


# Consultation Report

## Post-implementation review of the Strong and Sustainable Resource Communities Act 2017

14 December 2020



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## Abbreviations and acronyms

<b>AD Act</b>	<i>Anti-discrimination Act 1991</i>
<b>BIBO</b>	Bus-in, bus-out worker
<b>DIDO</b>	Drive-in, drive-out worker
<b>DSD</b>	Former Department of State Development, now called Department of State Development, Infrastructure, Local Government and Planning
<b>DSDILGP</b>	Department of State Development, Infrastructure, Local Government and Planning
<b>EIS</b>	Environmental impact statement
<b>EP Act</b>	<i>Environmental Protection Act 1994</i>
<b>FBT</b>	Fringe benefits tax
<b>FIFO</b>	Fly-in, fly-out worker
<b>IPNRC</b>	Infrastructure, Planning and Natural Resources Committee
<b>KPI</b>	Key performance indicator
<b>LRP</b>	Large resource project
<b>NRC</b>	Nearby regional community
<b>OBPR</b>	Office of Best Practice Regulation
<b>OCG</b>	Office of the Coordinator-General
<b>PIR</b>	Post-implementation review
<b>QGSO</b>	Queensland Government Statistician's Office
<b>QHRC</b>	Queensland Human Rights Commission
<b>RIS</b>	Regulatory Impact Statement
<b>SDPWO Act</b>	<i>State Development and Public Works Organisation Act 1971</i>
<b>SIA</b>	Social impact assessment
<b>The Act</b>	<i>Strong and Sustainable Resource Communities Act 2017</i>
<b>TOR</b>	Terms of Reference

# Executive Summary

## Have your say

This consultation report (the report) provides information and opportunity for members of the community to have a say on the effectiveness of the *Strong and Sustainable Resource Communities Act 2017* (the Act).

Consultation on this report is a critical component in the post-implementation review (PIR) of the Act, to determine whether the Act is meeting its object to ensure that residents of communities in the vicinity of large resource projects (LRP) benefit from the construction and operation of these projects.

Feedback will be used to inform final recommendations to the Queensland government on the future of the Act. Information on the PIR and how to provide feedback is provided below.

## The post-implementation review

The Act commenced in March 2018 and introduced changes to the way fly-in, fly-out (FIFO) workforce arrangements (including prohibiting 100 per cent FIFO workforces and preventing discrimination against local workers), and the social impacts of resource projects are managed in Queensland. It is the first piece of legislation of its kind in Australia.

In 2017, the Queensland Government committed to a PIR of the Act, requiring it to start within 18 months to two years and be complete within a three-year period of the Act commencing.

In preparing this report, the Office of the Coordinator-General (OCG) consulted with the Office of Best Practice Regulation (OBPR).

The purpose of the PIR is to assess the impacts (both positive and negative), effectiveness and continued relevance of the Act and consider any unintended consequences since its implementation. The report has been informed by rigorous stakeholder engagement with directly affected stakeholders representing the resource industry and its communities across Queensland regions.

## Key findings to date

Stakeholder engagement to date has identified:

- A consensus amongst stakeholders that the Act benefits regional communities, industry and the government by stipulating a clear government expectation and legislative framework for management of social impacts and use of FIFO workforces.
- The Act does not disadvantage stakeholders by imposing significant costs, though there is some cost in its implementation due to resourcing.
- The 100 per cent FIFO prohibition has delivered positive benefits to local communities, overall.
- An increase in local worker numbers (and their families) at regional communities in the vicinity of LRPs since commencement of the Act, however this may be attributed to reasons such as resource company 'live-local' policies, rather than a direct result of the Act.
- No complaints regarding discrimination against local workers, however, it is not clear whether this is because no discrimination is occurring or because of an absence of awareness of the complaint process.
- Further education and awareness raising of the anti-discrimination provisions may be of benefit.

- Two resource projects have completed the enhanced Social Impact Assessment (SIA) process, however as neither project has been constructed, more time is needed to determine if the Act is on course to achieve its object.

In summary, the report identifies overall support for the Act by stakeholders, however there is limited quantitative data (evidence) available to definitively measure the progress and effectiveness of the Act since it commenced.

The OCG is of the view that an ongoing need for the Act to ensure resource communities benefit from LRPs, remains. While this report has determined it is currently too soon to determine the effectiveness of the Act, consultation at this stage of the PIR provides opportunity for the community to contribute evidence and information on this.

### **Draft recommendations**

In accordance with the key findings identified above, the report recommends that the Act be retained. The report makes three other (draft) recommendations to assist with enhancing and measuring the effectiveness of the Act (refer Section 9):

- Undertake a further review of the Act, particularly regarding the effectiveness of the SIA provisions and the enhanced SIA Guideline (2018).
- Implement a long-term data collection framework (refer to draft at Appendix 2) for the Act.
- Improve awareness and understanding of the anti-discrimination provisions by the resource communities.

## How to have your say

The OCG invites the resource industry, community stakeholders and any other interested stakeholders to provide feedback on the effectiveness of the Act, considering the problem (issues) the Act is intended to address, including the views, benefits and costs identified by stakeholders to inform this report. OCG has included several targeted questions throughout the report for public comment, to quantify the problem (issues) the Act is intended to address and further support the evidence-based consultation process to date.

Input is also sought on the (draft) recommendations at Section 9, including identification of any additional or alternative suggestions, with particular attention to the data collection, monitoring and compliance requirements for the recommended frameworks at Section 9 - Recommendation 3 and Appendix 2.

Your submission will be considered and used to inform the final Decision PIR and recommendations to the Queensland Government. Submissions are invited between 1 February 2021 and 30 April 2021. You can make your submission to the OCG by:

**Email:** [SSRCPIR@coordinatorgeneral.qld.gov.au](mailto:SSRCPIR@coordinatorgeneral.qld.gov.au)

**Online:** <https://haveyoursay.dsd.qld.gov.au/>

**Post:** The Office of the Coordinator-General  
SSRC Act – Post Implementation Review Team  
Department of State Development, Infrastructure, Local Government and Planning  
PO Box 15517, CITY EAST QLD 4002 Australia

**Fax:** +61 7 3220 6502

# 1. Introduction

This consultation report (the report) is a key step in the post-implementation review (PIR) of the *Strong and Sustainable Resource Communities Act 2017* (the Act). The purpose of the PIR is to assess the impacts, effectiveness and continued relevance of the Act. The report has been informed by the views of stakeholders directly affected by the Act.

The Queensland Government committed to a PIR of the Act in 2017 and required it to start within 18 months to two years and be complete within a three-year period of the Act commencing (30 March 2018).

The terms of reference (TOR) for the PIR (refer Appendix 3) set the scope of the review, consistent with the Queensland Government Guide to Better Regulation (2019) (refer to Section 1.2). Consultation with the Office of Best Practice Regulation (OBPR) and the Department of Justice and Attorney General (DJAG) also occurred in the preparation of this report (the latter from an anti-discrimination perspective).

The report forms part of the first stage of the PIR process (refer Figure 1) and presents the findings of stakeholder engagement undertaken to date.

Feedback received during the public comment period for this report will inform the development of the Decision PIR, which will present a final assessment of the effectiveness of the Act.

Based on analysis of data collected through the PIR process, including feedback from the submissions received during this public comment period, the Decision PIR will recommend to the Minister for Department of State Development, Infrastructure, Local Government and Planning (DSDILGP) and the Cabinet to decide to either:

- continue the Act without any amendments; or
- amend the Act; or
- repeal the Act.

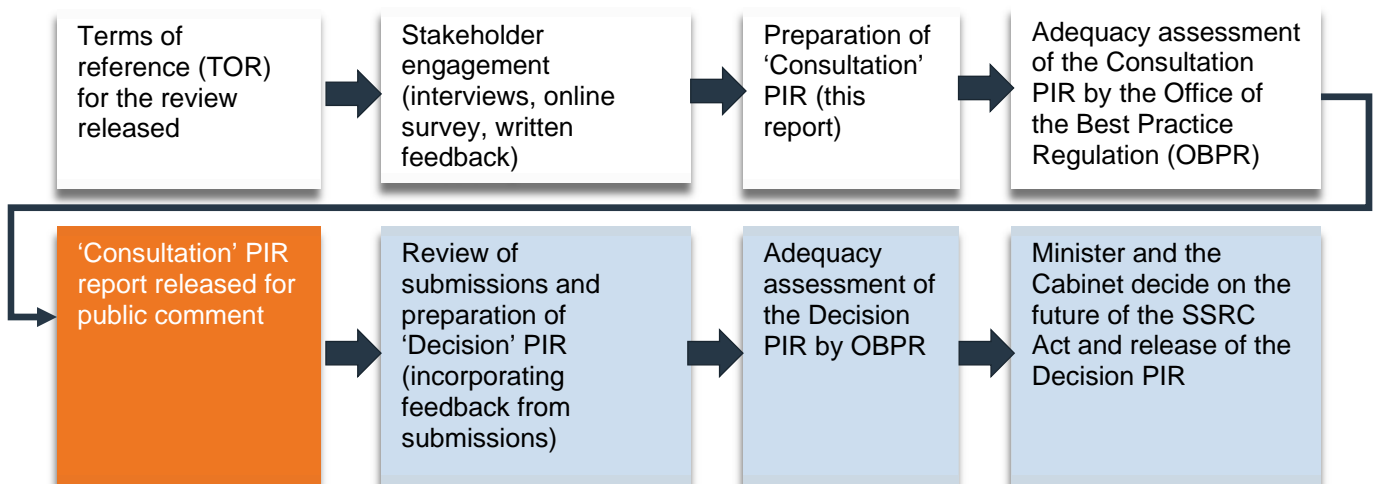


Figure 1 PIR process



## 1.1 Overview of the SSRC Act

The Act commenced on 30 March 2018. It introduced changes to fly-in, fly-out (FIFO) workforce arrangements and how the social impacts of resource projects are managed in Queensland. The Act is the first piece of legislation of its kind in Australia.

The justification for why the Act was introduced, including a description of problem the Act was intended to address, is discussed in Section 2 of this report.

The object of the Act is to ensure that residents of communities near LRPs benefit from the construction and operation of those projects. The Act aims to achieve this by:

- (1) prohibiting use of 100 per cent FIFO operational workforces (Section 6)
- (2) protecting local residents from being discriminated against on the basis of their place of residence, during recruitment for jobs at LRPs (Section 8)
- (3) prescribing preparation of social impact assessments (SIAs) for resource projects going through an environmental impact statement (EIS) process under the *Environmental Protection Act 1994* (EP Act) or the *State Development and Public Works Organisation Act 1971* (SDPWO Act) (Section 9).

The aims that the above elements of the Act seek to achieve were set out in the Explanatory Notes of the SSRC Bill 2016, and are identified in sections 1.1.1, 1.1.2 and 1.1.3 below.

The Act defines:

- LRPs as resource projects for which an EIS is required, or that hold a site-specific environmental authority and have 100 or more operational workers; or has a smaller workforce decided by the Coordinator-General and notified in writing by the Coordinator-General to the owner of the project.
- a nearby regional community (NRC) means a town, the name of which is published on the department's website under section 13, that has any part within a 125 km radius of the main access to the project; or a greater or lesser radius decided by the Coordinator-General and notified in writing by the Coordinator-General to the owner of the project; and that has a population of more than 200 people or a smaller population decided by the Coordinator-General and notified in writing by the Coordinator-General to the owner of the project.

There are 70 LRPs currently included in the Coordinator-General's published list of LRPs and subject to the 100 per cent FIFO prohibition. The associated 296 NRCs are protected by the anti-discrimination provisions of the Act and the *Anti-Discrimination Act 1991* (AD Act).

### 1.1.1 Prohibition of 100 per cent FIFO workforces

Section 6 of the Act prohibits the use of 100 per cent FIFO workforce arrangements at operational LRPs. At the time of drafting of the SSRC Bill, it was recognised that the prohibition of 100 per cent FIFO workforce practices may have a limited effect on reducing the percentage of FIFO workers, as one local resident is required to be employed at the LRP to comply. However, the intention of the 100 per cent FIFO prohibition was to provide a clear statement to the resources industry 'that this 100 per cent FIFO workforce arrangement is unacceptable'.<sup>1</sup> The aim of this prohibition is *to support resource communities near LRPs to attract and retain workers and their families*. This in turn would assist in providing benefits for communities near LRPs, which is the object of the Act.

LRPs included in the Coordinator-General's list of LRPs are subject to the 100 per cent FIFO prohibition.

### 1.1.2 Anti-discrimination provisions

Section 8 of the Act states that an owner of a LRP must not:

- advertise positions for project workers in a way that prohibits residents of the NRC for the project from applying
- otherwise state, in any way in a document, that residents of the nearby regional community for the project are not eligible to be workers for the project.

The aim of this provision is *to prevent resource companies discriminating against local residents in the future recruitment of operational workers.*

To minimise any unintended consequences, the grounds for discrimination apply only to LRPs and do not prevent the preferential hiring of local residents.

The Act also introduced amendments to Chapter 5B of the AD Act to prohibit discrimination against residents in NRCs in relation to work on LRPs on the basis of 'location' as a grounds for discrimination. The Act also enables FIFO workers to relocate and reside in local towns if they choose, without losing their job on the project.

LRPs and their NRCs included in the Coordinator-General's list of LRPs are subject to anti-discrimination provisions of the Act and the AD Act.

### 1.1.3 Prescription of SIA

Section 9 of the Act requires a Social Impact Assessment (SIA) be undertaken for all LRPs subject to an environmental impact statement (EIS) process under either the SDPWO Act or the EP Act.

The aim of this provision is to:

- *support resource communities to attract and retain workers and their families*
- *improve participation of local governments in the SIA process for each project*
- *improve access for competitive local businesses to resource project supply chains*
- *help protect resource worker health and wellbeing.<sup>2</sup>*

While the provision targeted a particular industry sector to the exclusion of other sectors, the government considered this approach justified given the extent of the resource sector's use of FIFO practices and its associated impacts on regional communities (refer section 2.2.1).

Sections 9, 10 and 11 of the Act provide the regulatory framework for the SIA of LRPs. This framework includes provisions for:

- the matters the SIA must provide for in relation to a project
- the adoption of a recruitment hierarchy by the proponent, prioritising recruitment from local and regional communities first, then workers that will relocate and live in NRCs
- the Coordinator-General to state and enforce conditions to manage the potential social impacts of a project

- Section 9(5) of the Act requires mandatory consultation with local government in the area in which the LRP is located in preparing the SIA.

The Act is supported by an enhanced Social Impact Assessment Guideline (2018), published by the Coordinator-General. The guideline is a statutory instrument developed in accordance with section 9(4) of the Act.

Proponents for resource projects going through an EIS process under the EP Act or the SDPWO Act must address the five core matters of the SIA Guideline in their SIA report. The matters, including their scope and objective, are outlined in Table 1.

**Table 1 Five core matters of the SIA Guideline**

Core matter	Scope	Objective
Community and stakeholder engagement	This matter applies to the SIA requirements for engagement with potentially impacted communities and stakeholders.	To ensure transparent and inclusive community and stakeholder engagement process, and the ongoing management and monitoring of potential social impacts during the construction and operational phases of the project.
Workforce management	This matter applies to the SIA requirements for the assessment and management of potential social impacts associated with the project workforce during the construction and operational phases.	To ensure project workforce management practices: <ul style="list-style-type: none"> <li>• prioritise the recruitment of workers from local and regional communities and workers who will live in regional communities</li> <li>• reduce the proportion of workers engaged in FIFO arrangements</li> <li>• support the health and well-being of the project workforce.</li> </ul>
Housing and accommodation	This matter applies to the SIA requirements for the assessment and management of potential social impacts from project housing and accommodation arrangements for the project workforce during the construction and operational phases.	To ensure: <ul style="list-style-type: none"> <li>• project housing and accommodation arrangements do not contribute to significant affordability and availability impacts on housing and accommodation in local and regional communities, and</li> <li>• do not place an excessive burden on existing infrastructure, facilities and services.</li> </ul>
Local business and industry procurement	This matter applies to the SIA requirements for the assessment and management of potential social impacts associated with the procurement of goods and services for the project during the construction and operational phases.	To ensure: <ul style="list-style-type: none"> <li>• project procurement practices maximise opportunities for competitive and capable local businesses to provide goods and services to the project</li> <li>• reduce barriers to entry for local businesses where feasible.</li> </ul>
Health and community well-being	This matter applies to the SIA requirements for the assessment and management of potential social impacts from the project to the health and well-being of potentially impacted communities	To ensure: <ul style="list-style-type: none"> <li>• the project avoids or mitigates negative social impacts and capitalises on opportunities to improve the health and well-being of local and regional communities, and</li> </ul>

Core matter	Scope	Objective
	during the construction and operational phases. This matter includes physical and mental health, as well as social, cultural and economic well-being.	<ul style="list-style-type: none"> <li>does not adversely impact on the level of service to local and regional communities from existing social services, facilities and infrastructure.</li> </ul>

The SIA report is released for public comment as part of the project's EIS. Based on the submissions received, the Coordinator-General may request amendments to the SIA. The Coordinator-General may, as part of evaluating a project's EIS, condition the project to require the management of social impacts.

## 1.2 Scope of the PIR

This PIR has been undertaken to assess whether the Act remains an appropriate mechanism for providing benefits for regional communities located in the vicinity of LRPs. Specifically, the PIR analyses how effective the Act has been in meeting its object, which is: *to ensure that residents of communities in the vicinity of LRPs benefit from the construction and operation of these projects.*

The Act is based on three key elements, which are subject to the PIR and include:

- (1) 100 per cent FIFO prohibition
- (2) anti-discrimination provisions and
- (3) SIA provisions.

The OCG prepared a TOR for the PIR in consultation with key stakeholders affected by the Act. These key questions have informed the stakeholder engagement and data collection process for the PIR. The TOR has been publicly available since February 2020 and is available in Appendix 3.

It is important to note, that this PIR focuses solely on the review of the Act and does not include a review of the AD Act. While the anti-discrimination provisions of the Act are linked and regulated by the Queensland Human Rights Commission (QHRC), the AD Act provisions have only been considered (not reviewed) in the context of the link between section 3(2)(c), section 8 of the Act and part 5B of the AD Act.

This report does not include discussion on automation in the resources industry as the matter falls outside the scope of the PIR and is not reflected in the TOR for the PIR. Some stakeholders provided views on automation (within the context of future availability of local jobs), however this information has not been further considered for the purpose of this PIR. It is possible that automation will change the number, type or location of jobs, whether local or FIFO, requiring different application of the Act.

## 1.3 Limitations of the PIR

As mentioned above, this PIR assesses the effectiveness of the Act in meeting its object, which is: *to ensure that residents of communities in the vicinity of LRPs benefit from the construction and operation of these projects.*

To undertake a fulsome review, it is important to be able to measure the effects (positive and negative) of the Act on:

- (1) the benefits provided to communities as a result of the Act requirements imposed on owners and proponents for LRPs
- (2) stakeholders directly affected by the Act, including but not limited to the owners of LRPs and their business operations and government resources required to implement and administer the Act.

Despite the extensive data gathered and analysed as part of this PIR, it has been difficult to determine the extent to which the positive and negative impacts on communities and stakeholders identified in this report are solely attributable to the Act since its implementation. This is because measuring social impacts and benefits can be difficult to quantify given the range of social and economic factors that play upon communities. Similarly, changes to local employment, local population, local business procurement and community health and wellbeing are influenced by multiple other factors and processes.

For example, while the 100 per cent FIFO prohibition currently applies to 70 LRPs, the majority of these projects were operational prior to the Act commencing and were not employing a 100 per cent FIFO model. It is difficult to ascertain whether the number of local employees working at these LRPs is due to the Act being in place or due to existing company business models / policy regarding employment of local workers.

This is further compounded by the relatively short period of time the Act has been in effect. To date only two LRPs have completed the enhanced SIA process, namely the Olive Downs project and Saint Elmo Vanadium project. However, neither have been constructed or become operational, making it difficult to correlate changes in local communities due to the impact of the Act. The difficulty in correlation is acknowledged by the FIFO Review Report (July 2015), which notes that: *it is the long-term operational workforces and the direct and indirect benefits they provide to local communities that underpin the sustainability of the resource communities.*

Measuring the effects of the Act is exacerbated by a lack of a quantified evidence of the problem and social outcomes that were originally sought to be addressed in 2015-2016 by the introduction of the SSRC Bill.

The COVID-19 pandemic has been a key constraint to the PIR, particularly to the stakeholder engagement program. Notably, the necessary public health emergency management procedures affected stakeholders' capacity to participate in structured interviews in person and/or limited OCG's ability to travel to meet with a number of stakeholders within remote resource regions of Queensland.

Furthermore, it is possible that stakeholder responses have been influenced by their attention being on the immediate effects of the pandemic, rather than solely the effects of the Act since its commencement approximately 2.5 years ago. This may contrast with stakeholders who were interviewed prior to the public health emergency declaration.

### 1.3.1 PIR focus

The PIR focuses on the effectiveness of the 100 per cent FIFO prohibition and the anti-discrimination provisions as far as practicable based on qualitative data obtained through stakeholder engagement (interviews, online survey, written submissions).

The PIR does not focus on the effectiveness of the SIA provisions and the SIA Guideline (2018). As mentioned above, since the Act has been in effect only two resource projects (Olive Downs project and Saint Elmo Vanadium project) have completed the SIA process in line with the requirements of the Act and the SIA Guideline (2018). As neither of these projects have been constructed at the time of the PIR, there has been no reporting, and therefore no data,

against project Social Impact Management Plans (SIMP), which would include community benefit outcomes. It is therefore considered premature at the time of writing to review the effectiveness of the SIA provisions and the SIA Guideline (2018).

