

## **Government Response to the July 2015 Fly-in, Fly-out (FIFO) Panel Report “An independent review of existing, predominantly fly-in, fly-out resource projects in Queensland”**

### *Recommendation 1: Conditioning new resource activities*

*Recommendation 1A: That legislation be enacted to extend the powers of the Queensland Government to condition resource proponents to prepare appropriate workforce, procurement and accommodation plans for proposed resource activities assessed under the Environmental Protection Act 1994. The conditions apply to those resource activities deemed by the approval agency to have a substantive economic impact.*

*The plans should be formulated by the resource activity proponent in conjunction with the appropriate government agencies and the local council and include measureable performance outcomes to the satisfaction of the approval agency.*

*Conditioning of the operational resource activities is to apply for the life of the activity and all plans approved must have built-in conditions to facilitate review of the plans to meet changed circumstances throughout the life of the activity.*

The government supports this recommendation in principle.

The government will prescribe in legislation the social impact assessment process. The legislative and policy framework will ensure consistent assessment of resource projects, enhanced social impact assessment and conditioning in relation to workforce management, accommodation and procurement.

The government will develop an overall policy framework and commence the Parliamentary process to amend legislation in 2016.

### *Recommendation 1B: Workforce plan*

*That the Queensland Government requires resource activity proponents to develop a workforce plan to the satisfaction of the government that:*

- *demonstrates a robust and sustainable commitment to hiring and training personnel from resource communities first, followed by nearby regional communities and then from within the state of Queensland and beyond*
- *incorporates a timely review process to ensure relevance and adaptability of the workforce plan during the life of the resource activity.*

*The plan is to contain employment targets for Indigenous, female, apprentices and disabled persons and for local postcode employees after assessing the available employment pool. The plan must include all operational employees whether employed directly, by contractors or by other recruitment arrangements.*

*No future resource activity, within safe travelling distance of existing resource communities or regional communities, should be conditioned to allow 100 per cent FIFO.*

The government supports this recommendation in principle.

The government will prescribe in legislation the social impact assessment process. The legislative and policy framework will ensure consistent assessment of resource projects, enhanced social impact assessment and conditioning in relation to workforce management, accommodation and procurement.

The government will develop an overall policy framework and commence the Parliamentary process to amend legislation in 2016. The proposed policy framework will require the preparation of workforce, procurement and accommodation plans. The workforce plan will be expected to apply to the project i.e. all operational employees whether employed directly, by contractors or by other recruitment arrangements.

The government proposes to develop an overall legislative and policy package in 2016 to ensure that no future resource activity, within safe travelling distance of existing resource communities or regional communities, will allow a 100 per cent FIFO workforce.

*Recommendation 1C: Procurement plan*

*That the Queensland Government requires resource activity proponents to develop an operational activity procurement plan to the satisfaction of government. The procurement plan should conform with an industry code of practice for local content, e.g. Queensland Resources and Energy Sector Code of Practice for Local Content (2013).*

*The plan is to incorporate procurement activities undertaken by contractors and sub- contractors engaged to undertake operational resource activities (including worker accommodation) on behalf of the resource activity owner.*

*The plan should demonstrate a robust and sustainable commitment to:*

- *the assessment and development of resource communities and nearby regional supplier capacity and capability*
- *procurement from resource community and nearby regional community suppliers*
- *consideration of sustainable contract duration and payment terms taking into account the regional supplier capability and capacity*
- *a timely review process to ensure relevance and adaptability of the procurement plan during the life of the resource activity.*

The government supports this recommendation in principle.

The government will prescribe in legislation the social impact assessment process. The legislative and policy framework will ensure consistent assessment of resource projects, enhanced social impact assessment and conditioning in relation to workforce management, accommodation and procurement. The proposed policy framework will require the preparation of, procurement plans to the satisfaction of the administering agency.

The proposed policy in relation to procurement refers to the *Queensland Resources and Energy Sector Code of Practice for Local Content (2013)*, with specific policy positions to maximise the opportunity for competitive local businesses to supply and service the resource sector.

The Department of State Development (DSD) participates in the annual review relating to the effectiveness of the code, including the annual effectiveness report and how improvements can be made.

DSD also runs Tendering for Government Business workshops to help maximise the chances of local businesses winning government work. The training at the workshop is also applicable to the private sector, including tendering for major projects.

