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12 December 2016

The Research Director
Infrastructure, Planning and Natural
Resources Committee
Via E-mail: ipnrc@parliament.qld.gov.au

Dear Sir/Madam

**Submission to Infrastructure, Planning and Natural Resources Committee
Strong and Sustainable Resource Communities Bill 2016 Inquiry**

Thank you for providing Maranoa Regional Council with the opportunity to make a submission to the Committee as part of the *Strong and Sustainable Resource Communities Bill 2016* Inquiry.

In 2014, at the peak of the construction phase for large scale gas projects in the Maranoa, the region had approximately 13,850 residents and 5,210 non-resident workers.

The gas resource projects brought the Maranoa many benefits but they also had many impacts.

Maranoa Regional Council has worked energetically, during and after the construction phases of the gas projects, to manage the demands on its infrastructure, services and finances. However, at times Council felt it had little control or influence over the proponents' impacts in the region. As a result, negotiations to address impacts continued well after the projects had commenced (in some cases years), which had significant effects on local infrastructure and the community.

These experiences have influenced Council's inputs into the LGAQ submission to the Committee and the matters covered by the Council's own submission.

The proposed *Strong and Sustainable Resource Communities Bill 2016* in conjunction with the social impact assessment process and Social Impact Assessment Guideline provide opportunities for the experiences gained to be used in better management of ongoing and future large resource project impacts and the regional enjoyment of the benefits of those projects.

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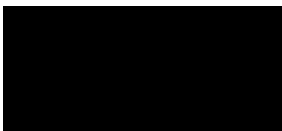
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However, legislative recognition of local governments as a key partner in the impact assessment, mitigation and project approval process is essential. This will allow impacts to be mitigated early, and communities will be more accepting of major developments within the region's boundaries.

It is also important to recognise that neither the proponents nor government can anticipate all impacts from the start, so it is critically important that the framework be able to adapt to changing circumstances, and that local government have a seat at the table to respond to new or varied impacts.

We look forward to the appropriate legislation being passed and implemented in conjunction with the supporting processes and statutory guidance.

Yours faithfully



Julie Reitano
Chief Executive Officer

Maranoa Regional Council

Submission to the Queensland Government's Infrastructure, Planning and Natural Resources Committee

Strong and Sustainable Resource Communities Bill 2016 **Inquiry**

December 2016

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Maranoa Regional Council Area

Maranoa Regional Council Submission *Strong and Sustainable Resource Communities Bill 2016*

Introduction & Support

The Maranoa Regional Council is very supportive of the Queensland Government's intention to ensure that regional communities which are in the vicinity of large resource projects benefit from the operation of those projects and adverse impacts are mitigated.

Council is fully aware of the impacts and benefits of CSG operations on its local communities and the region as a whole through direct experiences. Post completion of the construction phase, a number of "**Learnings**" have been identified from Maranoa's experiences, and it is hoped that these can be considered in the new legislation and accompanying material.

By way of introduction, the *Strong and Sustainable Resource Communities Bill 2016* and its supporting statutory instruments provide potentially useful mechanisms to better manage impacts and promote the benefits of large resource projects for regional communities.

This submission contains comments and suggestions that may further enhance the objects and effectiveness of the *Strong and Sustainable Resource Communities Bill 2016* (SSRC Bill), the supporting policy and the use of the social impact assessment guideline (SIAG) in the social impact assessment (SIA) process.

1. Addressing adverse impacts on the community through early mitigation measures - Consideration for Social Impact Assessment and Guideline

Learning 1 - The most significant learning from the last CSG construction phase is that local government needs detailed information about the project early, and agreement must be reached on managing the impacts before a project commences.

It is recognised that s 9 (5) includes the requirement to consult with the local government, however, it is suggested that this needs to be strengthened so that local government is a key partner in the impact assessment, mitigation and project approval process. If this is not the case, local government is seen as just another 'box that needs to be ticked'.