Preliminary feedback has been received on elements of the SIA process from agencies and local governments that have been involved in the SIA process at the time of the PIR. This feedback has informed the recommendation for a further review be undertaken with focus on the SIA process (Section 9 - Recommendation 2).

## 2. Why was the SSRC Act introduced?

This section outlines the original problem the Act sought to address and provides an overview of why the Act was chosen over other policy options.

### 2.1 Overview

The Act was introduced as a result of recommendations made by two inquiries into FIFO, namely the:

- ‘Inquiry into fly-in, fly-out and other long-distance commuting work practices in regional Queensland (October 2015)’ (the FIFO Inquiry) undertaken by the Queensland Parliament, Infrastructure, Planning and Natural Resources Committee (IPNRC).<sup>3</sup>
- ‘FIFO Review Report – An independent review of existing, predominantly fly-in, fly-out resource projects in Queensland (July 2015)’ undertaken by an expert panel (the FIFO Review Panel).<sup>4</sup>

Both the FIFO Inquiry and the FIFO Review Panel were undertaken in response to a 2015 election commitment and delivered a total of 27 recommendations. Key recommendations included that the SIA process for major resource projects be prescribed in legislation and that the government consider amending the AD Act to include location as a prohibited ground of discrimination.

The key issues discussed in the FIFO Inquiry and the FIFO Review Panel can be broadly categorised as:<sup>a</sup>

- inequality in the distribution of socio-economic benefits from the resource projects
- impacts on the liveability of resource communities due to FIFO workforces
- limited information sharing by resource companies
- evidence of discrimination against local workers
- legislative inconsistency in the management of social impacts of FIFO workforces/resource projects.

Intervention to address these issues was supported by the FIFO Inquiry (2015), which reported that: ‘State and Federal Governments and resource companies all have an obligation to ensure that the benefits of resource activity, such as employment, are able to be accessed by all’<sup>5</sup> and ‘work (is needed) to be done to ensure that local communities are receiving the benefits of resource projects to the greatest extent possible’.<sup>6</sup>

The combination of these issues, coupled with the growth in FIFO workforce practices, form the overall problem the Act was set to address. These are discussed below with an outline of the available evidence.

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<sup>a</sup> Note, a clear statement of the problems to be addressed by the Act was not documented by the Explanatory Notes of the SSRC Bill. The implications of this limitation are explained in section 1.3.

## 2.2 Original problem the SSRC Act was to address

### 2.2.1 Background to growth in FIFO workforces

The resources sector has been an important driver of regional economic development in Queensland since colonial times.<sup>7</sup> Historically, the establishment of mining operations prompted rapid development and many socio-economic changes for local communities including population growth, direct employment, higher incomes, and increased business opportunities.<sup>8</sup> Mining companies also established ‘company towns’, such as Moranbah, Dysart and Middlemount, to cater for the expansion of the mining industry and supply labour for all but the most remote operations.<sup>9</sup>

However, by the mid-1980s, falling mineral prices and changes to the tax regime that increased the cost of providing workers with non-salary benefits reduced companies’ willingness to invest in permanent housing and infrastructure.<sup>10</sup> Changes to industrial laws and unionised working agreements also gave employers considerably more flexibility.<sup>11</sup> This led companies to introduce greater use of contract labour at mines and changed a number of work patterns, including moves towards longer 12-hour shifts and block rosters.<sup>12</sup> Combined, these changes led resource companies to increase the use of FIFO workforces to supply labour for mining activities, even those in proximity to established and accessible population centres.<sup>13</sup>

Where once employees would have resided in local towns near mine sites, FIFO workforce models draw staff from a range of urban and coastal locations leading workforces to be more geographically dispersed than in previous decades.<sup>14</sup> FIFO employees stay for an extended ‘roster’ period on or near the mine site, usually in dormitory-style worker accommodation villages, and commute to and from their ‘usual’ place of residence. Most operations fly their workers to and from worksites, however other modes of transport may be used, including drive-in, drive-out (DIDO) and bus-in, bus-out (BIBO).<sup>15</sup>

The most recent resources boom (2004 – 2014) accelerated this trend.<sup>16</sup> Unable to meet the unprecedented labour requirements with local employees alone, resource companies turned to non-resident FIFO workforces as the most convenient and cost-effective way to expand construction and operation workforces and attract skilled workers in an increasingly tight labour market.<sup>17</sup> The extent of dependence by the resources industry on this practice was evidenced in 2011 when the Queensland Government approved a request for an up to 100 per cent FIFO operational workforce for two mine projects near Moranbah. While one of the key reasons for the request was the need to secure the operations workforce in a tight labour market and limited housing availability, the arrangement reflected the growing trend away from *operational workers* permanently living within resource regions.

*“...But certainly, with that boom period, there was nowhere near the capacity, as far as infrastructure and workforce, to cater for all of that. So, that naturally led to fly-in, fly-out. Then whilst that boom period's gone now, that established that fly-in, fly-out was a part to play in housing and attracting the workforce to - because without - I mean, if we didn't have fly-in, fly-out, or drive-in, drive-out, we wouldn't be able to operate these operations.”*

*Resource Industry Stakeholder*

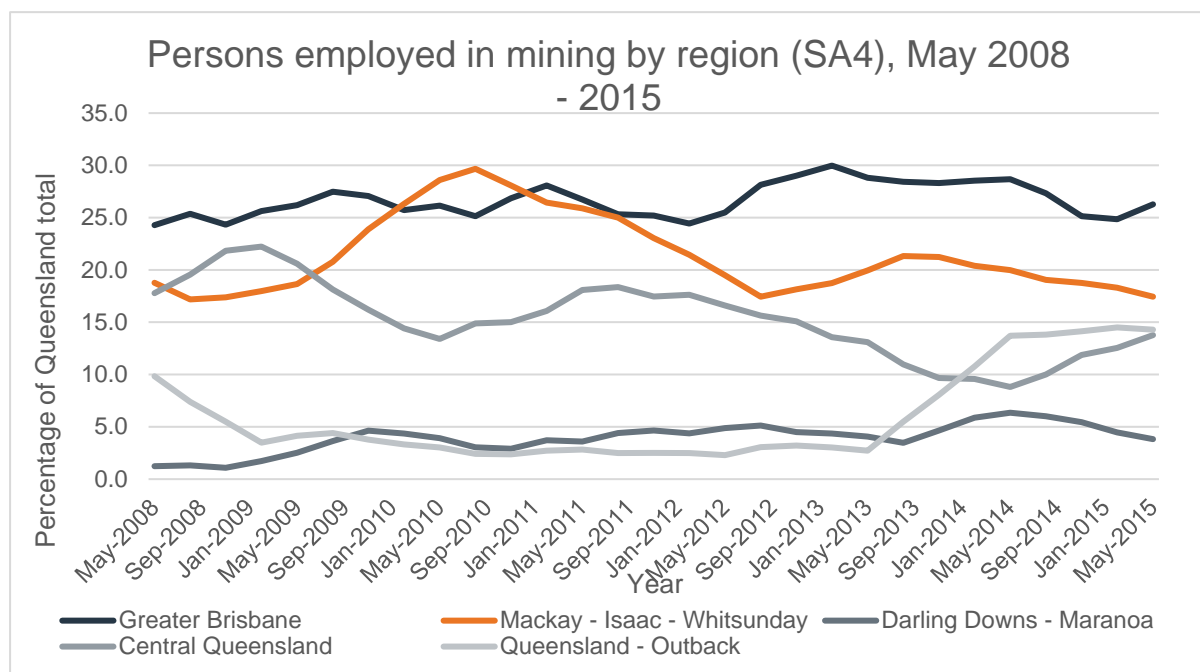


A number of factors, including improved access to labour, cheaper air travel making the logistics of commuting more feasible, and a preference for employees to reside in metropolitan areas with greater access to amenities and family networks, have further underpinned recent trends towards the increase in the use of FIFO workforces.<sup>18</sup> Other practical reasons include the increasingly remote and short-term nature of mining operations limiting the economic feasibility of company investment in permanent housing and infrastructure.<sup>19</sup> Quantitative detail on the growth of FIFO workforces in Queensland is provided in Appendix 5.

## 2.2.2 Inequality in the distribution of socio-economic benefits

The principal issue underpinning the reports of the FIFO Inquiry and the FIFO Review Panel was inequality in the distribution of socio-economic benefits of resource activities between the nearby local communities and major urban centres. The growth in non-resident FIFO workforces had seen resource communities receive ‘little direct exposure to the economic benefits of strong resource activity in the region’, despite experiencing a disproportionate share of the resulting social impacts (refer section 2.2.3 below).<sup>20</sup>

Submitters on both reports perceived that a growing preference by companies to use FIFO workforces during the operations phase was limiting direct employment opportunities for people in regional communities, which in turn was a barrier to attracting and retaining people. This was supported by evidence in the FIFO Review Panel which documented that in May 2015, a greater proportion of persons employed in the resources industry resided in the region of Greater Brisbane (approximately 17,000 persons) than in the Mackay, Whitsunday and Isaac (MIW) region (approximately 12,000 persons) (Figure 2).<sup>21</sup>



**Figure 2** Persons employed in mining by region (SA4), May 2008 – 2015 <sup>22, b</sup>

<sup>b</sup> Note, Queensland-Outback SA4 region includes in the west and the far north of the state, and spans from the tip of Cape York to the borders of the Northern Territory and New South Wales. The region includes the regional centres of Charleville, Longreach and Mount Isa.

Such distribution of the labour force was reported as also having an ‘opportunity cost’ to resource communities in that ‘lost local employment and wages carry over into lost expenditure with local businesses and service providers’.<sup>23</sup> This economic leakage has been compounded by a greater reliance by resource companies on external suppliers and contractors, with the centralisation of procurement for non-mining services in Brisbane and other larger regional centres, further restricting the local capture and multiplier effect of resource project revenues.<sup>24</sup> This trend was also recognised as limiting local business’ ability to develop the capability and capacity to meet the procurement needs of the increased resource activity.<sup>25</sup> Likewise, there was concern that increases in non-resident FIFO workforces have been largely catered for by the construction of workforce accommodation villages (WAVs), rather than investment in new housing and infrastructure.<sup>26</sup> Resource community stakeholders highlighted that local businesses do not gain any benefit from hosting WAVs as they are typically self-sufficient and do not source any basic goods and services from local communities.<sup>27</sup>

Combined, the above trends have meant that a large portion of the economic impacts of resources growth ‘bypassed’ the local economies of resource communities and focused immediately in Brisbane and larger regional centres.<sup>28</sup> As identified by FIFO Review Panel and elsewhere, the direct and indirect economic impact of FIFO on resource communities is difficult to quantify, however, as there is very little evidence-based research available with most information being anecdotal.

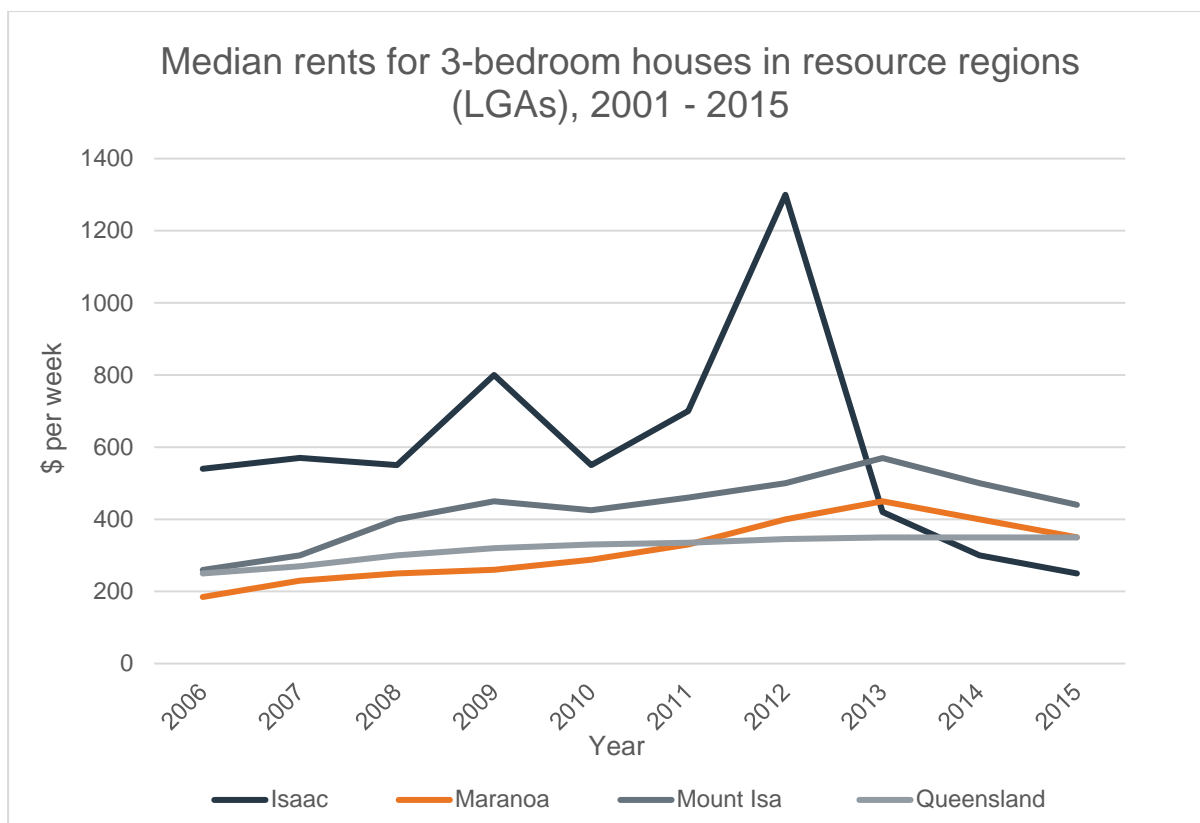
### 2.2.3 Impacts on the liveability of resource communities

Many of the identified concerns in the FIFO Inquiry and the FIFO Review Panel reports related to social issues arising from the rapid influx of large transient FIFO workforces in local communities. These included:

- reduced accommodation availability and affordability with the relocation of key service workers and long-term local residents to less expensive markets
- increased pressure on limited local infrastructure and services
- perceived declines in social cohesion and community safety, including changes to community identity and overall liveability.

#### Accommodation availability and affordability

During the 2004-2014 resources boom, the large construction and operations workforces exceeded the available housing and land supply in most resource communities. Despite the increasing use of FIFO workers and WAV facilities (to accommodate some of these workers), increased demand resulted in high house prices and rent levels and widespread housing availability shortages.<sup>29</sup> The issue was exacerbated by a shortage of residential land as most resource communities are bounded by good quality agricultural land and mining leases, as well as the head-leasing and ownership of housing within communities by companies for subsidised rental to their workers.<sup>30</sup> The FIFO Review Panel noted that in some cases, the conditioning of companies to provide additional housing stock further distorted the normal supply and demand forces in the real estate market.<sup>31</sup> In Isaac LGA, during the resources boom, the median rent for a three-bedroom house was approximately \$1,300 per week in comparison to the state average of \$300 (Figure 3).



**Figure 3 Median rent for 3-bedroom house in resource regions, 2001 – 2015 <sup>32</sup>**

Anecdotal evidence indicated that the broader effects of limited accommodation availability and affordability included increased difficulty in attracting and retaining workers for resource and other employment opportunities as well as the relocation of low-income households to areas with less expensive housing markets.<sup>33</sup> The decline of resource activity following the finalisation of construction for new projects was acknowledged by both reports as contributing to a return to more normal housing market conditions in resource regions post-2014.

### Local infrastructure and services

Both inquiries acknowledged the substantial investment resource companies made to their communities through funding of infrastructure improvements, community facilities and local events. However, local governments and service delivery organisations indicated that FIFO workforces had also negative impacts on the provision of local infrastructure and essential services in resource communities.<sup>34</sup> These stakeholders suggested that the lack of a permanent workforce in resource communities was restricting the expansion of education, health, emergency and other critical services (see also section 2.2.4). FIFO workforces were further cited as adding pressure to existing limited services (particularly medical and emergency) and restricting access to these services for residents through increased wait times. Limited quantitative data about the extent of these issues was documented however in the inquiries.

### Community well-being and cohesion

FIFO workforces were reported by the FIFO Inquiry as having a negative impact on the perceived safety, identity, cohesion and overall wellbeing of resource communities. This is particularly the case in towns, such as Moranbah and Blackwater, where 'huge amounts of dongas with a high unknown transient workforce' was attributed to creating declining

community safety and a perception that resource communities are little more than temporary 'stopover' places.<sup>35</sup> Anecdotal evidence also suggested that FIFO workers, particularly those sitting outside the residential community in WAV facilities, do not positively contribute to the functioning of the town. This lack of integration between FIFO workers and local residents was noted as impacting community wellbeing by creating divisiveness and resulting social problems, such as crime and anti-social behaviour.<sup>36</sup>

Submitters to the FIFO Inquiry further suggested FIFO workforce practices were having negative impacts on the health and psychological wellbeing of FIFO workers and their families. This was due to a combination of factors, including fatigue and stress associated with long working hours and long work rosters, separation from family and friends, disruption to family life, and challenges in maintaining connection to broader community (such as participation in sporting or social events).<sup>37</sup> Submitters also raised issues regarding the quality, design and planning of WAVs being used to accommodate large FIFO workforces, which was identified as impacting on both workers' and local communities' sense of wellbeing.<sup>38</sup>

## 2.2.4 Information sharing constraints

Planning for and responding to the socio-economic impacts of FIFO workforces, and resources activities in general, was identified as posing challenges for local government. Local government stakeholders provided anecdotal evidence of the ongoing 'economic burden' caused by FIFO workforces' use of local services and infrastructure.<sup>39</sup> It was reported that although FIFO workers typically spend half of their time or more within a resource community, they are not counted as 'usual residents' in the Census resident population estimates, upon which Commonwealth and State Government funding is allocated. This was said to result in local governments drawing on a resource allocation which is not proportionate to the actual population using these services.

The ability of local government to adequately service and plan for the long-term futures of their communities was also recognised as being affected by a lack of accurate and publicly accessible information on workforce (particularly non-resident workers, including contractors), accommodation and procurement data of resource projects through all stages of development.<sup>40</sup> The provision of annual non-resident (FIFO) worker population estimates by the Queensland Government Statistician's Office was acknowledged as bridging this information gap to some extent. However, the FIFO Review Panel identified that a 'more comprehensive suite of data' would benefit all stakeholders' ability to respond to and plan for the impacts of resource activities.<sup>41</sup>

A lack of policy or legislation requiring proponents to inform and engage with local governments on decisions relating to WAV developments on resource tenements was also acknowledged by the FIFO Inquiry as contributing to this information gap.<sup>42</sup>

## 2.2.5 Evidence of discrimination

A final issue of concern noted by the FIFO inquiry was that the growing use of FIFO workers over residential workforces was leading to discrimination against local workers in regional areas. As part of this FIFO Inquiry, stakeholders provided anecdotal evidence that they were aware of circumstances where locally based workers needed to travel considerable distances to metropolitan airports in order to satisfy the FIFO requirement of an advertised mining position.<sup>43</sup> Evidence of an advertisement including location criteria for recruitment (i.e. a worker must be based within 100 km of the Brisbane Airport) was also provided. Local governments, unions and non-government organisations argued that the preferential

recruitment of employees who live near certain airports over those who do not represented a form of 'post-code discrimination' against local workers.<sup>44</sup>

The government approval of 100 per cent FIFO workforces was seen to exacerbate the issue with some stakeholders arguing the arrangements effectively excluded the local labour market and removed workers' ability to choose to relocate and live in resource communities. This was perceived as resulting in further 'opportunity cost' to regional communities as local population growth is a key driver for investment and socioeconomic viability.<sup>45</sup> There was a view among a number of stakeholders that 'employers should employ both local and FIFO employees, based on their ability to perform the work required, rather than the post-code in which they live'.<sup>46</sup>

## 2.2.6 Inconsistency in the management of social impacts

The ability of the Queensland Government to manage the problems identified above was limited by the regulatory environment at the time.

Since 2008, the Queensland Government had put in place several policy initiatives to improve the assessment and management of social impacts associated with major resource projects, including their workforce arrangements, within the existing EIS process. In September 2008, the State Government released the Sustainable Resource Communities Policy to strengthen the SIA of resource projects and provide for greater coordination between stakeholders to address resource governance issues.<sup>47</sup> In particular, the policy introduced a dedicated SIA unit within the OCG and the policy requirement for a SIMP. This was accompanied by the introduction of the Social Impact Assessment: Guideline to Preparing a Social Impact Management Plan in September 2010.<sup>48</sup>

The IPNRC supported the range of comprehensive guidelines available to assist the SIA process, however, identified that 'the Queensland Government did not have a substantive whole-of-government policy relating to FIFO work practices in regional Queensland'.<sup>49</sup> Further, the Committee stated its concern that there remained no provisions in Queensland legislation designed specifically to regulate the socio-economic impacts of resource projects, particularly those arising from FIFO workforce practices.<sup>50</sup>

At the time of the FIFO Inquiry, resource projects declared as coordinated projects under the SDPWO Act had social conditions imposed by the Coordinator-General. These conditions were imposed if the terms of reference for the project stipulated the need for a SIA as part of the EIS process. For resource projects that were going through an EIS process under the EP Act, neither the Coordinator-General or the then Department of Environment and Heritage (now Department of Environment and Science (DES)) had legislative power to set conditions to regulate social impacts. This meant that two resource projects with similar social impacts could be regulated differently depending on the statutory approval path taken.

