services
- Assessment
- Occupational hygiene
- Asbestos assessment
- Occupational health and safety
- Laboratory services
- Business support—procurement, information technology, finance, human resources, admin, communications, facilities

Office of the Chief Operating Officer

- Finance
- Procurement
- Human resources
- Statistics
- Information technology

Office of the Executive Director

- Nil

Coal Mine Workers' Health Scheme

- Procurement

Board of Examiners

- Statutory functions

Health Surveillance Unit

- Nil



Availability of suitable accommodation

The provision of suitable accommodation for authority staff is a reasonable consideration when assessing the proposal.

Number of staff

High estimate—If all the inspectorate functions are to be relocated, along with all staff employed by Simtars and those in ‘corporate’ roles, and at least 1 additional post to be created, the staff cohort is 287.

Low estimate—If 191 staff are to be relocated, with 24 staff already in Mackay and at least 1 additional post to be created, the minimum staff cohort is 216 positions.

In reality, staffing would likely be higher in each case, to include legal, human resources, communications etc.

Office space

Of the known positions, 74 are primarily technical, lab-based roles that would be expected to continue under the research and testing functions of the proposed authority. While these staff do require access to office accommodation, it is likely to be more efficient to ensure this space is available within the lab/testing areas. The likelihood of co-locating the research and testing functions with office accommodation is low due to noise/vibration considerations in the lab/testing environments.

The Building Code of Australia sets minimum office space requirements at 10 square metres per person. The benchmark density for agencies is 12 square metres per person. Additionally, there are benchmarks for different levels of seniority; however, for ease of calculation, the benchmark density for agencies will be used. For the staff estimate provided above (staff cohort minus lab based roles), accommodation would need to be secured in Mackay that is at least $142 \times 12 = 1704$ square metres. With the Explosives and Petroleum and Gas Inspectorates included it is $213 \times 12 = 2556$ square metres.

This space requirement does not reflect additional space that might reasonably be required by senior staff to ensure privacy and confidentiality during the discussion of sensitive staff issues for example, or the likely requirement for meetings of the proposed 15 member Board.

Testing and research facility

In addition to office space, if the Simtars functions are moved to Mackay, a facility of similar size and composition would be required. The current facility is approximately 14.65 ha and is valued at more than \$17 million. A considerable element of this cost is the land (approx. \$8 million), which is situated in an industrial area that provides opportunities for research work that can include loud explosions. The facility is located close to public transport and only 30 minutes from the city, which facilitates collaboration with a number of research partners and contributes to its attractiveness as a work location.

Similar sized parcels of land in the Mackay region (which would be subject to local planning rules around noise, vibration and communications) do not appear readily available.

The Southlink development south of Mackay shows some promise in terms of available land, communications and proximity to the city. However, the lots available are already subdivided and some sold, and it is questionable whether the necessary research and testing activities would be allowable within this zone.

The preliminary research undertaken by the Project Management Office in relation to the availability of suitable land and office accommodation suggests this is in limited supply. Furthermore, it appears likely that acquiring suitable land and accommodation would incur significant cost and delay while under construction.

Labour market information

The relocation of significant numbers of staff will present challenges. It is likely that a number of staff will not consent to a change in working location and will need to be replaced locally. This presents a number of issues.

First, the loss of organisational knowledge and experience is likely to impact on efficacy, particularly in the early stages of operation. An associated impact is the loss of leadership and management capability during a significant transition.

Secondly, empirical evidence suggests that it is challenging to recruit and retain relevantly skilled staff—particularly to positions within Simtars (where the relevant skill sets are well-compensated in the private sector)—and that recruitment to these positions in Mackay has proven particularly challenging.

Data from the Australian Bureau of Statistics would seem to support the view that sourcing large numbers of suitably qualified and experienced staff from the local area may be challenging, threatening organisational effectiveness.

Table 3: Selected statistics by local government area¹⁰

Selected statistics by local government area	Brisbane	Mackay
Population (2016)	1 184 215	117 703
Working age population (2016)	70.1%	66.3%
Labour force (2011)	570 566	59 482
Unemployment rate (2011)	5.3%	3.6%
Median wage (2015)	50 675	53 080
Employment proportions (2011):		
- professional scientific and technical services	11.1%	4.7%
- administrative and support services	3.4%	2.5%
- public administration and safety	7.9%	4.0%
- mining	1.5%	11.1%
- health care and social assistance	12.9%	8.7%
Education proportions (2011):		
- completed year 12	62.4%	37%
- bachelor degree	20.2%	7.4%
- post-graduate degree	6.1%	1.0%
- post-school qualifications (all)	61.2%	51.5%
Employment types (2011):		
- managers	12.6%	10.3%
- professionals	29.0%	12.9%
- technicians and trades	11.1%	21.2%
- clerical and administrative	16.1%	13.0%

The data suggest that, in the event of significant loss of staff from the existing Resources Safety and Health division structure (including Simtars, which has staff with sought-after technical qualifications and experience), the depth of the labour market in Mackay may be insufficient to

¹⁰ Australian Bureau of Statistics, 'Data by region', available at <<http://stat.abs.gov.au/itt/r.jsp?databyregion&ref=CTA2>> [accessed 17 Jan 2018].



meet the needs of the authority. Bringing staff from Brisbane to Mackay may require financial incentives, which in turn is likely to produce a longer term efficiency issues.