Local government's involvement will allow impacts to be mitigated early, and communities will be more accepting of major developments within the region's boundaries.

During the last construction phase, Council was left in the position of fielding very valid concerns and complaints from residents about damaged road infrastructure, long before the negotiations about the mitigation measures were concluded. This was due solely to the project being allowed to commence and continue operation, despite the major damage continuing to occur on local government infrastructure. This continued to place the community at risk as the company had little incentive to reach agreement (as it could continue to operate), and Council did not have the resources to address the damage being done to roads that were never designed for such activity.

Whilst it is acknowledged that neither the proponent nor Council can anticipate all impacts, an early seat at the table for local government will help ensure mitigation measures are agreed to and substantially underway prior to a project commencing.

In summary, it is requested that social impacts have clear outcomes and timelines so that mitigation strategies are in place before a project commences.

2. Addressing adverse impacts on the community by strengthened local government involvement - Consideration for s 9 (3) and (5) of Strong and Sustainable Resource Communities Bill 2016

Learning 2 – Local Government is perfectly positioned to provide leadership about community and infrastructure priorities and to simplify the community engagement processes for proponents.

With potentially multiple proponents active within the region, all seeking to comply with their community and stakeholder engagement obligations, we have seen significant evidence of stakeholder fatigue. This has been particularly visible in the areas of local business and industry procurement, but also in housing and the more general areas of community well-being.

Each 4 years, Councillors are elected by the community to represent them in a broad range of issues, so the question is, why should the mitigation of social impacts be any different?

Local Government Act 2009

12 Responsibilities of councillors

(1) A councillor must represent the current and future interests of the residents of the local government area.

...

(3) All councillors have the following responsibilities—

...

(b) providing high quality leadership to the local government and the community;

(c) participating in council meetings, policy development, and decision-making, for the benefit of the local government area;

Council is required to have a range planning documents for the region including:

S104 (5) (a) the following financial planning documents prepared for the local government—

(i) a 5-year corporate plan that incorporates community engagement;

(ii) a long-term asset management plan;

(iii) a long-term financial forecast;

...

Instead of creating multiple layers of stakeholder engagement, a proponent's first and primary stop should be at the door of the local government.

In Maranoa's case, in the early days of the CSG construction phase, the proponents were torn between the competing priorities of numerous community groups. Critical infrastructure needs were not being met, with the more media-attractive donations and contributions the priority from the perspective of the proponents.

As a result, Council initiated a CSG advisory committee – Chaired by the Mayor, and participated in by the Social Impact officers of the proponents, Council's Chief Executive Officer and other officers depending on the issues under discussion.

This allowed a shared understanding of the proponents' priorities, a robust forum for discussion of impacts, and a collective discussion about mitigation options for cumulative impacts. It was not until this committee was established that funding started to be redirected into the areas of greatest need, and where there was an opportunity to create a positive and lasting legacy for the community.

In summary, it is requested that the opportunity not be overlooked to tap into the existing/well established local government framework to simplify both the community engagement, and social impact mitigation processes. There is significant merit in tapping into something established (including local governments' existing community engagement frameworks) rather than creating something new for multiple proponents. It would also be appreciated by busy residents to hear about the issues that matter to them through their existing forums, rather than needing to participate in additional meetings and processes.

3. Demands on local government infrastructure by proponents operating within the local government's boundaries, or impacting the local government's infrastructure – Consideration for s 9 (5) of Strong and Sustainable Resource Communities Bill 2016

Learning 3 - The impacts on local government infrastructure are not limited to proponents who are operating within the local government's own boundaries.

Again, it is recognised that s 9 (5) includes the requirement to consult with the local government, however, there may be proponents who are operating just across the boundary, within another local government area. This still has significant impacts on Council's infrastructure.

During the last construction phase, Maranoa's airport serviced the proponents operating within the Maranoa boundaries, but also serviced the fields just over the border with Western Downs. Any discussions about FIFO numbers and projections therefore need to be available to, and considered in the impact assessment for, Maranoa.