At the time, the Coordinator-General's powers to require social conditions applied only to proposed new or expanded resource projects which have undertaken an EIS, meaning there was no legislative trigger to condition the FIFO workforce arrangements implemented by existing operational resource projects.

With respect to the use of 100 per cent FIFO workforces and the issue of discrimination against workers based on place of residence, the IPNRC noted that the AD Act specifies the circumstances in which discrimination is unlawful.<sup>51</sup> However, discrimination on the basis of residential address was not, at the time of the inquiry, a prohibited ground of discrimination

under the Act. Therefore, there remained no legislative mechanism to protect local residents from being discriminated against during recruitment.

## 2.2.7 Summary

Table 2 summarises the key issues that originally contributed to the overall problem discussed above and consequently leading to the introduction of the Act to manage social impacts associated with resource projects.

*Feedback sought:  
Is there any further evidence or information to describe or justify the problem the Act was intended to address?*

**Table 2 The original problem (2012 to 2014)**

Original problem	Description of the original problem / associated issues
1. Inequality in the distribution of socio-economic benefits	Increase in non-resident FIFO workforces (particularly during operations) and use of external suppliers and contractors from metropolitan areas, led to the economic benefits of resource activities being increasingly dispersed outside of local communities near the resource activity. This was compounded by use of WAVs, instead of local housing, which provided less economic benefit to local communities.
2. Impacts on the liveability of resource communities	
a) Reduced accommodation availability and affordability	During the resources boom (2012-2014), the high demand for local housing by FIFO workers (often receiving accommodation subsidies) resulted in a significant increase in the house and rental prices in resource communities. In turn, households with low incomes were forced to relocate to areas with less expensive housing markets. Local businesses and essential services also experienced difficulties in attracting and retaining staff. This effect was compounded by no concurrent or earlier increase in housing stock availability.
b) Increased pressure on local infrastructure and services	Increased use in local infrastructure and services as a result of an influx of non-resident workers. This impact is compounded by the fact that FIFO workers are not captured in the Census population data, which is used to plan for service and infrastructure revenue and delivery by government.
c) Perceived declines in social cohesion and safety	Increase in non-resident FIFO workforces during the resources boom led to an influx of 'unknown' non-resident workers in resource communities. This led to a change in the community make up, and perceptions of reduced social cohesion and concerns regarding community safety.
d) Negative health and wellbeing impacts	FIFO workforce practices negatively impact the health and psychological wellbeing of FIFO workers and their families due to combination of factors, including fatigue and stress associated with long working hours, separation from family and friends, and disruption to participation in family and community life.
3. Information constraints	Local government experience difficulties in planning for increased infrastructure and services demand, and the long-term economic futures of their communities due to a lack of accurate and publicly available information.
4. Discrimination against local residents	Local workers were forced to travel to metropolitan airports in order to satisfy the FIFO requirement of an advertised mining position. The government approval of 100 per cent FIFO workforces excludes the local labour market and removes workers' ability to choose to relocate and live in resource communities.

## 2.3 What other options were considered?

Given the 2015 election commitment to legislate against the use of 100 per cent FIFO workforces for resource projects, no alternative policy options were considered by the State Government to address this issue. With respect to implementing a policy objective around 'any person must be able to apply for a job, no matter where they live' or 'all workers are provided a choice of where they live', the State Government considered a range of policy options and these are described below.<sup>52</sup>

### **Option 1 – Do nothing**

- No change to existing operations at the time.
- This option was not considered a viable option as it would not be consistent with the Government election commitment to create new legislation or the policy objective and would maintain the status quo.

### **Option 2 – Amend the AD Act to prohibit location as a ground for discrimination against local workers.**

- This was a recommendation of the FIFO Inquiry (2015) and while it was considered that this option would introduce a new ground for discrimination and would support the policy objective, it did not provide a comprehensive and integrated policy solution.

### **Option 3 – Create a new Act to prohibit location as a ground for discrimination against local workers, which would also include a 100 per cent FIFO prohibition for future operations near a regional centre, and require social impact assessment be undertaken for resource projects undergoing an EIS**

- This option was approved by the Government and the Strong and Sustainable Communities Bill 2016 was introduced to Parliament on 8 November 2016. The Bill was recommended to be passed.

### **Option 4 – Amend the SDPWO Act to prohibit location as a ground for discrimination against local workers**

### **Option 5 – Amend the SDPWO Act to create a head of power for the Coordinator-General to amend an EIS evaluation report for a large resource project at any time.**

- Options 4 and 5 were not considered viable as they did not capture LRPs undertaking an EIS under the EP Act, and therefore not capture future operational resource projects, nor was the SSRC policy objective considered consistent with the purpose of the SDPWO Act.

### 3. Methodology

This report has been informed by:

- stakeholder views obtained through 74 structured interviews, an online survey (21 responses) and written stakeholder feedback (5 submissions)
- these 100 responses represent 30 owners of, or proponents for LRPs, 18 local governments, 14 state government agencies, four unions, three peak bodies, 26 community representatives and four WAV operators
- workforce data and costs of the Act imposed on stakeholders, sought from 35 owners of, or proponents, for LRPs
- costs of Act implementation sought from 12 State government agencies, including OCG
- reports and policies by the Queensland Government and other agencies, including the final reports of the FIFO Inquiry and FIFO Review Panel
- academic literature on the impacts of FIFO and the social impacts of the resources industry in Queensland
- internal government materials used in the development of the SSRC Bill
- other relevant public domain documents and reports.

Confidentiality of stakeholder responses has been maintained throughout the preparation of this report, to ensure stakeholders' opinions are communicated openly, and any future negotiations between stakeholders would not be adversely affected (e.g. exposure of commercial-in-confidence information).

OCG has undertaken this phase of the PIR process in line with the Queensland Government Guide to Better Regulation (2019). The Guide requires a PIR to address the following matters:

- whether a problem requiring regulation still exists
- the Actual, rather than expected, impacts of the Act
- any unintended consequences from the Act's implementation
- whether the Act should continue, including whether any amendments should be made.

The TOR set out the scope for the PIR and were prepared in consultation with key stakeholders and on the basis of OBPR's PIR requirements listed above. The TOR (refer Appendix 3) and OBPR's PIR requirements form the basis on which the findings of this report have been organised and reported. For further detail on the methodology applied to conduct the PIR refer to Appendix 4.



# 4. The impacts of the SSRC Act

## 4.1 Introduction

This section summarises the outcomes of stakeholder engagement obtained through interviews, written submissions, online survey and data requests. The summary highlights the dominant themes emerging from stakeholders regarding:

- the impact of the Act on achieving its object (refer section 1.1.)
- the impact of the Act on stakeholders
- effectiveness of application of the Act
- unintended consequences of implementing the Act.

The stakeholder views have informed this report's analysis of the effectiveness of the Act (refer section 5). The quantitative data received from stakeholders (including estimated costs) are also presented, where relevant.

The questions asked at the interviews and in the online survey directly contributed or related to the key questions of the TOR (refer Appendix 3).

In presenting the results, it is important to note that some stakeholders did not answer all questions presented as part of the interviews and online survey. Some respondents opted not to answer particular questions, while some questions were not asked during the interviews due to time constraints. The results are therefore presented as a percentage of *completed responses*.

In accordance with the TOR, the PIR sought views from the following stakeholder groups:

- **Industry** – owners of, or proponents for LRPs, peak bodies, WAV operators and unions<sup>c</sup>
- **Government** – local and state government agencies
- **Community** – social service providers, business owners /commerce groups, and community members.

These are categorised in the following sections.

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<sup>c</sup> 'Peak bodies' includes the Queensland Resources Council, Australian Petroleum Production and Exploration Association and Local Government Association of Queensland (LGAQ). It is difficult to allocate this group to a specific stakeholder category owing to their industry, government and community links. However, 'Industry' was considered to represent the 'best fit' category for this group for the purpose of this review. Similarly, unions and WAVs may not solely represent industry, but they do represent the workers on LRPs and ancillary industries.

## 4.2 100 per cent FIFO prohibition

### Summary

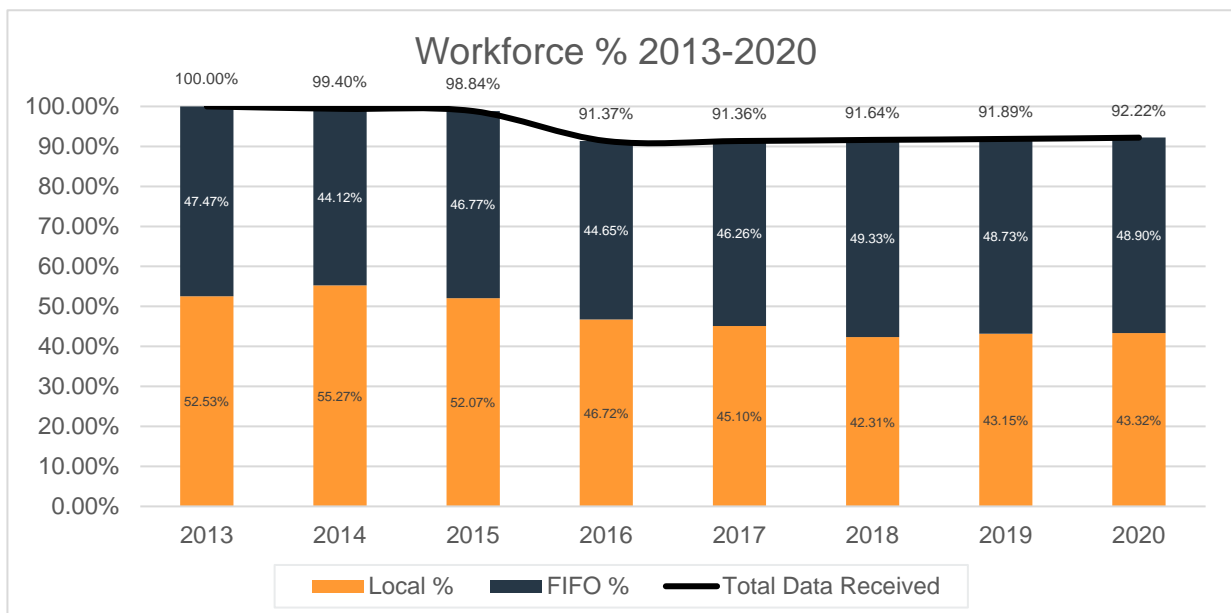
- It is difficult to ascertain if the 100 per cent FIFO prohibition of the Act has supported the relocation of workers to local communities. While quantitative data indicates there has been an increase in local worker numbers at NRCs since 2018, stakeholders have attributed this trend to the influence of factors other than implementation of the Act (e.g. 'live-local' initiatives or incentives undertaken by the companies themselves).
- Overall, stakeholders consider the 100 per cent FIFO prohibition to have delivered some positive benefits to local communities, although some stakeholders identified that benefits are limited as 100 per cent is simple to achieve
- The general view among stakeholders is that LRPs have not changed their approach to recruitment and advertising as a result of the Act, although some indications of positive changes were reported.

### 4.2.1 Impact on workforce moving to local communities

#### Workforce data

Workforce data was requested from 37 owners of LRPs or proponents for LRPs undergoing the SIA process under the Act. Out of 37 owners of LRPs, OCG requested data from, 15 owners provided a response. These 15 responses represent owners of 30 LRPs.

Figure 4 demonstrates data for a limited sample size of LRPs (30) due to time constraints and the ability of some projects to provide data before publication of this report. It is anticipated the data will be updated as more proponents are able to provide data. Figure 4 displays the LRP workforce breakdown received for the last eight years (2013 - 2020).



**Figure 4 Local vs FIFO workforce percentage breakdown for LRPs, 2013 - 2020**

For the data provided, a 'local' refers to a worker who is permanently living in a NRC for a LRP. The term 'FIFO' refers to a worker who *is not* permanently living in a NRC for a LRP.

Local and FIFO worker numbers for each project were converted into a percentage of the total workforce for each project. These results were combined to give an overall snapshot of the workforce 'make-up' of the 30 LRPs.

Note, the data is incomplete from 2014 to 2020 (i.e. out of 100 per cent) due to a historic lack of data collection<sup>d</sup>.

The key finding of this data are:

- the percentage of local workers was highest in 2014 (55.27 per cent), falling to a low of 42.31 per cent in 2018.
- since 2018, the percentage of local workers has grown from 42.31 per cent to 43.32 per cent in 2020 (1.01 per cent change).

The 1.01 per cent increase may be attributable to several influences, including (see consultation responses below):

- the introduction of the Act
- LRP owner initiatives encouraging employee relocation
- expanded production from operations in response to higher metallurgical and thermal coal prices
- the impact of COVID-19 requiring worker relocation due to travel restrictions.

OCG received several proponent enquiries regarding the interpretation of the FIFO worker definition prior to its commencement and during the PIR. The Act defines a FIFO worker as one who travels to the project by aeroplane, or another means, from a place that is not a NRC for the project. Stakeholder feedback indicated that FIFO workers are seen as those who live outside of the region and fly to/from the project site, whereas DIDO workers are seen as regional workers, who live in a regional town (that may or may not be a NRC) and drive to/from the project site.

*"...well the drive in and fly in are completely different animals, completely different animals."*

*Regional Chamber of Commerce  
Member*

As a result of this feedback, OCG anticipates that the workforce data reflected in Figure 4, may have been generated using an incorrect interpretation of what constitutes as a FIFO worker. OCG proposes to increase clarification on the interpretation of this definition through guideline materials which are currently under development.

*"...it's problematical for us to answer questions as per your inclusion of DIDO with FIFO."*

*Resource Industry Stakeholder*

### *Stakeholder responses*

*Question: To your knowledge has there been an increase in the number of people in the workforce moving to the local communities?*

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<sup>d</sup> There is no statutory responsibility for resource companies to collect data on contractor employee location of origin.

## Industry

Most responses from LRP proponents/owners to this question (39.3 per cent, or 11 out of 28) indicated these stakeholders believed there had been an increase in workforce population moving to local communities in the last two years. This was perceived not as a result of implementing the Act, but rather as a result of 'live-local' initiatives or incentives undertaken by the companies themselves. Some LRP proponents/owners (2) cited an increase in employee relocation to local communities because of the COVID-19 pandemic and associated travel restrictions.

Over one third of responses from LRP proponents/owners (35.7 per cent, or 10 out of 28) indicated there had been no increase in workers moving to their local communities in the last two years, with four of these companies citing the Act had no impact on attracting workers to move to the local community.

Most responses from unions and peak bodies (50 per cent, or 3 out of 6) and WAV operators (66.7 per cent, or 2 out of 3) highlighted there was an on-going trend of population decline in the local communities, which the Act was not addressing.

## Government

Approximately half of responses from local government stakeholders (53.3 per cent, or 8 out of 15) reported a decline in the number of workers moving to local communities. Where increases were reported, these were attributed to new projects coming on-line rather than the influence of the Act.

State government responses largely indicated (63.6 per cent, or 7 out of 11) they did not know or have any data to indicate whether there had been an increase in the number of people in the workforce moving to the local communities.

## Community

The majority of responses from community stakeholders (58.3 per cent, or 14 out of 24) indicated there had been no growth in workers moving to local communities. Where increases were reported (29.2 per cent, or 7 out of 24), this was attributed to the influence of the 'live-local' policies of the LRPs.

## 4.2.2 Benefits to local communities

*"So a person will fly in, will work ridiculous long hours, will go to the mess, eat, go back to work, eat, go back to work, maybe watch a bit of TV in your little room and fly back to your family. So those workers don't really come and support the local businesses, don't really buy food, don't really...not really involved in the community."*

*Local Government Stakeholder*

### Stakeholder responses

*Question: Do you think the prohibition on 100 per cent FIFO workers will benefit the community?*

## Industry

Over half of LRP proponents/owners who provided a response (51.9 per cent, or 14 out of 27) indicated the 100 per cent FIFO prohibition has had no material impact on communities as most companies already have an existing policy preference to source local labour and have never employed 100 per cent FIFO workforces.

Further perception among these respondents is that the prohibition is not beneficial as it does not address the structural barriers to workers living local, such as improved liveability and service provision, that are beyond the responsibility of individual proponents to address without government stakeholder collaboration alone.

The remaining responses from LRP proponents/owners (48.1 per cent, or 13 out of 27) considered the 100 per cent FIFO prohibition to be of benefit to local communities as it encourages companies to recruit locally. Some of these responses (6) indicated that while the prohibition was positive, the provision was 'only one part of the solution to achieving resource community sustainability' (Company 19) and further effort from other stakeholders was needed to improve liveability.

Of the unions and peak bodies who provided a response, over half (57.1 per cent, or 4 out of 7) felt the provision provided a positive benefit to communities, however indicated that '100 per cent' was too easy a benchmark for the LRPs to circumvent given a company could employ one local worker and still be compliant with the Act.

Only half of the WAV operators who provided a response (50 per cent, or 2 out of 4) considered the 100 per cent FIFO prohibition would provide benefit to local communities.

## Government

Local government responses largely considered (60 per cent, or 9 out of 15) the FIFO prohibition provided benefit to local communities principally because '*it requires companies to look locally for jobs in the first instance*' (Local Government 10). Alternatively, nearly one quarter of local government responses (20 per cent, or 3 out of 15) thought the 100 per cent FIFO provision was easily achieved, indicating the need for a more stringent threshold.

State government responses (71.4 per cent, or 10 out of 14) also agreed that 100 per cent FIFO prohibition was delivering benefit to communities as it compelled resource companies to provide local jobs and prioritise recruitment of locals when planning for their workforce: '*if the prohibition results in one extra local worker being employed, then some benefit can be argued*' (State Government 10).

## Community

Most responses from community stakeholders considered the prohibition delivered a benefit to local communities (52.2 per cent, or 12 out of 23), citing that it encourages the relocation of workers, which in turn enhances communities, supports local economies and more positive family relationships. Some of these responses (2) highlighted it was important that other factors, such as housing availability and service provision, were also addressed.

In contrast, 34.8 per cent of responses from community stakeholder (8 out of 23) felt the prohibition did not deliver benefit, citing that the 100 per cent threshold seemed too easy to

meet (as companies only require one local worker to comply), and disregarded the prevailing socio-economic context of specific communities.

*Feedback sought:*

- *What data sources are available to understand local and non-resident workforce movements in/out of communities near LRPs?*
- *Do you think it is important to differentiate the place of residence (local/regional/state-wide/interstate) or travel mode (FIFO/DIDO/BIBO) of local and non-resident workforces?*
- *Are there any other impacts (positive, negative and unintended) that can be attributed to the 100 per cent FIFO prohibition?*

## 4.2.3 Impact on resource company practices

### Stakeholder responses

*Question: What changes have you seen in the last 18 months in how LRPs recruit and engage with the community?*

#### Industry

The majority of LRP proponents/owners who provided a response to this question (47.9 per cent, or 11 out of 23) indicated there had been no observed changes to how LRPs recruit and engage with local communities since the Act was implemented.

Some LRP proponents/owners' responses (30.4 per cent, or 7 out of 23) had observed positive changes in the way LRPs recruit and engage with local communities which they attributed to the Act. This included increased efforts from LRPs to actively target job advertising to local communities as well as actively training or headhunting candidates in local communities. One LRP owner also cited the SIA Guideline had positively shaped their approach to planned community engagement.

A smaller number of responses from LRP proponents/owners (21.7 per cent, or 5 out of 23) indicated while there had been observed changes, these were due to internal company decisions rather than attributable to the Act.

No changes to LRP practices were noted by the unions or peak bodies. One response from a WAV operator noted that discussions around local employment and local content within LRPs has been increasing, although this was not directly attributed to the Act.

*"...when we talk about 100 per cent prohibition on 100 per cent fly-in fly-out workers for large resource projects, there has to be a little bit of a caveat about that. There are some places in Australia where you could have a project and there is no local community, so we need to be able to understand what that actually looks like."*

*Resource Industry Stakeholder*

## Government

Of local government stakeholders who provided a response, half stated they had observed positive changes (50.0 per cent, or 4 out of 8), with LRPs undertaking more visible community engagement efforts and increased advertising of new local roles. In contrast, 37.5 per cent of local government responses (3 out of 8) indicated they had observed no changes.

A quarter of responses from state government stakeholders (25 per cent, or 2 out of 8) were not aware if any changes in recruitment and engagement practices by LRPs had occurred, although one agency suggested there had been positive changes around improved wording in job advertisements for LRPs.

## Community

While most response from community stakeholders (41.2 per cent, or 7 out of 17) indicated no substantial changes in LRP recruitment and engagement practices had been noticed, one noted a change in the language used in job advertisements: *'I haven't seen anything that sticks out at me and says we want FIFO workers, which I have seen previously'* (Community 1). Another respondent noted there was an increasing preference of LRPs to employ contractors rather than permanent employees.

# 4.3 Anti-discrimination provisions

### Summary

While there have been no complaints lodged under Chapter 5B of the AD Act, there was an overall lack of understanding of the anti-discrimination provisions amongst stakeholders, particularly with respect to where a complaint should be lodged. This suggests that the low complaints response may (in part) be due to a lack of awareness of the provisions among stakeholders and the broader community, leading to under-reporting.

## 4.3.1 Impact on reducing discrimination against local residents

### Queensland Human Rights Commission data

QHRC indicated that since implementation of the Act, they:

- had *not received any complaints* of discrimination under Chapter 5B of the AD Act
- had received two enquires in relation to Chapter 5B.