*Recommendation 1D: Accommodation plan*

*That the Queensland Government requires the resource activity proponent to develop an operational accommodation plan which:*

- *adequately addresses the availability of existing suitable housing and land stock in that community*
- *demonstrates the need, if any, for additional accommodation beyond existing capacity*
- *includes the size and staging of any proposed operational workforce village or other alternative structures*
- *ensures the operational workforce village complies with accommodation standards, such as the Guideline for Non-Resident Workforce Accommodation (PDA Guideline no.3), March 2014, set by the Queensland Government in consultation with the regional council*
- *enforces the plan's conditions on all contractors and sub-contractors engaged by the resource activity owner to operate the activity*
- *incorporates timely review processes to ensure relevance and adaptability of the accommodation plan during the life of the resource activity.*

*Preparation of the plan must include consultation about the proposed location of the camp with the affected local council and community stakeholders (where the workforce village is deemed necessary by the state).*

The government supports this recommendation in principle.

The government will prescribe in legislation the social impact assessment process. The legislative and policy framework will ensure consistent assessment of resource projects, enhanced social impact assessment and conditioning in relation to workforce management, accommodation and procurement.

The overall policy framework proposes to address the recommendations through:

- ensuring there is a comprehensive assessment of accommodation capacity (including local government participation) and that new worker accommodation villages will only be supported where there is insufficient local accommodation capacity
- that new worker accommodation or accommodation villages are integrated with local communities where there is widespread community support
- that accommodation villages are constructed and maintained to ensure all resource workers have a safe, comfortable and healthy environment to live in whilst on roster.

The proposed policy framework responds to specific issues raised in the report in relation to variable standards of accommodation villages depending on whether they are on or off-lease, and setting out a government policy position in relation to conversion of temporary to permanent accommodation.

However, there are clearly limitations with imposing changes to project accommodation plans over the life of the project. Once the project has made final investment decision and committed to a particular accommodation plan, including where construction of accommodation has occurred and workforce plans and employment conditions are set in place, major changes are unlikely to be feasible.

*Recommendation 2: Monitoring of approval conditions*

*Recommendation 2A: That the Queensland Government develops in conjunction with the resource sector, through its nominated body, a portal which facilitates reporting on compliance with approved workforce, procurement and accommodation plans.*

*That leaseholders of existing resource activities be approached to voluntarily report on the agreed data to help guide both the Queensland and relevant local governments better plan for appropriate economic and social outcomes for the resource regions of Queensland.*

*Reporting should address the following matters:*

*Recommendation 2B: Workforce plan*

- *Number of employees and trainees by distance from the resource activity determined by an agreed designation relevant to the location of the activity (e.g. postcode of principal place of residence).*
- *Number of employees and trainees who are Indigenous, female, or have a disability.*
- *Reporting from all contractors engaged to undertake operational resource activities.*
- *The results of an independent audit of the approved workforce plans undertaken at agreed periodic intervals (e.g. every five years).*

*Recommendation 2C: Procurement plan*

- *The dollar amount and proportion of procurement sourced from resource communities and nearby regional communities.*
- *The activities undertaken by the operational activity to help build supplier capability and capacity.*
- *Advice on any preferential supplier terms and conditions including preferential payment terms.*
- *Reporting from all contractors engaged to undertake operational resource activities.*
- *The results of an independent audit of the approved workforce plans undertaken at agreed periodic intervals (e.g. every five years).*

*Where the proponent engages services of a third party provider to accommodate a non-resident workforce, reporting under the conditions of the procurement plan is voluntary. However, the data can be incorporated into the leaseholder's procurement plan to meet their obligations under the plan.*

*Recommendation 2D: Accommodation plan*

- *Number of rooms proposed.*
- *The number of rooms already constructed and the number of rooms approved but not yet constructed.*
- *Designated rooms for motelling.*
- *Number of operational workforce in residence at agreed reporting intervals.*
- *Reporting from all contractors engaged to undertake operational resource activities.*
- *The results of an independent audit of the approved accommodation plans undertaken at agreed periodic intervals (e.g. every five years).*

The government supports this recommendation in principle.

For future resource projects, the intention of the Government is that conditions of approval are imposed, if required, that give effect to the government's policy position, are reasonable and relevant and ensure efficient compliance and enforcement of the conditions is possible.