In summary, it is recommended that the local government for the local government area in which the large resource project is situated is consulted, as well as local governments whose infrastructure is impacted.

4. Avoiding “boom & bust” cycles – Consideration for Social Impact Assessment Guideline

Learning 4 - The approach to management of impacts needs to be “Temporary Solutions for Temporary Problems” and “Permanent Solutions for Permanent Problems”.

There is scope within the new SIA process for Coordinator-General SIA conditions to be imposed on a large resource project to help local communities avoid “boom & bust” land and housing cycles associated with large CSG resource projects. ***It is suggested that not all temporary accommodation and FIFO is ‘bad’ – what is damaging to communities is when permanent solutions are applied to solve temporary problems.***

For example, accurate estimates of the construction versus operation workforces would enable councils to better plan land use and housing requirements, thereby ensuring that *permanent* housing stock is matched with the *permanent* operation workforce requirements.

Various councils’ experiences have been that large construction phase workforces distort local housing markets, creating “boom & bust” cycles.

Although there is a need to prepare additional accommodation options in local towns for future long-term resident operational workers, it is the accommodation of workforces associated with the construction phase, including all contactors, sub-contractors and ancillary workers in related industries, that drives up rents and consequently house prices. When the accommodation requirements of the temporary construction phase ends, the rents typically fall, followed closely by house prices.

If the new legislation provides control of construction phase worker accommodation through the Coordinator-General’s control of conditions to mitigate social impacts identified in the SIA, the best mitigation measure would be to require adequate construction phase worker accommodation to be provided (and required to be used) over and above the town residential precincts. It must be emphasised that the provision of adequate construction phase worker accommodation extends to all temporary workers involved in the construction phase.

The increase in residential accommodation associated with the town residential precincts should be only linked to an estimated increase in long-term operation phase workers (who should ideally reside in regional towns).

If there is clear communication about the estimated increase in long-term operation phase workers seeking to be housed in regional towns in the SIA report, this would provide potential developers with a rational basis for land and housing development investment and would also raise investor warning flags when the estimated required increase was being met or exceeded.

From a local government perspective, the estimated increase in long-term operation phase workers gives town planners better parameters for calculating the increases required in land and housing supply and then consequently ensuring that planning schemes are adjusted to accommodate any necessary increases. This involves consulting the development industry and landholders about how the supply options can be addressed without creating oversupply that will lead eventually to a “bust” cycle.

It is also incumbent upon the local government town planners in conjunction with the resource project proponents and private suppliers to work out optimised locations for temporary worker accommodation camps. This includes up-scaling and down-scaling of the temporary worker camps for different demands in the construction phase.

To a similar degree, it may be possible to manage the temporary industrial land impacts with a combination of industrial land assessments, changes to planning schemes, locational controls, use of temporary sites and warnings to investors when potential post-construction phase oversupply looms.

In summary, it is suggested that the principle be applied of “Temporary Solutions for Temporary Problems” and “Permanent Solutions for Permanent Problems”:

Temporary (Construction & Decommissioning) Workforce

A substantial non-resident workforce is acceptable provided there are no discriminatory practices for residents. Discrimination is more than the initial recruitment and advertising but also ongoing employment conditions (Refer also point 8.).

Permanent (Operational) Workforce

There needs to be a shift (legislative encouragement) to substantially a resident workforce population that is sustainable for the community (housing, hospitals, schools etc).

To achieve this:

1. The SIA report should identify the full range and number of temporary workers anticipated for the resource project.
2. The “boom & bust” cycles that often plague regional towns because of the construction phase of a major resource project can be mitigated to a large degree when all construction phase temporary workers are required to live in temporary workers camps outside the town residential areas or in existing motels and allied forms of accommodation outside of residential areas.
3. The estimated increase in long-term operation phase workers that can live in regional towns should be identified in the SIA report

4. Land use planning should facilitate (in conjunction with the resource proponents and developers) the accommodation supply required for (1) temporary accommodation for construction phase workers and (2) the estimated increase in long-term operation phase workers that can live in regional towns.
5. There is scope to use SIA conditions to also manage industrial land supply “boom & bust” cycles for regional communities.