The received enquiries were in relation to:

- an advertisement on social media for FIFO positions at a project
- a person was initially offered a position through a recruitment agency, but it was withdrawn. The person (a DIDO worker) was told they could only hire people from certain areas.

A 'website traffic' analysis from QHRC indicated:

- from 30 March 2018 – 30 June 2019 (former Anti-Discrimination Commission Queensland (ADCQ) site), the Chapter 5B page received 813 views (0.16 per cent of the total ADCQ website views during this time (859,783))
- from 1 July 2019 – 19 March 2020 (QHRC site), the Chapter 5B page received 167 views (0.04 per cent of the total QHRC website views during this time (400,140)).

With respect to education and training, QHRC indicated they had delivered fifty-eight (58) 'Introduction to the AD Act' sessions to mine sites since March 2018. This training is provided by QHRC in response to requests by mining companies. QHRC indicated there was no suggestion from companies that training on the AD Act was being booked specifically in response to the new Act. QHRC noted that the presentation includes information dedicated specially to discrimination in LRPs (i.e. Chapter 5B).

*"I'm not even sure if there's a lot of people around actually know the Act even exists. Like I said, we've fallen into place by default because basically our recruitment preferences are already in line with what's in the Act."*

*Resource Industry Stakeholder*

## Stakeholder responses

*Question(s): (1) Are the anti-discrimination laws working? (2) Would people in the community know how to make a complaint if they saw ads that were discriminatory?*

### Industry

More than a third of responses from LRP owners/proponents (36.0 per cent, or 9 out of 25) considered the anti-discrimination provisions of the Act were ineffective as, in order to compare, there is no 'actual' discrimination occurring against local workers by the resources industry in the first place.

A similar number of responses from LRP owners/proponents (40.0 per cent, 10 out of 25) indicated they were unsure if the anti-discrimination provisions were effective due largely to a lack of awareness or experience with the provisions themselves. A smaller number of resource company respondents (24 per cent, or 6 out of 25) considered the anti-discrimination provisions were having a positive effect.

When asked if people in the community would know how to make a complaint about a discriminatory advertisement, most resource company responses from LRP owners/proponents (44.4 per cent, or 8 out of 18) indicated they were unsure. Of all LRP owners/proponents who provided a response, only one accurately indicated that complaints under the AD Act should be lodged to the QHRC. Most companies cited that complaints should be made directly to the company or OCG.

All union and peak body who provided a response were unsure if the anti-discrimination provisions were working. They also considered most people would not know how to make a complaint and suggested more education within communities on the anti-discrimination provisions is required. Of WAV operators who provided a response, most (2 out of 3) were similarly unsure if the provisions were having an effect. They were not aware if people in the community knew how to make a complaint.



## Government

Most responses from local government stakeholders (46.2 per cent, or 6 out of 13) considered the anti-discrimination provisions were not working as there was little knowledge within the community of how to make a complaint: *'It's going to take time...just like with language changes in advertising...getting people familiar, confident with the fact that they've got a right to be able to apply for any role and live anywhere'* (Local Government 4). Councils expressed views on not enough community education or exposure to the anti-discrimination parts of the Act.

Most state government responses (91.7 per cent, 11 out of 12) indicated they were unsure if the AD provisions of the Act were effective. One response highlighted that *'it is unclear whether the new laws are acting as a deterrent or whether there is underreporting of the issue'* given a complaint is yet to be lodged (State Government 11). Another suggested that *'perhaps there is a lack of awareness amongst workers that this provision exists, or knowledge of how to make a complaint'* (State Government 12).

## Community

Overwhelmingly, community stakeholders were not aware of the specifics of the anti-discrimination parts of the Act and confused it with traditional sexism/racism-based discrimination. Stakeholders suggested communities did not know where to make a complaint and suggested more education was needed on the Act.

### *Feedback sought:*

- *Is there any further evidence or information to demonstrate how recruitment or discrimination of local workers has changed since the Act commenced?*
- *Are there any other impacts (positive, negative and unintended) that can be attributed to the anti-discrimination provisions?*

## 4.4 SIA provisions

Feedback was received on how the SIA process and the conditioning of projects could be refined. This feedback included advice on workforce management arrangements, and housing and accommodation plans that focussed on more long-term strategies on attracting and retaining families in the resource communities, as well as moving away from the mandatory camp accommodation arrangements.

There was a view among stakeholders that not enough time has lapsed since the introduction of the Act to determine the effectiveness and direct benefits of the SIA provisions.

Stakeholders indicated the realisation of the benefits of the SIA provisions was limited as only two resource projects to date had completed the legislated SIA process, neither of which have commenced construction. Of these two projects that have completed the enhanced SIA process, one has been completed under the EP Act and one under the SDPWO Act.

*"Too early to say what changes could make the Act more effective. More projects need to go through the SIA process."*

*Resource Industry Stakeholder*

Prior to commencement of the Act, it is likely that that both projects would have undertaken an SIA process to align with best practice in industry. Moreover, both of these projects would have been required to undertake a SIA, if stipulated in the terms of reference for respective EISs. However, legally enforceable conditions could have only been imposed on the project going through the EIS process under the SDPWO Act (Olive Downs project). The Saint Elmo Vanadium project could have only included Coordinator-General's recommendations on social impact management measures, which are not legally enforceable. Although, not all resource projects are conditioned to the same extent, the introduction of the Act has increased the compliance requirements for resource projects going through the EIS process under the EP Act.

At the time of report writing (December 2020), 10 resource projects were undergoing the SIA process under the Act.

Stakeholders were of the general view that the benefits of the SIA provisions would become more apparent over time as these projects and others in the pipeline complete the SIA process, are constructed and have completed SIMP reporting.

An evaluation of the impact of the SIA provisions is therefore not included here. However, as described in Section 9 – Recommendation 2, OCG recommends a further review of the Act, particularly regarding the effectiveness of the SIA provisions and the enhanced SIA Guideline (2018).

*Feedback sought:*

*At what stage and how should the effectiveness of SIA provisions be investigated and measured?*

## 4.5 Application of the SSRC Act

### 4.5.1 Perception of whether the SSRC Act does enough to benefit communities

#### Summary

- LRP owners/proponents, state government and WAV operator stakeholders all considered the Act was sufficient in scope. In contrast, peak bodies and union groups, local government and community stakeholders, felt there was a case for strengthening the scope of the provisions and the Act to ensure local benefits are delivered.
- All stakeholders, except local governments, considered the Act to have a net benefit to local communities.
- All stakeholders suggested the effectiveness of the Act could be increased through improved compliance and enforcement by government, and increased transparency of reporting on SIMPs by LRP owners/proponents.
- LRP owners/proponents were not supportive of the prescription of hard targets for local employment under the Act, although this suggestion was made by unions/peak bodies and community stakeholders.
- Across all stakeholder groups there was a strong focus on being less prescriptive in defining what qualified a community to be a NRC. There was also support for the 125 km radius to be changed to reflect safe driving limits for workers as well as a need for greater involvement of local government in identifying NRCs.
- A number of LRP owners/proponents indicated that they were contributing to community infrastructure and initiatives, before the Act commenced.

#### Stakeholder responses

*Question: Do you feel the Act does enough to benefit residents of communities in the vicinity of large resource projects?*

#### Industry

Most responses from LRP owners/proponents (57.14 per cent, or 16 out of 28) considered the Act did enough to benefit the residents of communities in the vicinity of LRPs. Key reasons supporting this view were that *'the Act encourages people to move to regional communities'* (Company 5) and provides a clear *'business case'* for resource companies to deliver benefits to local communities (Company 19).

A smaller number of LRP owners/proponents (26.7 per cent, or 8 out of 28) felt the Act did not do enough to benefit resource communities, highlighting that the Act is only one part of the solution and *'governments...would be better off focused on providing infrastructure and support to the (resource) communities to make it attractive for people to move to them'* (Company 21). Furthermore, they also indicated that they have been investing in community infrastructure and initiatives prior to the Act commencing.

Four responses from LRP owners/proponents (13.3 per cent) indicated they were 'unsure' given not enough time had passed since commencement of the Act to determine if it was benefiting residents of resource communities.

42.9 per cent of responses from peak body and union stakeholders (3 out of 7) indicated the Act was 'a good start' (Union and Peak Body 3) but improvements were required for the Act to benefit local communities. The remaining respondents indicated it was too early to tell whether the Act was doing enough to benefit communities, while one peak body stakeholder stated the Act had no impact as resource companies were already benefiting communities.

Two WAV stakeholders who provided a response considered the Act sufficient in its scope.

## Government

Two-thirds of the responses from local government stakeholders (66.7 per cent, or 6 out of 9) stated the Act did not do enough for local community, with a further third (33.3 per cent, or 3 out of 9) indicating that it was too early to tell the effect of the Act. Amongst these stakeholders, there was criticism of the 125 km radius and that the 100 per cent FIFO prohibition was too low a benchmark to have an effect.

Most state government responses (44.4 per cent, or 4 out of 9) felt the Act did enough to benefit local communities. However, a third (33.3 per cent or 3 out of 9) raised concerns over the 100 per cent FIFO prohibition being too easy for LRPs to meet, while 22.2 per cent (2 out of 9) indicated they were 'unsure' as it was too early to tell the effects of the Act.

## Community

Most community stakeholder responses (63.6 per cent, or 7 out of 11) felt the Act was not doing enough to benefit local communities. Several responses particularly highlighted the need for a stronger monitoring and evaluation element to the Act to ensure a maintenance of effort on the part of the LRPs to deliver benefits.

*"There's so many different influences it's hard to tell the impact of the Act."*

*Local Government Stakeholder*

## 4.5.2 Perception of whether the SSRC Act delivers a net benefit

### Stakeholder responses

*Question: Do you think the Act generally has a net benefit to the community?*

### Industry

Most responses from LRP owners/proponents (57.9 per cent, or 11 out of 19) indicated the Act generally has a net benefit to local communities. Key reasons cited included:

- *'it provides a framework and a process through which mining companies must demonstrate they have done as much as reasonable to employ locally' (Company 4)*
- *'it requires mining companies to achieve tangible community improvements beyond committing to not having a 100 per cent FIFO workforce' (Company 9)*
- *'the Act has benefited communities where previously 100 per cent FIFO workforces were conducted' (Company 15).*

In contrast, only five responses from LRP owners/proponents (26.31 per cent) considered the Act had no net benefit. These LRP owners/proponents considered that most operators were conducting their projects in a way that achieves the object of the Act prior to its commencement.

Eighty per cent of the peak body and union responses (4 out of 5 of those who provided a response) felt the Act did have a net benefit, but it could still be improved.

All responses from WAV operators considered the Act provided a net benefit (100 per cent, or 3 out of 3).

*“Community is at its best when they're in balance and that means for me you've got men and women and kids and grandkids and grandparents safe in the communities, mining towns don't seem to have that balance and mining camps throw the balance out even further.”*

*Resource Industry Stakeholder*

## Government

Half of local government stakeholders who provided a response (5 out of 10) did not think the Act delivers a net benefit to the community, with three councils stating specifically that 100 per cent is too low a benchmark to make a difference and the Act needs to be stronger: *‘The intent is good but the legislation is written too loosely to have real impact’* (Local Government 5). Other councils stated that the 125 km radius does not necessarily capture the local context, and it is too soon to know the effects of the Act.

Most state government responses (75 per cent, or 6 out of 8) considered the Act to have a net benefit to local communities *‘provided it is enforced and appropriately complied with’* (State Government 14). However, three of these responses noted that it may be too early to determine if a clear net benefit is delivered given not many SIAs had been completed under the new SIA Guideline (refer Section 4.4).

## Community

Most community stakeholder responses (63.6 per cent, or 7 out of 11) felt the Act delivered a net benefit, while some (18.2 per cent, 2 out 11) thought *‘the intent of the Act is honourable but don't know if a net benefit is provided’* (Community 12). One community stakeholder response also highlighted *‘the Act will show results when a review is conducted after (there has been) further implementation’* (Community 23).

## 4.5.3 Suggestions to increase effectiveness of the SSRC Act

### Stakeholder responses

*Question(s): What changes do you think could make the Act more effective? Would it be helpful to revise the definition of ‘Town’/‘Community’ in the Act?*

## Industry

Five responses from LRP proponents/owners highlighted the need for increased awareness and education to promote an understanding of the Act among both industry and communities. Nine LRP proponents/owners' responses mentioned specifically that the scope of the Act should not be increased to include the prescription of hard targets for local employment.

Other suggestions from LRP proponents/owners to increase the effectiveness of the Act included:

- improved compliance of the Act by government
- greater resourcing of government personnel in regional areas to implement the Act
- a mechanism to encourage local procurement in the Act, not just through SIMPs
- the need for a dispute resolution process to address issues that arise in relation to the implementation of the Act.

*"We have communities that are 300 kms from our mine site who regard themselves as local to us and we regard them as local to us. Whereas 300 kms in south west Queensland is a very long way to drive. So different horses for different courses would give this Act a lot more grunt in those different areas of the state."*

*Resource Industry Stakeholder*

LRP proponents/owners' responses also raised a variety of issues regarding the definition of NRCs under the Act, including that:

- the 125 km radius should be changed to reflect safe driving limits for workers
- the use of 'regions' would be a more effective basis for identifying NRCs than the use of the 125 km radius
- greater collaboration with local councils was required in deciding NRCs.

Unions and peak bodies responses provided the following suggestions to increase the effectiveness of the Act:

- increased transparency of reporting on submitted SIMPs
- specific employment targets for occupational groups
- supply chain protection and intervention by the state government
- greater enforcement of diversity targets for Indigenous people
- targets for high school leavers to enter the resource sector workforce
- government database detailing employment figures for mines and their FIFO workforce percentage
- provision of a publicly available database showcasing the destination and purpose of all royalties and investments made back into mining communities.

With respect to the definition of NRCs under the Act, half of the responses from peak bodies/unions thought that the definition should be less prescriptive with increased involvement from local councils in determining NRCs.

## Government

Local government responses suggested there needed to be increased transparency of appropriate conditioning, monitoring and enforcement (compliance) on SIMPs by LRP owners/proponents, as well as on-going continued improvement of the SIMPs in collaboration with the local governments.

Local government stakeholders recommended inclusion of the 'construction phase' of projects in the intent and object of the Act, despite Coordinator-General's discretionary powers to apply the Act to the construction phase.

These stakeholders also noted the 125 km radius was arbitrary and suggested it could be expanded or local governments could determine the communities that were identified as NRCs. Local government responses also suggested greater consideration is required of the 'local context' in defining NRCs, particularly the ability of a community to service the resource project.

Several local governments raised a need for negotiation of more detailed housing planning and the reduction of mandatory camp accommodation where workers reside in nearby communities as part of the SIA process.

Local governments also identified concern of developing individual SIAs with focus on discrete projects does not lend itself to managing the overall effects of several mining projects near individual communities. These effects range from use of infrastructure, water security, and the increase in non-resident populations on state government funded services, which allocate resources based on statistics such as existing residents, permanent dwellings, or predicted population growth. Councils suggested implementing a methodology for managing cumulative impacts of multiple mining projects in a region.

State government responses provided the following suggestions to increase the Act's effectiveness:

- greater monitoring and enforcement of the Act's provisions
- increased enforcement of resource proponent compliance with SIA conditions/SIMP commitments
- attaching a permit to the SIA process, which includes the Coordinator-General's conditions
- provision of greater guidance and clarity on SIA and SIMP expectations
- improving the interlinkages of the Act with the EP Act
- more stringent FIFO threshold
- a requirement for SIMPs to include employment targets for traditionally underrepresented groups in the industry.

With respect to the definitions under the Act, several state government responses suggested that a NRC should be all communities within the 125 km radius, regardless of population size. Others suggested a NRC should be those communities identified as impacted within an SIA. Another state government response indicated that driving distance would be a more sensible option to identify NRCs.

## Community

Responses from community stakeholders highlighted a need for a more robust and transparent means of reporting on and monitoring the elements of the Act, as well as greater enforcement for non-compliance. Community stakeholders also stated specific local employment targets are needed.

With respect to the definitions under the Act, community stakeholders thought that refinement of the 125 km radius was required, suggesting that driving distance/time would be a more appropriate means to determine NRCs. They also highlighted that local context is important when defining the NRCs and should be given increased consideration in NRC decisions.

In summary, the majority (51 out of 54) of stakeholders noted that the definition of NRC does not effectively capture communities that should be protected, and that the definition of the 125 km radius does not account for local context and safe driving fatigue considerations. Accordingly, OCG proposes to increase clarification on the interpretation of these definitions through guideline materials which are currently under development.

Section 1.3.1 of the report has identified that as it is premature to review the effectiveness of SIA provisions of the Act, a future review is recommended. A future review would also allow further consideration of definitions within the Act, including the definition of NRC.

## 4.6 Unintended consequences of the Act

### Summary

There are suggestions that several unintended consequences have occurred as a result of the Act, including:

- companies advertising only for local workers (i.e. reverse discrimination)
- reputational impacts on companies where local communities are not officially recognised as a NRC
- prioritisation of the local recruitment could adversely impact on company's workforce diversity
- a perceived increase in DIDO workers
- workers falsifying addresses to be treated as a 'local employee'.

### Stakeholder responses

*Question: Are there any unintended consequences of the Act?*

#### 4.6.1 Industry

The following issues were highlighted by LRP proponents/companies in relation to unintended consequences of the Act:

- There was a perception that some LRP operators were going to '*the opposite end of the spectrum*' (Company 3) by advertising only for local employees, whereby FIFO workers could not apply. One LRP owners suggested this had led to cases where workers were falsifying addresses in order to be recognised as a local employee.



- One LRP owner reported they had experienced a negative impact on their reputation as a result of communities, traditionally considered as 'local' to the mine by stakeholders, not being 'officially' recognised as a NRC under the Act.
- Another LRP owner reported the local recruitment hierarchy encouraged under the Act had a negative impact on the company's internal priorities for workforce diversity: *'One of the key things for us as an employer...is not just where people live but it's also trying to hit our diverse workforce. So, we have competing priorities.... (say) I've got a female who's not willing to relocate and I've got five guys living locally. How do I actually do some of that hiring?' (Company 26).*

There was also perception among a small number of LRP owners/proponents (3) that the introduction of further resource sector regulation created additional investor risk and *'add(ed) to the state's sovereign risk of getting projects developed'* (Company 25).

One union and peak body response suggested there was an increase in DIDO workers as result of the Act.

## 4.6.2 Government

No unintended consequences of the Act were reported by state and local government stakeholders, other than some communities being declared NRCs although they were not likely to be involved in the LRPs.

The OCG reported that one of the unintended consequences of the Act was the unexpected time and resourcing required to ensure that proponents for LRPs understand the interpretation of the Act's definitions.

## 4.6.3 Community

Some responses from community stakeholders raised an issue with workers falsifying addresses and hot bedding to be treated as a local employee.

# 4.7 Costs

## 4.7.1 Industry costs

The following activities are likely to impose an additional financial burden on the resources industry as a result of the Act being in effect:

- administration
- compliance
- SIA preparation in line with the enhanced SIA process.

As part of this PIR, OCG requested 37 owners or proponents for the 70 listed LRPs to provide costs incurred over the past 2.5 years, since the Act commenced.

Of the 37 resource companies, 14 companies responded. Six companies provided direct costs associated with the additional regulatory burden of the Act (refer Table 3 ). The other eight companies reported on matters not directly related to the regulatory burden of the Act, such as financial contributions made to community initiatives and infrastructure.

Due to the small sample size, a lack of resource industry monitoring of the Act specific costs and the relatively short time period since the Act commenced, the additional financial burden on the resource industry is difficult to ascertain at this time.

Of the respondents, no companies identified the Act as prohibitive to operations.

**Table 3 Industry costs**

Activities associated with the Act	Estimated financial burden
Training of staff on the Act requirements	<ul style="list-style-type: none"> <li>Two out of five companies that provided costs directly related to the Act, reported an average cost of <b>\$6,000</b> was incurred per year over the last 2.5 years.</li> </ul>
New compliance activities, for instance: record keeping, participating in monitoring or enforcement activities	<ul style="list-style-type: none"> <li>One out of five companies that provided costs directly related to the Act, reported a one-off cost of <b>\$10,000</b> was incurred for establishment of administration and compliance reporting.</li> <li>12 out of total 13 respondents reported that they have either incurred no financial costs or did not specifically provide information on the costs associated with these activities as the Act has caused no changes to their business operations.</li> </ul>
Preparation of SIAs which is only required for new projects going through an EIS process under the EP Act or the SDPWO Act	<ul style="list-style-type: none"> <li>Out of the companies that provided direct costs associated with the Act, one company completed the SIA process, while three companies are currently progressing their SIA under the Act.</li> <li>Some stakeholders provided the costs of SIA preparation. This has not been further analysed due to the small sample of respondents and projects that have gone through the enhanced SIA process. Accordingly, the additional cost of preparation of SIAs in line with the enhanced SIA process is difficult to evaluate accurately.</li> <li>Three resource companies that participated in a structured interview, and who had completed or are currently undertaking the SIA process also stated that the cost of the SIA preparation was not prohibitive on their business, however, may be prohibitive on smaller resource companies.</li> </ul>

## 4.7.2 Government costs

Government agencies appear to have incurred the highest financial burden since implementation of the Act, typically due to increased resourcing requirements.

While direct financial costs incurred by local government agencies have not been collected for the PIR, respondents from all stakeholder groups noted that provision of increased resources for local government agencies would assist with implementing the regulatory requirements of the Act, particularly with regard to participation in the SIA process.