Consideration against key criteria

Locating the regulator in Mackay would ensure that it is closer to some of the large coal deposits in Central Queensland and would likely provide regional economic stimulus.

However, the proposed move presents a number of issues:

- The up-front costs of moving the authority to Mackay are likely to be significant and will include tangible and intangible expenses. Tangible costs include accommodation, equipment (including replicating the Simtars research centre) and staff costs (including relocation expenses, potential redundancy payments, recruitment campaigns and training for new starts).
- The potential for loss of organisational experience and expertise appears high.
- A significant number of the jobs in the current regulatory model are already located outside the Brisbane CBD, with a good number in regional Queensland.
- Moving existing regional jobs to Mackay removes high-value employment from those regions for no discernible benefit.
- While around half of Queensland's coal mines are in the Central Bowen Basin, half of Queensland's coal mines are not located there. Additionally, Queensland's resources sector (which includes petroleum, gas, mineral mines and quarries, as well as coal), is far more diversely located. The time and cost associated with travel to undertake compliance activities is higher from Mackay than under the existing arrangements (Brisbane and regional offices).
- The large resource industry organisations have an administrative presence in Brisbane. While compliance activities must be undertaken onsite, efforts to effect systemic change and improvement across industry will be complemented by close access to decision-makers.

In terms of key characteristics of successful administration, the Project Management Office considers that locating the regulator in Mackay will have the following impacts.

Accountability

Accountability is determined by structural arrangements that are consistent with the principle of responsible government, in that the entity's functions are accountable to the executive, which in turn is accountable to Parliament. Lines of accountability are clear and responsibilities are well understood.

The Project Management Office determines that location of the authority will have no impact on this factor.

Effectiveness

The effectiveness of an entity is determined by the extent to which it is able to successfully support the objects of the relevant legislation and has access to appropriate levels of resources and expertise.

The Project Management Office suggests that effectiveness may be compromised by being located in Mackay.



Efficiency

An organisation's efficiency is related to the degree of overlap or duplication with government departments or other relevant bodies. The entity has flexibility to anticipate and respond quickly to emerging needs and changing regulatory issues. The Project Management Office believes that the structure of the body is more important than the location.

Efficiency may be impacted by duplication of functions if the Petroleum and Gas and Explosives inspectorates are excluded from the model, and may be impacted by sudden peaks in workload, which are more easily managed within a larger organisation with ready access to additional resources.

Transparency

The transparency of an organisation is the extent to which government, stakeholders and the public are able to clearly identify the objectives of the entity and how it is performing against those objectives.

The Project Management Office considers that the location of the authority will have no material impact on the organisation's transparency.

Independence

Independence is determined by the freedom with which the entity may carry out its functions and powers as a regulator.

The authority should be free from actual regulatory and political capture. The Project Management Office has found no evidence to suggest that locating the regulator in Mackay will contribute to increased independence.

Public confidence

It's not clear that locating the regulator in Mackay would have a meaningful impact on public confidence in the regulator's ability to carry out its compliance and enforcement functions. While the perception of political capture may decrease—due to physical distance from the Minister and Parliament—the location of the regulator should be immaterial to its mode of operation.

If the structure, governance and purpose of the authority are sound, the location should not matter.



Conclusion

The Project Management Office does not consider that the case has been made for locating the regulator in Mackay.

The CWP Select Committee has not produced evidence or arguments to support the relocation of the proposed Mine Safety and Health Authority.

The existing structure of regional offices serves distinct areas across the state and:

- offers effective and efficient use of resources
- develops and maintains a regional knowledge base
- contributes high-value jobs to regional areas
- allows for cross-fertilisation of ideas and approaches (with staff from multiple inspectorates co-located within regional offices)
- minimises time (and associated costs) lost to travel
- maintains a clear line of local accountability and strong links back to head office in Brisbane.

Arguably, more could be done to increase the transparency of the current arrangements through improved communications to the public and stakeholders, which may in turn lead to increased public confidence.

A revised structure may be desirable in tackling the perception of regulatory capture (noting that a previous investigation by the Queensland Ombudsman found no evidence of regulatory capture). However, in terms of efficiency and effectiveness, basing the regulator in Mackay is not an optimal solution.