5. An avenue of appeal, mediation or dispute resolution in relation to infrastructure agreements and mitigation measures - Consideration for Social Impact Assessment and Guideline

Learning 5 – There needs to be an independent, inexpensive and effective mediation and dispute resolution process to resolve disagreements about compensation and mitigation measures.

During the last construction phase, it was felt that there was no place to turn that was truly independent, in order to escalate the stalled negotiations. In the end, both parties (Council and the proponents) were left to their own devices, and negotiations extended far longer than they needed to, due to the lack of an independent ‘umpire’ that could provide comments on the reasonableness of the matters at hand.

In summary, there needs to be an independent, inexpensive and effective mediation and dispute resolution process for compensation and mitigation negotiations.

6. Indirect costs - Consideration for s 9 (3) of Strong and Sustainable Resource Communities Bill 2016

Learning 6 – Whilst the region ultimately benefited significantly from the activity in the region, the cost to local government of achieving that outcome was also significant.

A basic premise is that the local government area’s ratepayers should not be out of pocket due to the CSG activity within the region, whether this is through:

- additional infrastructure works; or
- increased maintenance or operating costs; or
- legal costs associated with negotiating the mitigation agreements.

Note: If the proponents were ultimately accountable for reimbursement of these amounts, it would also help encourage a more reasonable approach to the negotiation process.

It is critical that impacts to local government assets and services are mitigated whether they relate to required capital investment, maintenance or operating costs. Without a recognition of all 3 types of costs, there is an indirect subsidisation of CSG activities which creates financial sustainability issues for local governments (due to the increased but unfunded activity).

Examples include additional staff for town planning, subdivisional works and accounts payable (invoice processing) due to the CSG projects.

In summary, it is suggested that potentially (3) (f) be added for government engagement and financial sustainability impacts (or similar wording). Note: this should be separate/in addition to the general 'community' and 'stakeholder' engagement.

7. Unforeseen impacts / changing needs - Consideration for Social Impact Assessment and Guideline

Learning 7 – Despite the best planning, there will be unforeseen impacts and evolving needs, and the framework needs to be flexible enough to allow updates to occur.

In Maranoa's experience, while all attention was on the most obvious areas of impact (e.g. roads, housing), there were some unexpected impacts that caused major issues in the short term for Council infrastructure.

Two examples:

- Workers' camps were established out of town, but consideration hadn't been given to the volume of effluent that would be created and how it would be disposed of – this created a substantial load on the Council sewerage treatment plant, when the waste was transported to the facility;
- As a further by-product of the activity in the region, a substantial increase in general waste also occurred, adding an unexpected load on the region's landfills that was not able to be anticipated. The waste wasn't just generated directly by the proponents, but also their contractors and the multiple tiers of subcontractors.

In both of these cases, it may have been possible, for infrastructure to be constructed on site (thereby reducing heavy vehicle movements and minimising impacts on local government infrastructure). However, this requires all parties working together (State/Local/Proponents), as issues are identified. The reuse of water is another example of an emerging issue.

We found that often the resource companies couldn't pre-empt the impact beyond a couple of tiers of their contractors, so it was not possible to predict their own full impact and the cumulative impact until the development was in full swing.

In summary, it is essential that the social impact framework be able to adapt to changing needs and new circumstances.

8. Workforce Management - Requirements for Resident Workers to Live Away from Home - Consideration for s 131B, s 131 C and definition of nearby regional community.

Learning 8 – There are advantages to small communities / townships of having projects close by, but not if residents are discriminated against for their preferred place of residence.