State government agency records indicate that approximately \$1.2 million has been invested since the Act commenced. As anticipated, the OCG - the administering authority for the Act - has incurred the highest financial investment since commencement of the Act. It is estimated that the annual cost for OCG to manage social impact matters prior to implementation of the Act (i.e. for the SIA review, evaluation and compliance for resource projects only) has doubled since the Act commenced (i.e. increased from \$220, 000 to \$440,000 annually). Increased cost-generating activities expected to be incurred by OCG were identified during the SSRC Bill preparation, and included:

- resourcing

- SSRC Act implementation, including management of the list of LRPs
- assessment and facilitation of SIAs
- establishment of a new compliance framework
- explanation / instruction of the Act
- monitoring of projects that may be subject to the 100 per cent FIFO prohibition for inclusion on the list of LRPs.

The DES also experienced an increase in legislative responsibility, therefore an increase in operating costs, due to commencement of the Act. DES estimate its initial implementation of the Act to be approximately \$8,000, with ongoing implementation for SIA work estimated as \$16,000 annually. DES consider these additional operating costs to be in response to the increased rigour of the enhanced SIA guideline, for which a number of benefits have become evident for the EIS process.

Examples of other government agency cost generating activities related to implementation of the Act include:

- QHRC - implementation of the Chapter 5B of the AD Act
- SIA contributing agencies (e.g. agencies responsible for health, education and housing services) - coordination and provision of technical advice on SIAs for LRPs going through the EIS process
- Agency responsible for regulation and administration of resource projects (i.e. former Department of Natural Resources, Mines and Energy) - provision of workforce data.

*Feedback sought:*

*Please identify any further evidence or information that could be used to measure or improve the effectiveness of the Act, including:*

- *maximising cost effectiveness*
- *enhancing benefits for stakeholders*
- *ways to address unintended consequences.*

## 5. Effectiveness of the SSRC Act

As summarised in Sections 1 and 2 of this report, the Act was implemented as part of the Queensland Government's framework to improve the management of FIFO workforces and the social impacts of resource projects in Queensland.

The object of the Act is to ensure that residents of communities near LRPs benefit from the construction and operation of those projects. As described in Sections 1.1.1, 1.1.2 and 1.1.3 the following aims underpin the Act:

- (1) support resource communities to attract and retain workers and their families
- (2) prevent resource companies discriminating against local residents in the future recruitment of operational workers
- (3) improve participation of local governments in the SIA process for each project
- (4) improve access for competitive local businesses to resource project supply chains
- (5) help protect resource worker health and wellbeing.

This section considers if the Act is meeting its object. For discussion on the continued relevance of the Act refer to Section 7.

### 5.1 Is the SSRC Act meeting its object?

The Act has been in effect for a relatively short period of time (2.5 years) and as discussed throughout this report, the PIR has been based on limited quantitative data or evidence required to measure the progress of the Act's implementation. In addition, the qualitative data received during stakeholder engagement provides limited evidence that the Act is meeting its object.

As described in Section 4.2, the quantitative data collected for this PIR indicates there has been an increase in local worker numbers at NRCs since 2018. However, stakeholders attributed this trend to the influence of other factors, such as the live-local policies of resource companies and the impact of COVID-19 pandemic, rather than the Act itself. However, the live-local policies could be an indirect result of the Act. Some stakeholders reported positive instances of companies altering recruitment and job advertising practices to target local communities, which they attributed to the influence of the Act. Overall, it is not possible to correlate if the Act has supported the resource communities to attract and retain workers and their families.

There was also little evidence to suggest that the anti-discrimination provisions of the Act and the AD Act have reduced discrimination against local workers. As described in

*"The ads aren't discriminatory. They just say, if you wish to apply for the job we provide free flights from Brisbane. So, basically, you need to live near the Brisbane Airport if you wish to benefit for the job...But through their very operations they choose Brisbane as a fly-in, fly-out base, or the Gold Coast or Sydney or wherever. Whilst the advertising process is not discriminatory, the very fact that you are confining your opportunity for employees to fly out of those particular locations is."*

*Local Government Stakeholder*

Section 4.3, there have been no complaints lodged under Chapter 5B of the AD Act since implementation of the Act. However, there was an apparent lack of understanding of the anti-discrimination provisions amongst stakeholders during engagement, particularly with respect to where a complaint should be lodged. This suggests that the low complaints response may be due to a lack of awareness of the provisions among stakeholders and the broader community, leading to under-reporting. Many stakeholders suggested further education and awareness raising of the anti-discrimination provisions is required. Accordingly, it is OCG's view that investigation into methods to improve awareness and understanding of the anti-discrimination provisions for the resource communities is undertaken (refer Section 9 – Recommendation 4).

Aims 3 – 5 (and 1 to some extent) relate to the SIA provisions. As described in Section 4.4, all stakeholder groups indicated that the benefits of the SIA provisions were limited as only two resource projects to date had completed the enhanced SIA process under the Act.

There was a view among stakeholders that not enough time has lapsed since the introduction of the Act to determine the effectiveness and direct benefits of the SIA provisions.

Specific desired measurable intents and outcomes from the Act are also not referred to in the explanatory notes of the Act, making an evaluation of the extent to which these intents have been achieved difficult.

*"We've never ever had a level playing ground with companies to discuss some of the things that we're discussing now and we've got a lot of work to do and we're not always going to be satisfied, but I think it's the best option, absolutely."*

*Local Government Stakeholder*

As identified in Section 4.4, of the projects that have completed the enhanced SIA process, only one project has been completed under each of the EIS processes (i.e. one under the EP Act, and one under the SDPWO Act). It is the OCG's view that a further review of the Act should be undertaken, when at least three LRPs complete the EIS assessment process under both the EP Act and three under the SDPWO Act (refer Section 9 – Recommendation 2).

Furthermore, OCG recommends that time-bound measurable key performance indicators (KPIs) contained in Appendix 2 are implemented. These KPIs are specific to the aims of the Act and are used to establish a long-term data collection framework (refer Appendix 2). This long term data collection framework when finalised and implemented will collect workforce composition, stakeholder feedback, and social impact management data to allow for the effectiveness of the Act to be measured in the future (refer Section 9 – Recommendation 3).

As discussed in section 4.7, the OCG has incurred the highest financial burden since the implementation of the Act due to the resourcing required to implement the Act. Although it is based on a limited sample, the costs incurred by the resources industry and other state government agencies has been identified as not prohibitive to their operations to date.

Considering the total financial burden on stakeholders, the impacts and benefits of the Act implementation discussed in section 4, OCG considers that it is too early to determine whether the Act has provided an overall net benefit to Queensland as a whole. Future review of the Act, as discussed in Section 9 – Recommendation 3 is required to determine this.

## 6. Does a problem still exist?

As discussed in Table 2 of Section 2, the original problem that led to the introduction of the Act included the issues of inequality in the distribution of socio-economic benefits of resource activities, impacts on the liveability of resource communities from increased use of FIFO workforces, information sharing constraints, legislative inconsistency in the management of social impacts and discrimination against local residents. The status of each of these issues (at November 2020) is considered below with an outline of the available evidence.

### 6.1 Use of FIFO workforces

Data provided by companies as part of this PIR suggests there has been a recent increase in the proportion of local workers used for operational resource activities, and corresponding reduction in reliance on FIFO workers.

Based on the limited sample size of information received from 15 companies, it is estimated that since the Act commenced, the proportion of FIFO workers fell from 49.33 per cent in 2018 to 48.90 per cent in 2020, while the percentage of local workers at these LRPs grew from 42.31 per cent in 2018 to 43.32 per cent in 2020 (1.01 per cent increase). The percentage of local workers employed at these LRPs, however, is significantly lower than recorded during the resource boom (52.53 per cent in 2013). The data also indicates the reliance on FIFO workers at these LRPs has grown by 1.43 per cent since 2013.

The Queensland Government Statistician's Office (QGSO) also produces non-resident ('FIFO') population estimates for the Bowen Basin and Surat Basin annually.

In contrast to data collected as part of this PIR, the most recent QGSO report found that the number of FIFO workers in the Bowen Basin has been increasing since June 2016, however these recent numbers are not near those experienced at the 'peak' of the resources boom in 2012 – 2013 (Figure 5). This growth was attributed to several influences, including increased production due to higher metallurgical and thermal coal prices, the reopening of some mines, maintenance activities, and the construction of several solar farms.<sup>53</sup> Accordingly, the proportion of residents comprising the full-time equivalent (FTE) population in the Bowen Basin has declined over the past four years (86.4 per cent in 2016 to 80.6 per cent in 2019), while the proportion of FIFO workers has increased (13.7 per cent in 2016 to 19.4 per cent in 2019).

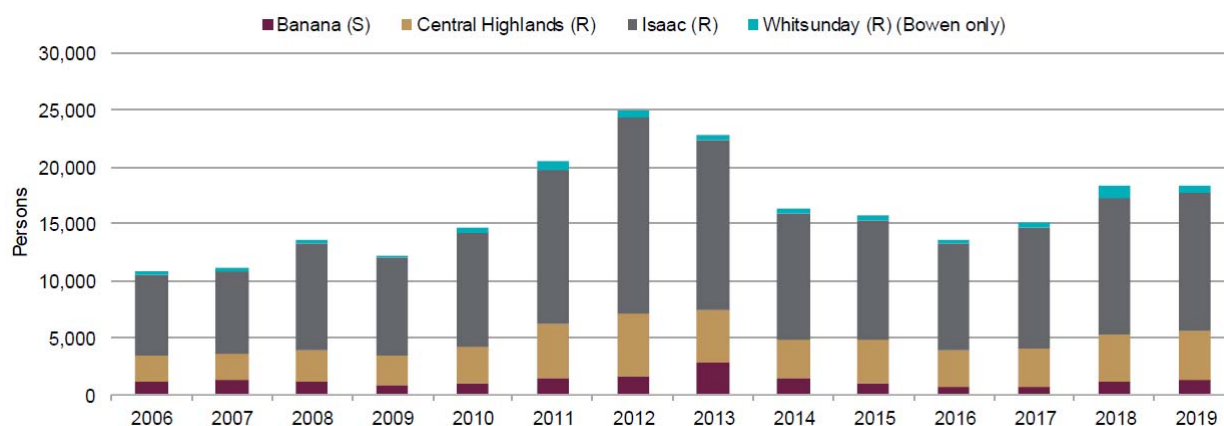
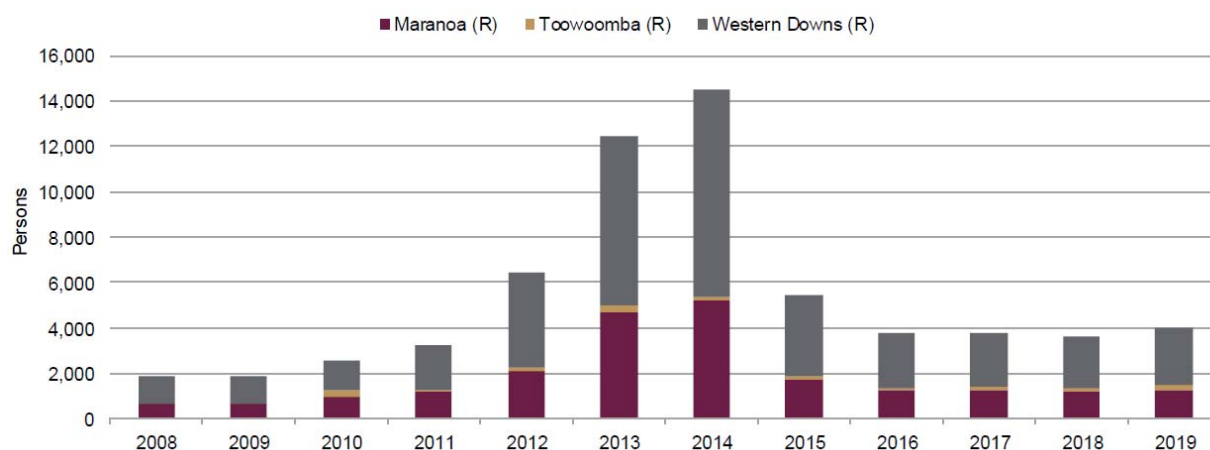


Figure 5 FIFO population, Bowen Basin LGAs, Annual estimate (June)<sup>54</sup>

In the Surat Basin, the FIFO population has also grown, increasing by 11.4 per cent to 4,040 persons between June 2018 – 2019 (Figure 6). This growth was attributed to CSG industry activity in the region, including the construction of infrastructure to support existing gas production facilities, and maintenance activities.<sup>55</sup> However, unlike the Bowen Basin, the resident population of the Surat Basin has also grown consecutively each year since 2015, reaching a high of 216,935 persons in June 2019 (2.6 per cent increase). The proportion of residents comprising the region’s FTE population has increased over the past five years (97.5 per cent in 2015 to 98.2 per cent in 2019), while the proportion of FIFO workers has declined (2.5 per cent in 2015 to 1.8 per cent in 2019).



**Figure 6 FIFO population, Surat Basin LGAs, Annual estimate (June)<sup>56</sup>**

While the influence of COVID-19 on workforces is not yet known, the growth in FIFO numbers is projected to continue across both regions<sup>e</sup>. The FIFO population of the Bowen Basin is expected to reach a peak of 19,940 persons in 2024, while the Surat Basin’s non-resident population is projected to reach 4,450 persons in 2022.<sup>57, 58</sup>

## 6.2 Status of original issues

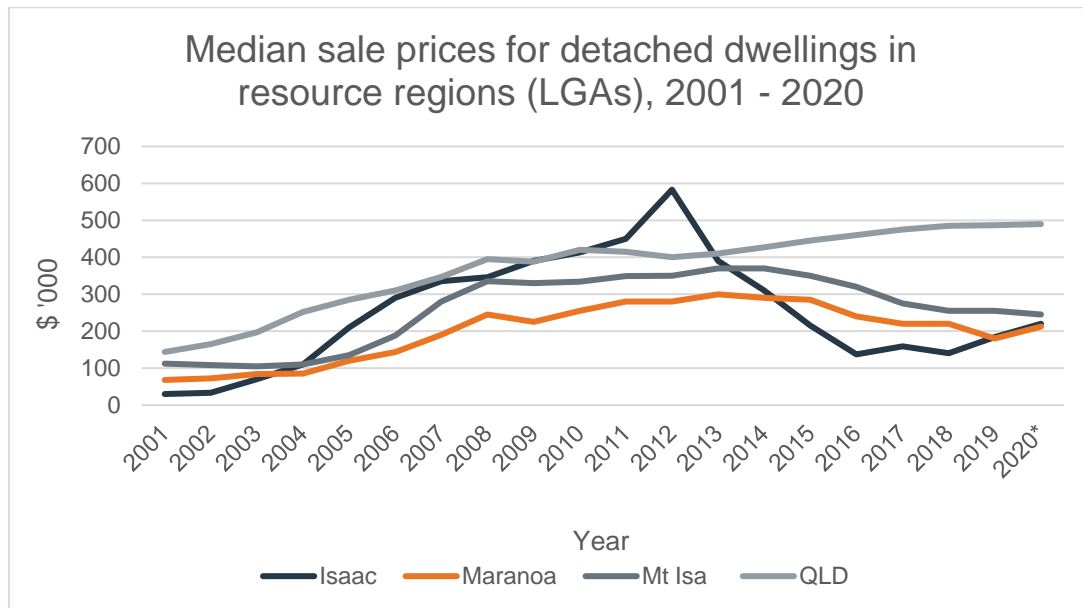
Based on stakeholder views obtained for the PIR, the social issues that originally stemmed from the resources boom and associated rapid influx of FIFO workforces into resource communities, particularly reduced housing affordability and availability and increased pressure on social services and infrastructure, have normalised to some extent. This reflects the transition of resource projects from the construction phase to the production (operational) phase at the end of 2014, with the subsequent decline in non-resident FIFO populations seeing demand for accommodation

*“All I’m saying is you’ve really got to try and manage that because having 1000 or 2000 people come into your community and then leave again is a bloody disaster for the local economy. Housing prices go bunter then housing prices collapse, businesses open and close...”*

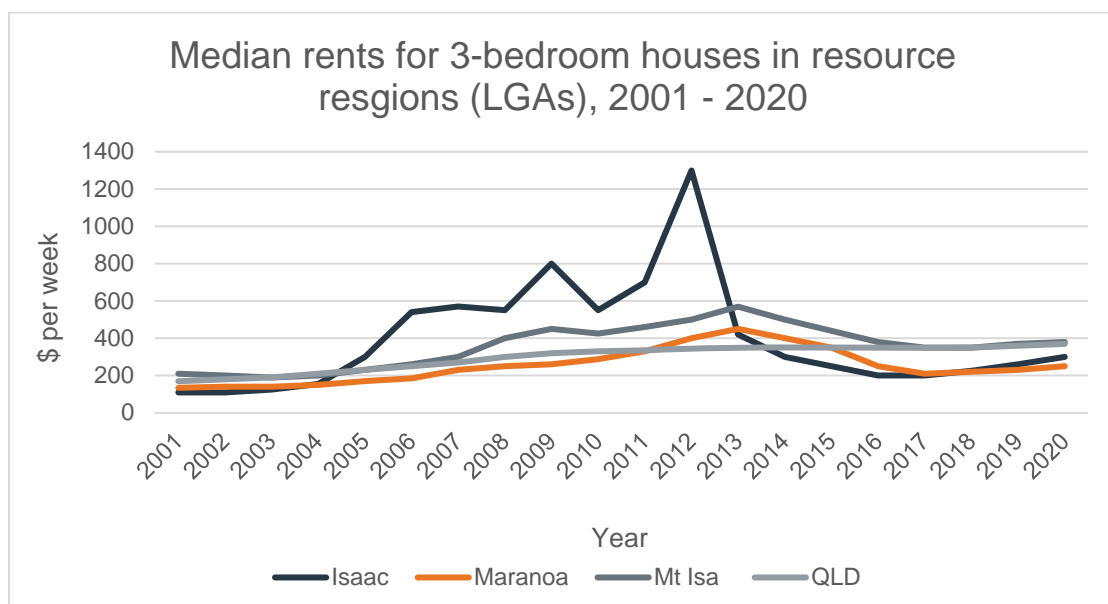
*Resource Industry Stakeholder*

<sup>e</sup> According to a Series B projection. This is based on changes to the non-resident workforces of existing operations, as well as the construction and operations workforces of projects that are either under construction or have reached financial close but are yet to begin construction, plus projected growth in the non-resident population arising from projects that have an EIS approved and are awaiting other approvals and/or financial close.

and services significantly reduced. Since 2018, there has been a slight increase in housing and rental prices in resource regions (refer Figure 7 and Figure 8). This potentially reflects a combination of factors, including the recent expansion of FIFO workforces as companies respond to elevated coal prices (refer section 6.1), as well as low interest rates and the impact of COVID-19 requiring workers to relocate locally due to travel restrictions.<sup>59,60</sup> There is also some indication of related pressure on social services, such as long-wait lists for child care in Moranbah.<sup>61</sup> Some stakeholders described the potential for a resurgence in ‘resource boom conditions’ and subsequent social pressures given the high number of projects being proposed/currently undergoing EIS assessment process, particularly in the Bowen Basin and North West Minerals Province.



**Figure 7 Median house sale prices in resource region LGAs, 2001 – 2020** <sup>62</sup>



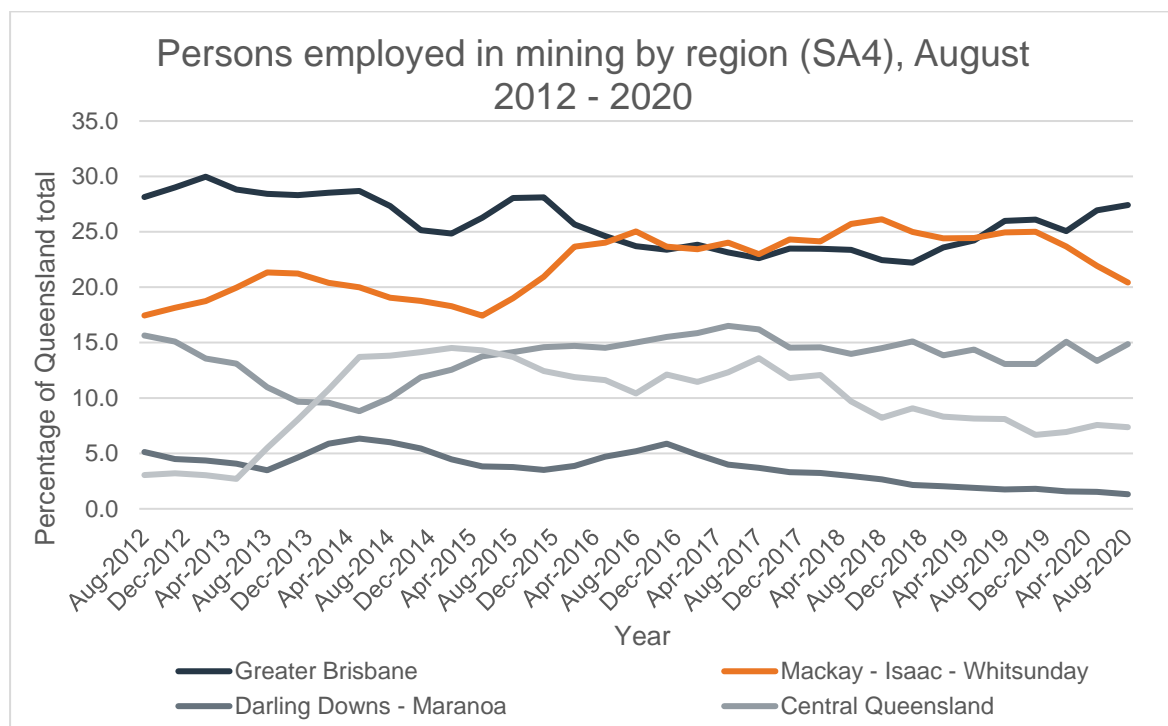
**Figure 8 Median rents for three-bedroom houses in resource region LGAs, 2001 – 2020** <sup>63</sup>

OCG has not identified any quantifiable data to evaluate the significance of other social issues that currently may exist, including the originally perceived reduction in community safety and cohesion, and the negative health and wellbeing impacts on the FIFO workers and their



families. Stakeholder views obtained during consultation for the PIR on these issues were minimal, and the majority of stakeholders did not identify community safety and health and wellbeing as significant issues attributed to FIFO workforces or resource projects generally at this time. However, given the cyclical nature of the resources industry and current projected long-term growth of non-resident FIFO numbers in the Bowen Basin, the potential perception of for these social impacts to re-manifest remains.

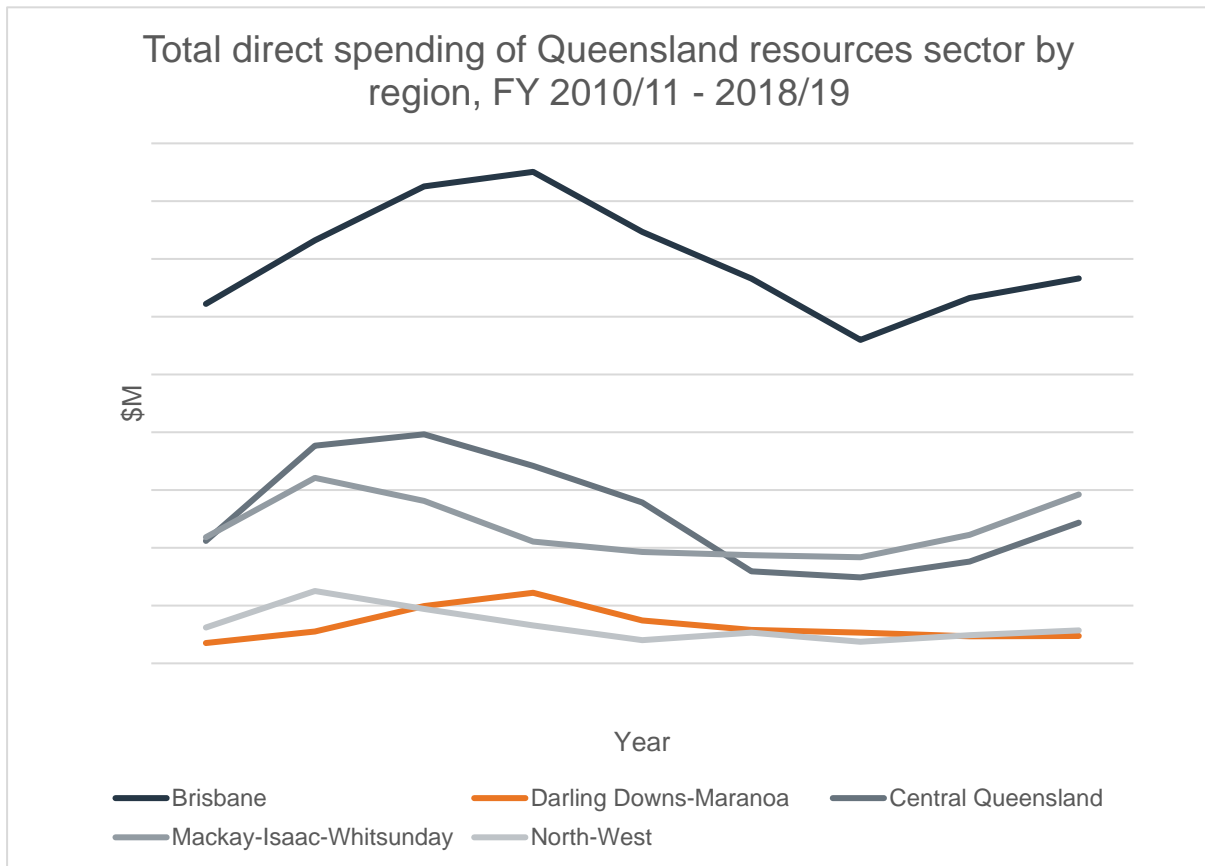
With respect to the distribution of socio-economic benefits, metropolitan Brisbane continues to experience greater economic benefits from the resources industry than regions where resource operations are located. Employment numbers show that the ratio of persons employed in the mining industry residing in metropolitan Brisbane versus those residing in resource regions has fluctuated over the past years. In May 2014, when overall peak employment in the sector was reached, 28.7 per cent of the workforce resided in metropolitan Brisbane region, 20.0 per cent in the MIW region and 6.0 per cent in the Darling Downs-Maranoa (DDM) region (Figure 9). From August 2016 - May 2019, the MIW region saw the percentage of resident persons employed in the sector increase above levels recorded for the metropolitan Brisbane region. However, as of August 2020, there is again a *greater percentage of persons employed in the industry residing in metropolitan Brisbane* (27.4 per cent) than in the MIW region (20.4 per cent), while employment in the DDM region has declined to a low of 1.3 per cent.



**Figure 9 Persons employed in mining by region (SA4), August 2012 – 2020** <sup>64</sup>

Data collected by the Queensland Resources Council also confirms that a significant amount of direct resources sector spending continues to occur in Brisbane. The level of direct expenditure (which includes direct salaries, purchases of goods and services, community and government contributions) from financial year (FY) 2010/11 to 2018/2019 is summarised for selected Queensland regions in Figure 10. The data illustrates that the largest proportion of direct expenditure from the resources sector in Queensland in FY 2018/19 was in the Brisbane region (\$13.3 billion), followed by MIW region (\$5.8 billion) and Central Queensland (\$4.9

billion). Compared to FY 2017/18, annual growth in direct expenditure increased by 38.3 per cent in Central Queensland and 31.3 per cent in the MIW region.



**Figure 10 Total direct spending (\$M) of Queensland resources sector by resource region <sup>65</sup>**

With respect to the problem of constraints on information sharing, the Act sought to improve local governments' ability to plan for their infrastructure and service needs through increasing their participation in the SIA process, as well as increasing the transparency of LRP workforce numbers and activities through publication and monitoring of SIMPs. Limited qualitative evidence on these issues were collected during consultation as only two resource projects to date had completed the enhanced SIA process under the Act (and therefore only two local governments engaged).

*"We contribute to our local hospitals in various ways. But when you're talking about major health services and recruitments and they're very expensive, and that just the Health Department there's an issue and I really support ...Regional Council's view on this that FIFO communities, FIFO numbers should be included in health funding allocation for those communities..."*

*Resource Industry Stakeholder*

With regard to legislative inconsistency in the management of social impacts, it is considered that as the Coordinator-General has legislative powers to condition under both the EP Act and the SDPWO Act as a result of the Act being in place, it is considered that the Act addresses the original problem in this regard.

Finally, there have been no complaints of discrimination lodged under Chapter 5B of the AD Act. It is therefore hard to establish whether a problem of discrimination still exists for the reasons outlined in Section 5.1.

*“There’s no allowance for the non-resident component, regardless of whether they fly, drive or bus; there’s no allowance and we’re dealing with over 53 per cent of that work cohort that are coming in and out of this region. So, 53 per cent of the people that move in and out of here, we’re not funded for.”*

*Local Government Stakeholder*

## 6.3 Need for government intervention

In summary, the number of FIFO workers in the Bowen Basin and Surat has been increasing since 2018, although these numbers are not near those experienced at the ‘peak’ of the resources boom in 2012-2013. Issues such as reduced housing affordability and availability and increased pressure on social services and infrastructure have largely normalised across these regions, as a result of significant reductions in FIFO worker populations. However, stakeholders described the potential for a resurgence in ‘resource boom conditions’ and associated social pressures (including those directly related to FIFO worker use) given the high number of projects proposed and undergoing EIS assessment process. The need for responsive government intervention to meet the socio-economic challenges inherent in the complexity, scale and speed of resources boom conditions therefore remains. This includes efforts to ensure local communities are receiving economic benefits of resource projects to the greatest extent possible, given the inequity in the distribution of these between the capital and regional areas where actual resource activity occurs.<sup>66</sup> Moreover, concern over the social impacts of several announced mine closures in Queensland highlights that the need for social impact planning and management processes is the same regardless of whether the industry is in a period of growth or downturn.<sup>67</sup>

The Act is the first legislation in Australia to address these challenges. It is difficult to compare or contrast scenarios for management of FIFO workforces and social impacts in resource communities in other states owing to diverse impacts and constraints. For example, in New South Wales, where the resources industry is significantly smaller, resource projects are only required to undertake an SIA when explicitly noted within the relevant planning process, while in resource rich Western Australia, commute distances can be significantly greater from mines to communities, lending itself to established FIFO worker accommodation facilities. Accordingly, this PIR does not consider the scenarios of other states, including the absence of legislation in these jurisdictions; rather, the PIR provides an analysis of the effectiveness of the Act as it applies to Queensland’s unique resource industry.

*Feedback sought:*

*Is there any further evidence to describe or justify the existing or ongoing problem for the Act to address?*

## 7. Are there better policy options available?

In line with the requirements of the Queensland Government Guide to Better Regulation (2019), the following section evaluates three policy options for management of the social impacts of resource projects, including repealing the Act, retaining the Act (in its current form) and amending the Act. The purpose of this evaluation is to identify the option with the greatest net benefit for the community, industry and government.

### 7.1 Option 1 – Repealing the SSRC Act

Despite the limited availability of evidence to quantify a positive impact since commencement of the Act, the majority of stakeholders are supportive of the intent of the Act. Approximately 57 per cent of all stakeholders who provided a response (36 out of 63) consider the Act delivers a net benefit to local communities. In contrast, approximately 17 per cent of stakeholder responses (11 out of 63) did not consider the Act has delivered benefits to local communities, with the remaining stakeholders not providing a view or noting it is too soon to determine if the Act is delivering benefits to local communities.

To date, the PIR has arrived at an overall view that the Act provides a benefit for regional communities, industry and the government by stipulating a clear government expectation and legislative framework for management of social impacts on resource projects. As summarised by one stakeholder, the Act is required because it ‘hardwires’ community benefit considerations and local employment prioritisation into the decision-making of all resource companies, not just larger ‘top-end’ companies or new resource projects (State Government 13). When asked specifically, out of 74 stakeholders interviewed, only one stated that the Act should be repealed. Repealing the Act would remove this clear government expectation and legislative framework.

Removal of the mandated (and enhanced) SIA process would remove clear direction on the process and scope of SIA for the resources industry. This would create an unstable policy position and in turn have negative investment implications for the resources industry.

Removal of the SIA process would also mean that the requirement for the owner or proponent for a resource project to engage with relevant local governments as part of the SIA process would cease. This would affect local governments ability to plan for and respond to the socio-economic impacts of FIFO workforces, which the PIR has identified as a key challenge for local government (refer Section 2.2.4). Removal of the mandated and enhanced SIA process could also result in no or limited workforce, accommodation and procurement data being provided to local government, which local governments require to service and plan for long-term future of their communities.

If the Act was repealed, with no other measures taken, it is likely that some companies would continue to undertake a SIA and/or implement SIMPs. However, there would be no statutory requirements for companies to engage with local government and broader stakeholders when developing SIAs, monitor compliance with SIMPs, and no formal framework for reporting on the impacts or effectiveness of SIMPs to government. There would be no legal mechanism for government to prohibit 100 per cent FIFO operational workforces at resource projects and to prevent resource companies from discriminating against local residents during recruitment of

jobs. This would affect resource communities' ability to attract and retain workers and their families, and in turn impact on the long-term sustainability of the community.

If the Act was repealed, and the enhanced SIA Guideline applied as a non-statutory guideline, there would be no legal requirement for companies to undertake a SIA as part of the EIS process. While companies may voluntarily undertake a SIA and engage with affected stakeholders, there would be no formal monitoring of compliance with a SIMP and reporting to the government on the impacts or effectiveness of SIMPs. Repealing the Act, and implementing a non-statutory SIA guideline, would in all likelihood give rise to the original problems that existed before the Act came into force (refer Section 2.2).

OCG considers that repealing the Act could intensify the original and current problems identified in Section 2 and Section 6 of this report. No legislative power for government to condition social impacts would remove enforcement powers to avoid or manage social impacts. The Coordinator-General's ability to set conditions for resource projects is particularly important for smaller, regional communities with a strong reliance on the resource industry for jobs and investment, and more vulnerable to boom-bust conditions.<sup>68</sup> In comparison, larger urban centres typically have a more diversified economy, assisting in their long-term sustainability and resilience, however could still receive benefit from a legal enforcement to manage social impacts.

The full range of stakeholders acknowledge and support that the resource industry is an integral part of Queensland's economy. However, some stakeholders identified that without the Act in place, it is possible that not all companies would be as proactive in prioritising local workers and engaging with and investing in local communities. This may contribute to the risk of regional community decline, and see local residents relocating to places with greater job opportunities.

A summary of the expected impacts and costs (including benefits) of Option 1 on industry, the government, and the community is outlined in Table 4.

**Table 4 Option 1 Repealing the SSRC Act - Summary of expected benefits, impacts and costs**

Stakeholder	Expected impacts and costs	Expected benefits
Industry	<ul style="list-style-type: none"> <li>This option would remove the clear government expectation and the legislative framework for management of social impacts of resource projects, which would result in no clear direction on the process and scope of SIA provided to the resources industry. This may have negative investment implications for the resources industry.</li> </ul>	<ul style="list-style-type: none"> <li>While the resource industry stakeholders have indicated that the Act is not a burden on their operations, repealing the Act may provide some benefit by removing all requirements of the Act on their operations (for example the administrative burden of reporting).</li> <li>Reduction in statutory requirements for companies to undertake engagement with local government and broader stakeholders when developing SIAs.</li> <li>All owners or proponents for resource projects, regardless of having nearby regional communities, would be permitted to operate a 100 per cent FIFO workforce and would have no limitations on where they source their workers from and how they advertise for workers.</li> <li>Repealing the Act would result in no legally enforceable conditions being placed on project operations, which would reduce long-term regulatory burden.</li> </ul>
Government	<ul style="list-style-type: none"> <li>Does not align to the majority (36 out of 63) of stakeholder opinion, that indicated that the Act provides a net benefit to local communities and the limited view that the Act should be repealed.</li> <li>Would affect local governments' ability to plan for and respond to the socio-economic impacts of FIFO workforces, which the PIR has identified as a key challenge for local government.</li> </ul>	<ul style="list-style-type: none"> <li>Repealing the Act would remove the financial costs incurred by state and local government.</li> </ul>

Stakeholder	Expected impacts and costs	Expected benefits
	<ul style="list-style-type: none"> <li>• There would be no legal mechanism for government to prohibit 100 per cent FIFO operational workforces at resource projects and to prevent resource companies from discriminating against local residents during recruitment of jobs. This is not in alignment with the 2015 government election commitment.</li> <li>• Potential for government costs associated with informing the public and resources industry on the reasons for repealing the Act without clear evidence to justify the decision.</li> </ul>	
Community	<ul style="list-style-type: none"> <li>• There would be no formal framework for reporting on the impacts or effectiveness of SIMPs to government, reducing transparency for communities.</li> <li>• Reduced ability of resource communities to attract and retain workers and their families.</li> <li>• There would be an opportunity cost to nearby resource communities of accessing jobs and supply contracts at LRPs.</li> </ul>	<ul style="list-style-type: none"> <li>• No benefits identified.</li> </ul>

## 7.2 Option 2 – Retaining the SSRC Act in its current form

Retaining and maintaining the Act in its current form would continue to provide a clear legislative framework for the assessment and management of social impacts associated with resource projects. OCG considers this would continue to support community expectations and Queensland Government policy objectives that resource communities should benefit from the operation of LRPs. The prohibition of 100 per cent FIFO workforces and the prevention of discrimination against local workers in recruitment would continue, which would deliver positive benefits for local workers.

Continuation of the Act will ensure a greater number of resource projects currently in the pipeline complete the mandatory and enhanced SIA process, and report against their SIMP commitments. As discussed throughout the report, the availability of more time-series data will enable government, communities and resource companies to track and measure the long-term social impacts/benefits throughout project lifecycles. This monitoring would allow for the effectiveness of the Act, particularly the SIA provisions, to be further considered, and provide greater transparency of the benefits of resource projects being delivered to communities.

Continuation of the Act in its current form is not expected to result in additional costs (compliance or administrative) for the resources industry, however LRP owners/proponents would continue to be subject to costs associated with mandatory SIA preparation and complying with social impact conditions. The clarity and certainty for resource industry with regard to government expectations for social impact management would continue, which would also improve their ability to accurately forecast time and budgetary costs associated with SIA preparation and compliance.

The resourcing costs incurred by State Government described in Section 4.7 would progressively grow as more projects undergo the enhanced SIA process and the subsequent need for compliance monitoring increases. Additional costs may also be incurred if the draft recommendations listed in Section 9 are implemented, particularly regarding collection of long-term data and / or delivery of anti-discrimination protection training. However, it is important to note that such recommendations were developed with a view to enhance efficiency in cross-agency effort in some cases.

While amendments to the Act are not recommended at this time, OCG considers amendments to the Act, including suggestions from stakeholders to improve definitions in the Act, could be considered at a future review stage, if required.

A summary of the expected impacts and costs (including benefits) of Option 2 on industry, the government, and the community is outlined in Table 5.

*“(a company) announced (a project), I want to say 18 months ago, two years ago, immediate jump in rental prices. Not – like I know how long it’s going to take before (the project) exists, but an announcement has a flow-on effect in the community because they don’t know that an announcement.....doesn’t mean everything’s going ahead or when it’s going ahead. So there’s an immediate effect and I don’t know how you stop that.”*

*State Government Stakeholder*



**Table 5 Option 2 Retaining the SSRC Act in its current form - Summary of expected benefits, impacts and costs**

Stakeholder	Expected impacts and costs	Expected benefits
Industry	<ul style="list-style-type: none"> <li>• While the resource industry stakeholders have indicated that the Act is not a burden on their operations, retaining the Act in its current form would impose some level of compliance, and administrative and SIA preparation costs in the long term.</li> <li>• Resource companies would continue to be required to comply with social impact management conditions that are legally enforceable by the Coordinator-General.</li> <li>• Ongoing difficulty in interpretation of some definitions within / application of the Act may generate administrative burden.</li> </ul>	<ul style="list-style-type: none"> <li>• Continues to provide clarity of government expectation, SIA process and legislative framework for management of social impacts of resource projects. This in turn would improve resource industries' ability to accurately forecast time and budgetary costs associated with SIA preparation and compliance.</li> <li>• Aligns with majority of stakeholders' views (36 out of 63) which identified that the Act has benefit for regional communities, industry and the government by providing a legislative framework and clear government expectation for management of social impacts.</li> <li>• Continued development and standardisation of SIA processes aligns with resource industry best practice and development of social license with NRCs.</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Government would continue to incur costs associated with implementation of the Act, and monitoring and compliance of LRPs.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures clarity of government expectation, SIA process and legislative framework for management of social impacts of resource projects. This in turn would improve the local and state government ability to accurately forecast time and budgetary costs associated with SIA assessment and compliance.</li> <li>• Maintains consistency with the original 2015 government election commitment.</li> <li>• Aligns with the majority of stakeholder views, which indicated that the Act provides a benefit to resource communities.</li> </ul>

Stakeholder	Expected impacts and costs	Expected benefits
		<ul style="list-style-type: none"> <li>• Retains the requirement for the owner/proponent for a LRP to engage with relevant local governments as part of the SIA process. This assists in local governments ability to plan for and respond to the socio-economic impacts of FIFO workforces, which the PIR has identified as a key challenge for local government.</li> <li>• Continues to provide a legal mechanism for government to assist in delivering local employment outcomes in resource communities.</li> <li>• Improves the ability of resource communities to attract and retain workers and their families.</li> <li>• Continues to provide the Coordinator-General with the power to condition social management measures for resource projects assessed under the EP Act and the SDPWO Act.</li> </ul>
Community	<ul style="list-style-type: none"> <li>• No costs are likely to be incurred by resource communities.</li> <li>• The unintended consequences of the Act may continue to occur (refer Section 4.6).</li> </ul>	<ul style="list-style-type: none"> <li>• The prohibition of 100 per cent FIFO workforces and the prevention of discrimination against local workers in recruitment would continue, which would deliver positive benefits for local workers (for example the opportunity for local employment is assured).</li> <li>• Provides opportunity for NRCs to access jobs and supply contracts at LRPs.</li> <li>• Continues to assist communities in attracting and retaining workers.</li> <li>• Continues the involvement of community representatives in the SIA process.</li> </ul>

## 7.3 Option 3 – Amending the SSRC Act

As discussed in Section 4.2 of this report, most stakeholders, particularly local government, consider there is a need to strengthen the provisions of the Act to improve its effectiveness. However, resource company respondents clearly expressed that any expansion of the Act is not supported as it would add to the regulatory burden of existing compliance activities. Resource companies are also not supportive of increasing prescription of some provisions within the Act, such as specific targets for local employment or a more stringent FIFO threshold, although other stakeholders did indicate support for these. However, there is strong support among all stakeholder groups for amendments to other provisions, such as changes to the 125 km radius to reflect safe driving limits for workers, less prescription and more involvement of local governments when defining and identifying NRCs.