The intentions of the proposed amendments of the *Anti-Discrimination Act 1991*, particularly the section 131C provisions are supported by Maranoa Regional Council.

Maranoa Regional Council has strongly advocated against resource project companies preventing shift workers from returning home for the duration of their roster. The township of Wallumbilla is an example where workers on a project less than 60 kilometres away (40 minutes travel time) were prevented from returning to their families in Wallumbilla each day while on roster. This was a commuting time less than most urban city dwellers experience. The restrictions often meant shift workers could not participate in the routine of family and community events which has long-term social and community impacts.

Although there are locations where daily commuting is impractical or dangerous, the identification of “nearby regional communities” sets the parameters for when daily commuting is reasonable or unreasonable, but needs to not be limited to townships of a particular size.

In the Dictionary in schedule 1 of the SSRC Bill, “nearby regional community” is defined as:

nearby regional community, for a large resource project, means a town, the name of which is published on the department’s website under section 13, that has a population of more than 200 people, any part of which is—

- (a) within a 100km radius of the entrance to the project that is closest to the town’s boundary;
or
- (b) within a greater or lesser distance from the project decided by the Coordinator-General and notified in writing by the Coordinator-General to the owner of the project.

The township of Wallumbilla would not meet the threshold of 200 people, but is positioned well (geographically) to potentially house resident workers.

Table 2 FTE population estimates, Surat Basin LGAs and selected UCLs, June 2016

LGA	Location ^(a)	UCL	Resident population ^(b)	Non-resident population	FTE population
			— persons —		
Maranoa (R)	In town	Injune	405	35	440
		Roma	7,705	60	7,765
		Other towns ^(c)	2,000	0	2,000
	Rural areas		3,910	1,185	5,095
Maranoa (R) total			14,020	1,280	15,300
Toowoomba (R)	In town	Toowoomba	105,045	50	105,095
		Other towns ^(c)	36,335	35	36,370
	Rural areas		23,235	0	23,235
Toowoomba (R) total			164,615	85	164,700
Western Downs (R)	In town	Chinchilla	5,370	445	5,815
		Dalby	11,775	45	11,820
		Miles	1,330	70	1,400
		Wandoan	340	605	940
	Other towns ^(c)	2,065	5	2,070	
Rural areas		13,150	1,290	14,440	
Western Downs (R) total			34,030	2,455	36,485
SURAT BASIN TOTAL			212,665	3,820	216,485

(a) Refer to Notes at end of report for explanation of 'in town' and 'rural areas'.

(b) QGSO unpublished data.

(c) UCLs with only one accommodation provider or fewer than 20 non-resident workers are aggregated in 'Other towns'.

Source: QGSO estimates

It is suggested therefore that the Coordinator-General be given flexibility for a lesser population size, similar to distance, by adding to subsection (b) of the definition to read:

- (b) *within a greater or lesser distance from the project and smaller population as decided by the Coordinator-General and notified in writing by the Coordinator-General to the owner of the project, in accordance with the SIA guideline*

This suggested amendment could provide greater legislative certainty for the regional communities by setting out in the SIA guideline the heads of consideration. This comment should be read in conjunction with the comment about the making of the SIA guideline (next point).

9. SIA Guideline making by Coordinator-General - Consideration for s 9 of Strong and Sustainable Resource Communities Bill 2016

Under section 9 of the *Strong and Sustainable Resource Communities Bill 2016*, sub-section 4 (reproduced below) states that the Coordinator-General “may” make a guideline for SIAs.

- (4) *For the matters mentioned in subsection (3), the Coordinator-General may make a guideline stating the details that must be included in a social impact assessment and publish the guideline on the department’s website.*

It is suggested that to provide greater certainty about the SIA process, the wording could be changed so that the Coordinator-General “must” make a guideline for SIAs.

10. Prohibition on 100% fly-in fly-out workforces – Construction vs Operation - Consideration for s 6 of Strong and Sustainable Resource Communities Bill 2016

The intention of section 6 headed *Prohibition on 100% fly-in fly-out workers for large resource projects* is generally supported, however it is possible that proponents are already meeting this requirement by having at least one employee based in the region.