All stakeholder groups suggested that the effectiveness of the Act could be increased through improved compliance and government enforcement of the Act, as well as increased transparency of reporting on SIMPs by resource companies.

Furthermore, as discussed in Section 4.2.1 OCG has frequently been required to manage stakeholder queries during the SIA process and the PIR regarding the interpretation of the FIFO and DIDO worker definitions. The Act defines a FIFO worker as one who travels to the project by aeroplane, or another means, from a place that is not a NRC for the project. Stakeholder feedback shows that FIFO workers are seen as those who live outside of the region and fly to/from the project site, whereas DIDO workers are seen as regional workers, who live in a regional town (that may or may not be a NRC) and drive to/from the project site.

As discussed earlier in the report, to date only two resource projects (Olive Downs project and the Saint Elmo Vanadium project) have completed the enhanced SIA process and neither have been constructed or completed SIMP reporting requirements. It is too early to evaluate the effectiveness of the Act, particularly around the application of the SIA guideline and local or non-resident workforce definitions (i.e. FIFO/DIDO, NRCs and the 125 km radius). Accordingly, it is too early to determine if amendments to the Act are required.

To determine the Act's effectiveness with regard to the SIA Guideline, further investigation would be required following construction of a number of resource projects (i.e. providing increased evidence to evaluate). Any potential amendments at that time would need to consider not only how to ensure benefits for communities, but also avoidance of unreasonable cost or other impacts on the resources industry and government.

OCG considers that amending the Act at this time would be premature. For example, amending the definition of NRCs and the 125 km radius at this time could inadvertently result in a greater or lesser number of communities being protected by the provisions of the Act, which may in turn result in perceived inequity amongst community stakeholders.

While OCG considers it is too soon to recommend amendments to the Act, further guidance to address stakeholder views is required. In the short-term, OCG proposes to increase clarification on the interpretation of these definitions through guideline materials which are currently under development. This is not expected to remove future opportunity to amend relevant provisions to enhance the effectiveness of the Act, if required in future.

As discussed in section 1.1.1, at the time of drafting of the SSRC Bill, it was recognised that the prohibition of 100 per cent FIFO workforce practices may have a limited effect on reducing the percentage of FIFO workers, as one local resident is required to be employed at the LRP to comply. However, the intention of the 100 per cent FIFO prohibition was to provide a clear

statement 'that a 100 per cent FIFO workforce arrangement for resource projects is unacceptable'.<sup>69</sup> OCG considers that any potential changes to the 100 per cent FIFO threshold would require extensive consultation with stakeholders directly affected by the Act, to ensure the revisions do not cause an unreasonable burden on the industry and government while providing benefits for the local communities.

Amending the Act at this time is expected to result in additional costs to government and industry, that would be better deferred to a time when the effectiveness of the Act is more understood. Costs incurred by government would be associated with the process of amending legislation, and the additional compliance and administration required (for example, revisions to the list of LRPs/NRCs and undertaking the required consultation). The resources industry would similarly incur additional administration and compliance costs associated with aligning their business to new definitions under the amended Act. Furthermore, if amendments to enhance effectiveness of SIA provisions require consideration at a future stage, OCG considers it would be most efficient for all stakeholders to consolidate consultation efforts at that time.

A summary of the expected impacts and costs (including benefits) of Option 3 on industry, the government, and the community is outlined in Table 6.

**Table 6 Option 3 Amending the SSRC Act - Summary of expected benefits, impacts and costs**

Stakeholder	Expected impacts and costs	Expected benefits
Industry	<ul style="list-style-type: none"> <li>• The resources industry would incur additional administration and compliance costs associated with aligning their business to new definitions under the amended Act.</li> <li>• LRPs would be subject to increased regulatory burden if the Act was amended to include a changed FIFO threshold, with potential implications for workforce planning and project investment/feasibility.</li> <li>• LRPs would also be subject to a changed regulatory burden if the Act was amended to include an amended 125 km radius, with potential implications for workforce planning and project investment/feasibility.</li> <li>• Should a future review of the Act occur (as recommended in Section 9 – Recommendation 3), the resource industry would incur additional costs to undertake the review.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential improved clarity of definitions under the Act, fostering enhanced understanding and improved quality of compliance with the Act.</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Government would incur costs associated with the process of amending legislation and the additional compliance and administration required (for example, revisions to the list of LRPs/NRCs and undertaking the required consultation).</li> <li>• Should a future review of the Act occur (as recommended in Section 9 – Recommendation 3), the</li> </ul>	<ul style="list-style-type: none"> <li>• Anticipated benefits for government would be consistent with those of Option 2.</li> </ul>

Stakeholder	Expected impacts and costs	Expected benefits
	<p>government would incur additional costs to undertake the review.</p>	
Community	<ul style="list-style-type: none"> <li>Changes to definitions of NRCs may result in a changed number of communities being protected by the provisions of the Act.</li> </ul>	<ul style="list-style-type: none"> <li>Anticipated benefits for communities would be consistent with those of Option 2.</li> </ul>

## 7.4 Recommended policy option

Based on analysis undertaken in section 7.1 to 7.3, OCG concludes that Option 2 – Retain the Act in its current form would provide the greatest net benefit to Queensland (refer Section 9 – Recommendation 1) for the following key reasons:

- There is an overall view that the Act provides a benefit for regional communities, industry and the government by stipulating a clear government expectation and legislative framework for management of social impacts of resource projects.
- There is limited quantitative data (evidence) available to definitively measure the progress or effectiveness of the Act since it commenced. Only two resource projects have completed the SIA process and neither have commenced construction. To determine if the Act is on course to achieve its object, more time is needed for projects to undergo the enhanced SIA process, complete construction and report on the SIMP requirements. This is recommended by the draft data collection framework (refer Appendix 2), which identifies the KPIs and relevant data required to be collected to undertake the recommended future review.
- The Act does not disadvantage or impose significant costs on the majority of stakeholders, with the exception of the OCG as administrators of the Act (refer Section 4.7).

Stakeholder feedback has informed the draft recommendations outlined in Section 9. The draft recommendations are intended to assist with implementation and enhance effectiveness of the Act and enable future evidence to further examine the effectiveness of the Act.

### *Feedback sought:*

- Are there other self-regulatory or non-regulatory actions that would be more effective at achieving the Act's object?
- Do you agree with the recommended policy recommendation?

## 8. Conclusion

This consultation report has been prepared in response to a 2017 Queensland Government commitment to complete a PIR of the Act within three years of the Act commencing. The report is the first phase of the PIR process and presents the findings of extensive engagement with stakeholders directly affected by the Act.

Consistent with the Cabinet commitment, OCG is leading the PIR in consultation with DJAG and the OBPR. OCG consulted with DJAG in the preparation of this report primarily from an anti-discrimination perspective. The TOR for the PIR (refer Appendix 3) sets out the scope of the review and aligns with the Queensland Government Guide to Better Regulation 2019.

As discussed in the report, the Act was introduced with an aim to:

- *support resource communities to attract and retain workers and their families*
- *prevent resource companies discriminating against local residents in the future recruitment of operational workers*
- *improve participation of local governments in the SIA process for each project*
- *improve access for competitive local businesses to resource project supply chains*
- *help protect resource worker health and wellbeing.*

This report summarises the stakeholder views on the effectiveness of the Act and provides available evidence on how the above aims have been addressed to date. Extensive stakeholder engagement for the report did not identify any contrary views on the ongoing relevance of these aims and supports an ongoing need for the Act.

While the report identifies that more quantifiable data (evidence) would assist to determine the overall effectiveness of the Act, OCG considers that the long-term data to understand the direct and indirect benefits provided to local communities is only possible when a number of resource projects have completed the enhanced SIA process and SIMP reporting requirements.

Accordingly, it is considered too soon to determine the effectiveness of the Act, however the OCG is of the view that an ongoing need for the Act to ensure resource communities benefit from LRPs, remains. The key ongoing benefit and justification to retain the Act is the clear government expectation and legislative framework for management of social impacts and use of operational FIFO workforces at resource projects.

The report includes draft recommendations for further review of the Act, following an ideal sample size of completed projects, long-term data collection and improving community awareness and understanding of anti-discrimination provisions.

Consultation at this stage of the PIR provides opportunity for all stakeholders to contribute evidence and information on the report findings and provide a view on the final recommendations to Government.



## 9. Draft recommendations

The following table presents draft recommendations on the future of the Act for Minister's consideration.

**Table 7 Draft recommendations for the Act**

Draft recommendations	Rationale
<p><b>Recommendation 1</b> Retain the Act.</p>	<p>Stakeholders identified that the Act has benefit for regional communities, industry and the government by providing a legislative framework and clear government expectation for management of social impacts.</p> <p>Stakeholders generally noted that the Act has not been a burden on them financially or administratively.</p>
<p><b>Recommendation 2</b> Undertake a further review* of the Act, particularly regarding the effectiveness of the SIA provisions and the enhanced SIA Guideline (2018). <i>* It is recommended that the future review be undertaken when at least six large resource projects (three assessed under EP Act and three under the SDPWO Act) have been constructed and reporting requirements against its approved Social Impact Management Plan (SIMP) are finalised.</i></p>	<p>It is considered premature at the time of writing to review the effectiveness of the SIA provisions and the enhanced SIA Guideline (2018) as the Act has been in effect for a relatively short period of time (approximately 2.5 years).</p> <p>Since commencement of the Act, two resource projects completed the SIA process in line with the requirements of the Act and the enhanced SIA Guideline (2018). As neither of these projects have been constructed at the time of the PIR, there has been no reporting - and therefore no data - against project SIMPs, which would include community benefit outcomes.</p>
<p><b>Recommendation 3</b> Implement a long-term data collection framework (refer to draft at Appendix 2) for the Act.</p>	<p>Quantitative data is required to monitor for the list of LRPs and measure the effectiveness of the enhanced SIA Guideline (2018).</p> <p>Draft KPIs are recommended to inform a data collection framework. Collected data will assist with future Act review (as recommended above) and may be used to assist other government agencies develop policy and strategy for health emergency management.</p> <p>Refer to Appendix 2 for information on the type of data recommended to be collected.</p> <p><i>*This should occur in consultation with Queensland Government Statistician's Office, DNRME, Q Health</i></p>
<p><b>Recommendation 4</b> Improve awareness and understanding of the anti-discrimination provisions by the resource communities.</p>	<p>As discussed in Section 4.3, one of the key findings of consultation with resource community representatives is that the local residents are unfamiliar with the anti-discrimination protections under the Act and the AD Act*.</p> <p><i>*This should occur in consultation with Queensland Human Rights Commission.</i></p>

# Appendices



# Appendix 1. Stakeholder engagement register

**Table 8 Register of stakeholder engagement undertaken for the PIR**

Organisation	Number of interviewee(s) /respondent	Consultation Method
<b>PRIMARY STAKEHOLDERS (INDUSTRY)</b>		
<b>Unions</b>		
Australian Manufacturing Workers Union (AMWU)	2	Interview – Teleconference
Australian Workers' Union (AWU)	2	Interview – Face to Face
CFMEU Mining & Energy Division Queensland District	2	Interview – Teleconference
Electrical Trades Union (ETU)	1	Interview – Teleconference
<b>Peak body groups</b>		
Australian Petroleum Production and Exploration Association (APPEA)	1	Interview – Teleconference
Local Government Association of Queensland (LGAQ)	1	Interview – Face to face
Queensland Resources Council (QRC)	2	Interview – Teleconference
<b>Owners/proponents of resource companies</b>		
Anglo American	1	Interview – Teleconference
Baralaba Coal Company	1	Interview – Teleconference
Batchfire Resources	1	Interview – Teleconference
BHP	N/A	Written submission
Capricorn Copper	1	Interview – Teleconference
Carpentaria Gold (Resolute Mining)	1	Interview – Teleconference
Coronado Curragh	1	Interview – Teleconference
Evolution Mining	1	Interview – Teleconference
Fitzroy Australia	2	Interview – Teleconference
FMR Investments	1	Interview – Teleconference
Glencore	N/A	Written submission
Golding (Contractor for Baralaba Coal Company)	1	Interview – Teleconference
Jellinbah Group	1	Interview – Face to Face
Kestrel Resources	1	Interview – Teleconference
Metro Mining	1	Interview – Teleconference
Minjar Gold	1	Interview – Teleconference
Mining industry executive employee	1	Survey response
Multicom Resources and Epic Environmental	3	Interview – Teleconference
New Century Resources	1	Interview – Teleconference
New Hope Group	1	Interview – Teleconference
Origin Energy	1	Interview – Teleconference

Organisation	Number of interviewee(s) /respondent	Consultation Method
Peabody Energy	1	Interview – Teleconference
Pembroke Resources	2	Interview – Teleconference
QCoal	1	Interview – Teleconference
Round Oak Minerals	1	Interview – Teleconference
Shell QGC	N/A	Written submission
Sojitz Blue	1	Interview – Teleconference
South32	3	Interview – Face to Face
Stanmore Coal	3	Interview – Teleconference
TerraCom Resources	1	Interview – Teleconference
<b>PRIMARY STAKEHOLDERS - GOVERNMENT</b>		
<b>State government</b>		
Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP)	1	Interview – Teleconference
Department of Environment and Science (DES) EIA	2	Interview – Teleconference and face to face
Department of Environment and Science Emerald (Coal Hub)	1	Interview – Face to Face
Department of Employment, Small Business and Training (DESBT)	1	Interview – Teleconference
Department of Housing and Public Works (DHPW),	3	Interview – Teleconference
Department of Natural Resources, Mines and Energy (DNRME)	5	Interview – Teleconference
Department of State Development, Tourism and Innovation (Toowoomba)	2	Interview – Face to Face (with Toowoomba Regional Council)
Queensland Human Rights Commission (QHRC)	1	Interview – Face to Face
Office of the Coordinator General – Coordinated Project Delivery (CPD)	3	Interview – Face to Face
	1	Interview – Face to Face
State Government (including Emergency Services)	5	Survey response
<b>Local governments</b>		
Banana Shire Council	3	Interview – Teleconference
Central Highlands Regional Council	4	Interview – Face to Face
Charter Towers Regional Council	4	Interview – Face to Face
Cloncurry Shire Council	2	Interview – Face to Face
	N/A	Written submission
Isaac Regional Council (note some attendees at both interviews)	7	Interview – Face to Face
	6	Interview – Face to Face
	N/A	Written submission
Mackay Regional Council	1	Interview – Face to Face
Maranoa Regional Council	4	Interview – Face to Face
McKinlay Shire Council	2	Interview – Face to Face

Organisation	Number of interviewee(s) /respondent	Consultation Method
Mount Isa City Council	4	Interview – Face to Face
Rockhampton Regional Council	1	Interview – Teleconference
Toowoomba Regional Council	1	Interview – Face to Face
Townsville City Council	2	Interview – Teleconference
Western Downs Regional Council	1	Interview – Face to Face
Whitsunday Regional Council	1	Interview – Teleconference
Local government	3	Survey response
<b>SECONDARY STAKEHOLDERS (INDUSTRY)</b>		
<b>Operators of WAVs</b>		
AUSCO	1	Interview – Teleconference
CIVEO	1	Interview – Teleconference
Discovery Parks – Cloncurry	1	Interview – Face to Face
Homeground Villages	1	Interview – Teleconference
<b>SECONDARY STAKEHOLDERS (COMMUNITY)</b>		
Business operator in a community near a resource project (mines, LNG, CSG)	1	Survey response
Central Highlands Development Corporation	1	Interview – Face to Face
Charters Towers Chamber of Commerce	2	Interview – Face to Face
Cloncurry Business Network	2	Interview – Face to Face
Commerce North West	1	Interview – Face to Face
Community member - a resident of a community near a resource project, but not a worker at a resource project	3	Survey response
Community member - working for a resource project	5	Survey response
CTEC Moranbah State High School	1	Interview – Face to Face
Member of Public	1	Survey response
Moranbah District Support Services	1	Interview – Face to Face
Moranbah Housing Association	4	Interview – Face to Face
North West Hospital and Health Service	2	Interview – Face to Face
Other	1	Survey response
Prospect Community Services Charters Towers	2	Interview – Face to Face
Regional Development Australia (RDA) North Queensland	1	Interview – Face to Face
Roma TAFE	2	Interview – Face to Face
Social Impact Assessment Practitioner	1	Survey response
TAFE Queensland	1	Interview – Face to Face
Townsville Health and Hospital Service	2	Interview – Face to Face
Toowoomba and Surat Basin Enterprise (TSBE)	1	Interview – Teleconference

Organisation	Number of interviewee(s) /respondent	Consultation Method
<b>Totals</b>	132 individual interviewees	Survey responses: 21 Written submissions: 5 Interviews: 74

Summary of the number of stakeholders who provided a response through either an interview, online survey or written feedback:

- Unions - 4
- Peak bodies – 3
- Owners of or proponents for LRPs (including proponent representatives) - 30
- State Government agencies - 14
- Local governments - 18
- Community representatives – 26
- Worker Accommodation Providers - 4

#### Requests for data

OCG sought workforce composition and cost data from 37 out of 39 owners or proponents for LRPs. Three companies were in receivership at the time of the data request, however as one of the companies was in operation at the time of the structured interviews, OCG requested data from this company regardless. Data, including estimated costs of the Act implementation and participation in the SIA process was requested from 12 state government agencies<sup>a</sup>, including:

- (1) Department of Aboriginal and Torres Strait Islander Partnership
- (2) Department of Education
- (3) Department of Environment and Science
- (4) Department of Health
- (5) Department of Housing and Public Works
- (6) Department of Natural Resources, Mines and Energy
- (7) Department of Small Business and Employment
- (8) Fire and Emergency Services
- (9) Human Rights Commission
- (10) Department of State Development, Tourism and Innovation – OCG
- (11) Police Service

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<sup>a</sup> Note, the names of the above government agencies may have changed since the preparation of this report, due to recent State Government elections and associated machinery of government changes.



(12) Residential Tenancies Authority.

## Appendix 2. Draft long-term data collection framework for the SSRC Act

### Key performance indicators (KPI)

Findings presented in Section 6 indicate that there are broad indicators of improvement in areas associated with the object and aims of the Act.

However, the timeframe and scarcity of data remain an issue that will continue into future reviews of the effectiveness of the Act, particularly regarding SIA provisions and the enhanced SIA Guideline (refer Section 4.5 of this report).

Establishing KPIs on the aims / object of the Act will further assist with developing an evaluation framework going forward. These KPIs will inform the long-term data collection framework as discussed in section 5 and 6 that is proposed to establish a baseline for reporting on the elements of the Act (refer Section 9 – Recommendation 3).

As described in Sections 1.1.1, 1.1.2 and 1.1.3 the aims that underpin the Act can be measured through the following indicators that can be applied to establish the effectiveness of the Act and inform future review processes.

1. Support resource communities to attract and retain workers and their families
  - KPI: Annual resident population in NRCs
  - KPI: Annual number of FIFO (including DIDO) workers at each LRP
  - KPI: Annual number of residents of individual NRCs working at each LRP
2. Prevent resource companies discriminating against local residents in the future recruitment of operational workers
  - KPI: Annual number of discriminatory ads or recruitment practices reported to QHRC
3. Improve participation of local governments in the SIA process for each project
  - KPI: 100% of SIA processes have considered input from directly affected local governments
4. Improve access for competitive local businesses to resource project supply chains
  - KPI: 100% of SIA processes include programs which increase access to resource project supply chains
5. Help protect resource worker health and wellbeing.
  - KPI: 100% of SIA processes incorporate strategies to protect resource worker health and wellbeing

#### *Feedback Sought:*

*Are there other key indicators that should be included for these five aims of the Act?*



## The purpose of this framework

This draft framework establishes a process for long-term collection of data on LRPs subject to the SIA provisions and/or 100 per cent FIFO workforce prohibition under the Act. Data collection would align with the amount of time it takes to construct six projects recommended in Section 9 – Recommendation 2.

The Act requires proponents of projects going through the EIS process to prepare a SIA in line with the enhanced SIA guideline. The SIA is to assess projects impacts and identify mitigation measures to avoid or minimise impacts on the following five (5) core matters:

- (1) Community and stakeholder engagement
- (2) Workforce management
- (3) Housing and accommodation
- (4) Local business and industry procurement
- (5) Health and community well-being.

Workforce management data is required to be collected to assist with monitoring of projects on Coordinator-General's list of LRPs. This will also avoid *ad hoc* requests to resource companies.

While not mandatory for operational projects that have not been through the enhanced SIA process, data provided for matters other than workforce management may be useful in highlighting the benefits provided to local communities from LRPs.