In the case of CSG projects, there also needs to be a clear distinction between the construction phase and operation phase.

As mentioned in point 4, it was suggested that not all FIFO is ‘bad’ – i.e. If it is to solve a temporary need, it is not damaging to a community. However, there is no benefit to the community if the concept of 100% FIFO is continued through the operation (permanent) phase of the project.

In relation to the operation phase in particular, there are concerns about the 100% prohibition being used in such a way that the legal requirement is met by having an operational phase workforce that is (for example) 99% fly-in fly-out workers.

One potential solution is to identify an appropriate percentage of fly-in fly-out workers in the SIA and to incorporate this percentage into the social impact mitigation conditions attached to the resource project approval.

This would require an amendment of subsection 2 of section 6 to read:

- (2) *The owner must not employ a workforce for the operational phase of the project that comprises a percentage of fly-in fly-out workers that is more than the maximum percentage specified in the social impact mitigation conditions attached to the resource project approval.*

This phrases the requirement in the positive (rather than the negative), and also provides the flexibility to adapt it to the specific project.

Further, this provision should be supported by a maximum penalty provision, for example 400 penalty points. (This would be consistent with the offence provision in section 8 of the *Strong and Sustainable Resource Communities Bill 2016*.)

Although section 7 and section 11 provisions in the *Strong and Sustainable Resource Communities Bill* are intended to make the social impact mitigation conditions enforceable conditions under the *State Development and Public Works Organisation Act 1971*, irrespective of whether the project EIS is under the *Environmental Protection Act 1994* or under the *State Development and Public Works Organisation Act 1971*, it may be simpler in some circumstances to prosecute under *Strong and Sustainable Resource Communities Bill 2016* provisions (similar to section 8).

11. Indirect effects of prohibition on 100% FIFO - Consideration for s 6 of Strong and Sustainable Resource Communities Bill 2016

In regions of already low unemployment, by advocating for reductions in FIFO, there does need to be caution about draining local government and businesses of skilled labour. Maranoa saw this occur when local government and other businesses couldn't compete with the money being offered by the CSG companies. Council (the then largest employer) and businesses couldn't fill positions because many resident skilled staff went to work for the CSG sector. This was bad enough when the FIFO arrangements were in place; it will be worse if the first priority is to fill the workforce from the local and regional economy.

Having the prohibition without ways of mitigating skill loss from other businesses has major impacts on communities. (Impacted businesses ranged from McDonalds, Woolworths to a range of trades and other professions). Without tackling the whole regional economy, it is just shifting FIFO from one sector to another.

It is suggested therefore that there is merit in undertaking an assessment of the regional labour market prior to implementing targets for resident vs FIFO numbers.

12. Local Business and Industry Procurement - Consideration for Social Impact Assessment and Guideline

Whilst it is recognised that the social impact assessment will provide for local business and industry procurement, some of the related matters that should be considered:

- Ideally access to capacity building is helpful as some businesses have never been exposed to the complexity of tendering for large corporates.
- Reviewing how works are packaged would be useful. Some businesses are able to provide elements but not the whole.

-
- It is about the full suite of initiatives - *providing access, building capacity, removing impediments and identifying opportunities.*
 - Payment Terms for Local Businesses was a significant issue for Maranoa. Where small businesses are being asked to outlay funds upfront, extended payments terms (e.g. 90-120 business days) is a significant impediment to their participation in the procurement process.
 - Some level of market analysis by the proponents should be mandated to better understand existing supply opportunities within the community. Caution needs to be exercised about encouraging businesses to establish solely for resource work. As seen here, if contracts are not re-awarded, businesses have lost everything.
 - Capability building for how to wind down / contract operations post the boom is equally important as capacity building at the start, otherwise communities look to local government to fill the void.