## Type of data required

**Table 9** Type of data required

Performance measure	Type of data required
Sustainable communities	<ul style="list-style-type: none"> <li>• Number of SIA processes which incorporate strategies to protect resource worker health and wellbeing.</li> <li>• Annual resident population in NRCs.</li> <li>• Annual number of residents of individual NRCs working at each LRP.</li> <li>• Number of SIA processes that have considered input from directly affected local governments.</li> <li>• Number of SIA processes that include programs which increase access to resource project supply chains.</li> </ul>
Anti-discrimination provisions	<ul style="list-style-type: none"> <li>• Annual number of discriminatory ads or recruitment practices reported to QHRC</li> </ul>

Social impact matter	Type of data required
Community and stakeholder engagement	<ul style="list-style-type: none"> <li>• Number, proportion and type of stakeholders engaged</li> <li>• Number, type and frequency of engagement activities</li> <li>• Reported level of stakeholder satisfaction with engagement process</li> <li>• Number of complaints received/resolved</li> </ul>
Workforce management	<p>Workforce:</p> <ul style="list-style-type: none"> <li>• Number and proportion of workers employed from NRCs*</li> <li>• Number and proportion of FIFO/DIDO workers employed*</li> <li>• Number and proportion of Aboriginal and Torres Strait Islander people employed</li> <li>• Number and proportion of women employed</li> </ul> <p>Training</p> <ul style="list-style-type: none"> <li>• Number of new apprentices and traineeships commencing each year</li> <li>• Number of Aboriginal and Torres Strait Islander people receiving training from the project.</li> </ul> <p>*Required annually for all operational LRPs</p>
Housing and accommodation	<ul style="list-style-type: none"> <li>• Number and percentage of workers staying in worker village accommodation while on roster.</li> <li>• Number of workers accessing 'live local' programs (e.g. company-supported rental assistance, incentives for workers to purchase housing)</li> <li>• Number/type of accommodation assets established by project or number/type of local accommodation utilised by project works</li> </ul>
Local business and industry procurement	<ul style="list-style-type: none"> <li>• \$ value and percentage of goods and services purchased from local businesses (i.e. within 125 km of project as the crow flies)</li> <li>• \$ value and percentage of goods and services purchased from local Indigenous-owned businesses (ie. within 125 km of the project as the crow flies)</li> <li>• \$ value and the number of local business contracts secured</li> <li>• Description of any initiatives to improve local content opportunities (e.g. 'local-buy' programs, local</li> </ul>

Social impact matter	Type of data required
	businesses promotion activities, local supplier briefings etc.).
Health and community well-being	<ul style="list-style-type: none"> <li>• Description of project initiatives/programs that facilitate greater workforce interaction with the community</li> <li>• \$ value of community focused investment activities. broken down by type of activities supported (e.g. social infrastructure, education, cultural, community development, health, sporting)</li> <li>• Description of major community programs and activities that are supported by the project.</li> </ul>

## Key stakeholders who may contribute to data collection:

State government agencies:

- Department of Communities, Housing and Digital Economy
- Department of Education and Racing
- Department of Employment, Small Business and Training
- Department of Environment and Science
- Department of Resources
- Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
- Queensland Fire and Emergency Services
- Queensland Government Statistician's Office
- Queensland Health
- Queensland Human Rights Commission
- Queensland Police Service

Resource industry:

- Owners of LRPs
- Proponents for new projects going through the EIS process
- Queensland Resources Council.

## Who is responsible for collecting the data?

The Office of the Coordinator-General will work with government departments, resource industry and peak bodies to obtain the data. Working with other government departments may increase efficiency and minimise the number of data requests sent to resource companies.

## What will the data be used for?

The collected data will:

- enable a review of the effectiveness of the SIA provisions at a time when a number of projects have been constructed.
- allow for the effectiveness of the mitigation measures identified in SIMPs to be measured.
- allow for an understanding of cumulative impacts of a group of LRPs by the Government.

# Appendix 3. Terms of Reference for the SSRC Act review

## Final Terms of Reference: Post Implementation Review of the Strong and Sustainable Resource Communities Act 2017

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### Introduction

The *Strong and Sustainable Resource Communities Act 2017* (the SSRC Act) commenced on 30 March 2018.

The object of the SSRC Act is “to ensure that residents of communities in the vicinity of large resource projects benefit from the construction and operation of the projects”.

The Queensland Government has required a post-implementation review of the SSRC Act to occur within 18 months to two years of the Act commencement.

The review must be completed within three years of the commencement of the SSRC Act (30 March 2021).

This terms of reference (TOR) sets out the scope for the review.

### Key Questions

- 1) What has the SSRC Act achieved?
  - a) What has the 100 per cent fly-in, fly-out (FIFO) prohibition and the anti-discrimination provisions achieved and are they effective?
    - i) What has the 100 per cent FIFO prohibition achieved for residents of local communities?
    - ii) What benefits have resulted from the anti-discrimination provisions for local communities?
    - iii) Are there increased numbers of residents from nearby regional communities being employed in large resource projects?
    - iv) Are residents of nearby regional communities being discriminated against in the employment (recruitment and termination) in large resource projects?
    - v) Is ‘100 per cent’ the appropriate FIFO prohibition threshold?
    - vi) Are the large resource project (100 or more workers) and nearby regional community thresholds appropriate (communities within 125 km and with 200 or more residents)?
    - vii) Should the 100 per cent FIFO prohibition and anti-discrimination provisions be expanded to apply to more projects (smaller projects or projects in the construction phase)?
    - viii) What are the benefit/cost effects of the provisions to:
      - community
      - industry
      - government?

- b) What have the social impact assessment (SIA) provisions achieved and are they effective?
  - i) What has the SIA provisions achieved for local communities?
  - ii) What has the employment hierarchy provision achieved?
  - iii) Has the standard of SIAs since implementation of the SSRC Act improved?
  - iv) Is the scope of SIAs under the SSRC Act sufficient for managing social impacts of large resource projects?
  - v) Should SIAs be required for smaller projects?
  - vi) What is the benefit/cost effects of the provisions to:
    - community
    - industry
    - government?

c) Are there any unintended effects of the implementation of the SSRC Act?

### **Actions**

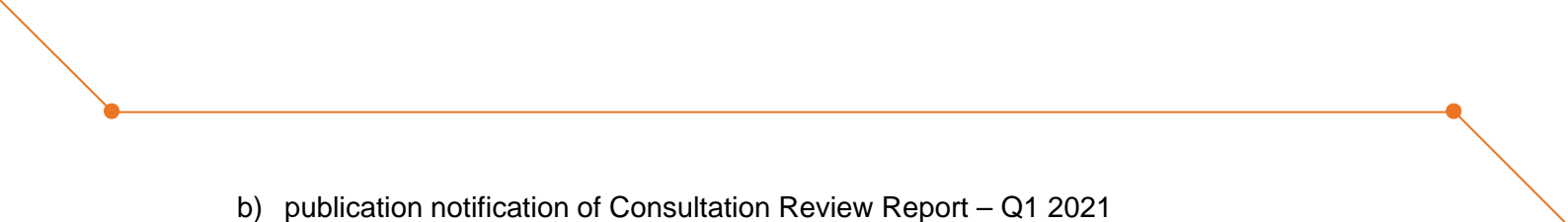
- 2) The Office of the Coordinator-General will:
  - a) project manage the review
  - b) identify and engage with key stakeholders (resource owners and operators/local governments/stakeholder groups)
  - c) collect data through engagement with stakeholders and information from stakeholders
  - d) analyse data
  - e) develop recommended actions as a result of the review.
- 3) The review will be undertaken in consultation with the Office of Best Practice Regulation (OBPR) and align with the Queensland Government Guide to Better Regulation. The review process will include release of a Consultation Review Report for public feedback (28 days). OBPR will review the Consultation Review Report for adequacy prior to its release (28 days).
- 4) The Coordinator-General will consider public feedback prior to publishing the Decision (Final) Review Report.

### **Outcomes**

- 5) The Decision (Final) Review Report may be used to:
  - a) suggest potential amendments to the SSRC Act
  - b) suggest non-legislative actions to support the object of the SSRC Act
  - c) update Parliament on the outcomes of the review.

### **Timeframes**

- 6) The review key deliverables are:
  - a) publish the final TOR on Department's website – February 2020

- 
- b) publication notification of Consultation Review Report – Q1 2021
  - c) release of Decision (Final) Review Report – Q2 2021.

## Appendix 4. Methodology for the PIR

### Introduction

The PIR has been conducted in three phases, including:

- (1) desktop review and stakeholder identification
- (2) stakeholder engagement and data collection; and
- (3) data analysis and reporting.

Each phase is described in the below sections.

### Phase 1: Desktop review and stakeholder identification

A desktop review was conducted to gain an understanding of the policy context, particularly as it related to the original problem and development of the Act. Data sources examined included:

- reports and policies by the Queensland Government and other agencies, including the final reports of the FIFO Inquiry (October 2015) and FIFO Review Panel (July 2015)
- academic literature on the impacts of FIFO and the social impacts of the resources industry in Queensland
- internal government and Cabinet materials used in the development of the SSRC Bill (2016)
- other relevant public domain documents and reports.

Review of these data sources informed the development of the problem statement (refer Section 2) and preparation of stakeholder engagement / consultation materials, including a list of primary and secondary stakeholders, interview questions, survey questions, required data sets and project information sheets.

The primary and secondary stakeholders were identified on the basis of their respective level of involvement and /or interest in the Act. The primary stakeholders are organisations that are directly affected by the Act as they are required to comply with or implement the provisions of the Act and/or are participants in the SIA process, including development and/or evaluation of project SIAs. These stakeholders included owners of or proponents for LRPs, unions, peak bodies and state and local government agencies.

Secondary stakeholders included individuals or organisations who have an interest in the implementation of the Act and its object, however are not directly required to comply with it or implement it. These stakeholders included social service providers, local businesses, operators of WAVs and others.

Appendix 1 presents a list of stakeholders engaged with directly through an interview and those who provided input through the online survey or written submission.

### Phase 2: Stakeholder engagement and data collection

The second stage of the PIR focused on data collection from primary stakeholders and was conducted between 12 February and 18 September 2020. To ensure data was collected from a wide range of stakeholders and to provide an adequate variety of avenues for stakeholders to provide input, OCG employed four data collection methods. These methods included structured face to face or phone interviews, an online survey, written feedback and written requests for quantitative data (workforce composition, costs and other information).



The use of multiple sources of data enabled OCG to validate the emerging findings wherever possible. Descriptions of each consultation method are provided in the below sections.

Importantly, consultation started in February 2020, before the COVID-19 pandemic and subsequent public health emergency declarations and was originally planned to be completed by mid-2020.

As a number of stakeholders' capacity to engage on the PIR was affected by the public health emergency declarations, the stakeholder engagement phase was temporarily suspended and extended until September 2020.

## Interviews

Interviews were conducted by a qualified external contractor with experience in interview delivery and stakeholder engagement. All owners or proponents of LRPs (that is, the 70 mining or gas projects included on the Coordinator-General's list of LRPs), and identified peak bodies, unions, state and local government agencies were invited to participate in an interview process (refer Appendix 1).

While not all primary stakeholders accepted an interview opportunity, a total of 74 structured interviews were conducted during consultation. Of these, 44 were individual interviews, while 30 were conducted with two or more interviewees representing their respective organisation. Overall, 132 people were interviewed.

Structured interviews are defined as those that include a series of questions consistently asked of each interviewee. Asking each interviewee, the same questions was integral to ensuring interviews were conducted equally and in a transparent manner and readily able to be compared or contrasted.

Face-to-face interviews were preferred and undertaken where possible. These occurred either in the workplace of the interviewee or a location of their choice. However, a number of interviews were held via telephone due to the impacts of the COVID-19 pandemic and restrictions on travel to regional areas during the declared health emergency.

Appendix 1 sets out an overview of persons interviewed, indicating their organisational affiliation and stakeholder category (primary or secondary) and sub-categories of industry, government or community.

Further details of these participants are not shared to ensure anonymity and confidentiality. (refer section 1.2.3 of this Appendix).

The interviews consisted of 50 questions, which aligned with the key topics identified in the TOR for the PIR (refer Appendix 3). Interviews averaged a duration of 1.5 hours, however ranged from 30 minutes to two hours or more.

At the commencement of each interview, all interviewees were provided an overview of the purpose of the PIR and background information on the Act. At the completion of the interview, stakeholders were given the opportunity to provide unstructured feedback or offered to complete the online survey or provide further written feedback, if required.

With permission of the interviewees, a voice recorder was used to record the interviews in order to provide a reliable record of the data obtained. Transcripts of interviews were confidentially prepared by internal officers of the OCG and / or an external transcription service provider. Each transcript was independently reviewed for accuracy by OCG and sent to stakeholders for their records. All recordings and transcripts are held securely and confidentially by OCG.

## Online survey

An online survey was released on the Department's website from 5 August to 2 September 2020. The purpose of the survey was to collect feedback from a wider range of stakeholders and to provide an alternative way of providing feedback for those who are unable to be part of an interview or provide written feedback. To ensure the survey was visible on the Department's website, a link to the survey was placed on multiple parts of the website.

The link to the online survey was distributed to those interviewed as part of the PIR process, with a request for distribution to their wider organisation. Several stakeholders were known to distribute the survey link.

A total of 21 survey responses were received. Of these, 1 was from a resource company, 3 from local Government, 5 from State Government employees, 12 from community members including industry practitioners.

The survey consisted of 54 questions, with 50 of these questions being identical to those asked in structured interviews. Using the same questions in the online survey as the structured interviews allowed for consistency in the analysis of responses. The additional four questions sought to obtain feedback on stakeholder experiences in relation to the COVID-19 pandemic, an issue that was being raised informally by stakeholders during the interview process. While the scope (refer Appendix 3) of the PIR does not explicitly require issues identified as a result of the COVID-19 pandemic to be dealt with, it was considered at the time that views from the resource community and industry stakeholders about learnings and experiences during the COVID-19 pandemic could be considered as part of the PIR and / or assist future policy development.

While the small sample size of survey results is not statistically significant in terms of wider community perceptions, the survey does serve to indicate how some stakeholders perceive the impact of the Act and its effectiveness. This may also serve as a practical foundation for broader public consultation.

## Written feedback

As part of ongoing communications with stakeholders throughout the PIR process, OCG advised stakeholders that written feedback could be provided to OCG as an additional or alternative means to provide input on the effectiveness of the Act.

A total of five written submissions were received with stakeholders providing feedback in relation to the key questions detailed in the PIR TOR (refer Appendix 3).

## Quantitative data

OCG sought quantitative data from 37 owners of or proponents for LRPs and 12 government agencies to supplement the findings of the qualitative information (refer Appendix 1).

Data on the following activities was sought from owners of or proponents for LRPs:

- industry costs associated with implementing and complying with the Act, since its commencement on 30 March 2018, including but not limited to:

training of staff on requirements of the Act

new compliance activities generated by the Act (for example reporting, record keeping, participating in monitoring or enforcement activities such as audits)

preparation of SIAs required for new resource projects going through the EIS process under the EP Act or the SDPWO Act

any other costs that resource companies may have incurred as a result of the Act being in force.

- workforce data, including:

the total number of workers employed at the project on 30 June 2020 (including all workers - permanent, temporary and contractors)

the number of FIFO workers employed at the LRP on 30 June each year from 2013 to 2020

the number of local residents employed at the LRP on 30 June each year from 2013 to 2020.

- Other information resource companies may wish to provide, which demonstrates benefits provided to declared NRCs for the project 2013 to 2020.

Data on the cost of participation in the SIA, including time spent preparing submissions on project's EIS and attending proponent meetings, was requested from State Government agencies.

OCG engaged with the QGSO in order to obtain non-resident population data and to obtain assistance with identification of stakeholders who may wish to be part of the PIR. Due to QGSO's confidentiality policy, no data was able to be provided to OCG.

Population data, and other data sources for background and context of the region were sought from the Australian Bureau of Statistics and the Queensland Government Open Data Portal.

At the time, QGSO actively focused on collection of non-resident population data for the Galilee and Bowen basins only (no data collected for the North West Minerals Province or other resource regions in Queensland). The QGSO maintains confidentially around their data sources on non-resident populations in the regions and as such was unable to provide any project specific data to OCG.

## Data confidentiality

To ensure confidentiality of interview transcripts, online survey results and the written submissions, OCG presented results in an aggregated form and de-identified the stakeholders.

Results of the stakeholder engagement are accessible only to the OCG team for the purpose of preparing this PIR. Confidentiality is maintained to ensure stakeholders' opinions are communicated openly, and any future negotiations between stakeholders would not be adversely affected (e.g. exposure of commercial-in-confidence information). This was especially important for local governments and LRP owners who would often be in protracted discussions over projects with commercial interests or concerns regarding LRP operations.

## Phase 3: Data analysis and reporting

OCG organised and critically analysed stakeholder views received from the structured interviews, the online survey and written feedback.

Audio recordings of interviews were listened to independently by OCG to ensure that transcripts accurately recorded the content of the interview and completed any interview gaps that were not able to be captured by the external transcription service provider.

Once transcribed and checked for quality, the collected interview responses, along with the responses from written submissions and the online surveys, were summarised into succinct statements against the questions to which they related.

Qualitative data was critically analysed through a process of coding. The first phase involved OCG PIR team members interpreting the contents of the data, identifying what is relevant to the PIR research questions, and grouping the content into themes or concepts derived directly from the text data. The second phase involved analysis of the initial themes then organised into broader categories based on the themes guiding the PIR research questions (i.e. impacts and benefits, design of Act, costs, and unintended consequences). From this process, emergent themes were identified which provided the basis for Section 4 Consultation Findings. Outlier responses and minor sub-themes were identified, further investigated, and /or agreed to be excluded from the reporting

Interview and survey responses to closed-ended questions (requiring a yes or no response), were also used to quickly collate stakeholder views on issues, these were calculated as a percentage of the overall responses to the questions by stakeholder grouping.

## Development of recommendations

All recommendations identified in Section 9 have been initiated and informed by stakeholder feedback obtained throughout the stakeholder engagement program.

## Appendix 5. Further information on the growth of FIFO workforces

The resources sector has been an important driver of regional economic development in Queensland since colonial times.<sup>70</sup> Historically, the establishment of mining operations prompted rapid development and many socio-economic changes for local communities including population growth, direct employment, higher incomes, and increased business opportunities.<sup>71</sup> Mining companies also established 'company towns', such as Moranbah, Dysart and Middlemount, to cater for the expansion of the mining industry and supply labour for all but the most remote operations.<sup>72</sup>

However, by the mid-1980s, falling mineral prices and changes to the tax regime that increased the cost of providing workers with non-salary benefits reduced companies' willingness to invest in permanent housing and infrastructure.<sup>73</sup> Changes to industrial laws and unionised working agreements also gave employers considerably more flexibility.<sup>74</sup> This led companies to introduce greater use of contract labour at mines and changed a number of work patterns, including moves towards longer 12-hour shifts and block rosters.<sup>75</sup> Combined, these changes led mining companies to increase the use of FIFO workforces to supply labour for mining activities, even those in proximity to established and accessible population centres.<sup>76</sup>

Where once employees would have resided in local towns near mine sites, FIFO workforce models drew staff from a range of urban and coastal locations leading workforces to be more geographically dispersed than in previous decades.<sup>77</sup> FIFO employees stay for an extended 'roster' period on or near the mine site, usually in dormitory-style worker accommodation village, and commute to and from their 'usual' place of residence. Most operations fly their workers to and from worksites, however other modes of transport may be used, including drive-in, drive-out (DIDO) and bus-in, bus-out (BIBO).<sup>78</sup>

The most recent resources boom (2004 – 2014) accelerated this trend.<sup>79</sup> Colloquially termed as a 'super-cycle', the resources boom was characterised by prolonged national economic growth and high levels of mining investment as a result of unprecedented demand for commodities from expanding Asian markets.<sup>80</sup> In Queensland, these conditions saw significant expansions of the coal industry, particularly in the Bowen Basin, which coincided with the development of large-scale coal seam gas (CSG)/liquified natural gas (LNG) projects in the Surat Basin and Gladstone region.<sup>81</sup> In 2013–14, the mining industry alone contributed \$27.4 billion to Queensland's economy in real terms compared to an estimated \$15.1 billion in 1999–2000.<sup>82</sup> Major resource development subsequently prompted a rapid increase in labour requirements, with direct employment in the Queensland mining industry increasing almost three-fold from 16,100 in February 2003 to 71,100 in November 2012.<sup>83</sup>

Unable to meet the unprecedented labour requirements with local employees alone, resource companies turned to non-resident FIFO workforces as the most convenient and cost-effective way to expand construction and operation workforces and attract skilled workers in an increasingly tight labour market.<sup>84</sup> Between June 2006 and June 2012, the number of FIFO workers in the Bowen Basin more than doubled from an estimated 10,765 persons to 25,035 persons.<sup>85</sup> Similarly, following government approval of three CSG/LNG projects in 2010–2011, the non-resident population of the Surat Basin increased from 6,445 persons in June 2012 to 14,490 persons in June 2014 at the peak of CSG construction activity.<sup>86</sup> It is estimated that at the peak of construction activity in 2012, there were 72 non-resident FIFO workers living in

local government areas of Isaac Region for every 100 residents.<sup>87</sup> This high proportion of FIFO workers reflects the relatively low unemployment rate of the region at the time (2.0 per cent in 2011).<sup>88</sup>

A number of factors, including improved access to labour, cheaper air travel making the logistics of commuting more feasible, and a preference for employees to reside in metropolitan areas with greater access to amenities and family networks, have further underpinned recent trends towards the increase in the use of FIFO workforces.<sup>89</sup> Other practical reasons include the increasingly remote and short-term nature of mining operations limiting the economic feasibility of company investment in permanent housing and infrastructure. Companies also argue that FIFO arrangements can be used to minimise adverse impacts on infrastructure, services and housing supply in regional communities that would otherwise be created by demand from large workforces, particularly when projects may only operate for limited time periods.<sup>90</sup>

As mentioned previously, there are also financial benefits for companies who employ FIFO workers over local workers, associated with the fringe benefits tax (FBT), a Commonwealth tax introduced in 1986. The FBT provides employers of FIFO workers with concessions for non-salary related costs such as transport, provision of living away from home allowances and certain housing related costs.<sup>91</sup> While the FBT is seen as having influenced an increased use of FIFO workforce models by resource companies, it is important to note that this taxation system is outside of the scope of the PIR and is within the jurisdiction of the Australian Government.

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