During the environmental impact statement for a project, accommodation requirements will be considered through the accommodation plan and the workforce plan. A requirement may be that the proponent reviews their social impact assessment plans, which includes accommodation and workforce plans, six months prior to construction to ensure the plans reflect current circumstances.

For further information about procurement plans, refer to the response at recommendation 1B.

Compliance and enforcement are existing functions of the Coordinator-General. The Parliamentary Committee of Inquiry report on FIFO and other long distance commuting practices (9 October 2015) was "*satisfied the SDPWO Act [State Development and Public Works Organisation Act 1971] sets out adequate enforcement options and penalties for non-compliance with the Coordinator-General's conditions and that the Office of the Coordinator-General undertakes a range of compliance activities detailed in the Strategic Compliance Plan*" (p. 30).

The Queensland Government is also investigating improved data collection and publication of information on worker accommodation villages both operational and approved but not constructed. DSD is proposing to work with peak bodies to investigate how government and industry can improve data collection and the distribution of this information to local government.

*Recommendation 3: Enforcement*

*That the Queensland Government develop, in conjunction with the resource sector, appropriate enforceable cure provisions and procedures with respect to compliance with approved workforce, procurement and accommodation plans for new resource activities.*

*Failure to comply with the plans at the completion of the cure processes should invoke appropriate financial penalties as determined by the Queensland Government.*

The government supports this recommendation in principle.

The Coordinator-General's Strategic Compliance Plan (reviewed in May-June 2015) details the significant powers of enforcement and penalties for non-compliance with *State Development and Public Works Organisation Act 1971* conditions imposed in the environmental impact statement process. The Office of the Coordinator-General has a dedicated compliance unit proactively managing and monitoring coordinated projects with imposed conditions.

The Parliamentary Committee of Inquiry report on FIFO (9 October 2015) was "*satisfied the SDPWO Act sets out adequate enforcement options and penalties for non-compliance with the Coordinator-General's conditions and that the Office of the Coordinator-General undertakes a range of compliance activities detailed in the Strategic Compliance Plan*" (p. 30).

The government proposes to develop an overall legislative and policy package in 2016 and enforcement provisions will be given further consideration through this process.

*Recommendation 4: Existing approvals*

*In the interest of maintaining a competitive environment and minimising sovereign risk for Queensland's resource sector, it is recommended that no retrospective action that would impact upon the existing workforce be taken to alter existing approvals in Queensland.*

*However, the panel recommends the Queensland Government continues to explore all policy or legislative options in relation to existing 100 percent FIFO resource projects located near a resource town or regional community which would require operational workers to be given a choice of where to live.*

*The panel also recommends the Queensland Government urge the resource sector, in the interest of maintaining a strong social licence to operate, to source suitable operational replacement workers, whether directly employed or employed by contractors, where available, from resource communities or nearby regional communities.*

The government acknowledges the panel's concerns in relation to changing the existing workforce composition for current operations.

However, as recommended by the FIFO review panel, government explored all policy and legislative options in relation to existing 100 per cent FIFO resource projects located near a resource town or regional community.

The government is proposing a legislative package which will ensure that for future workers at existing operations as well as future resource projects, any person must be able to apply for a job no matter where they live. The government will introduce legislation to give effect to the outcome sought in 2016.

*Recommendation 5: Data collection*

*That an appropriate government agency collates and reports at appropriate survey times:*

- *the total number of workers by operation, identifying all direct hire, contract/casual and apprentice workers, and the principal place of residence by postcode of each worker*
- *the mode of transport for commuting from principal place of residence to workplace*
- *type of accommodation during roster*
- *workforce diversity, including Indigenous, female, workers with a disability.*

*The industry data should be made available to all relevant stakeholders including relevant local councils.*

The government supports this recommendation in principle.

The data collected on non-resident workforces through the Queensland Government Statistician's Office is internationally recognised as extensive and comprehensive. The Queensland Government Statistician's Office has advised that the high levels of voluntary participation in the survey have been achieved through a commitment to confidentiality. Continuous improvement of the survey is undertaken incrementally to ensure high participation and response rates. It should be noted that the data collection includes not only resource companies but accommodation providers in resource communities.

DSD has committed to investigate, with the resource sector peak bodies, options to improve the capture and publication of data related to workforces and worker accommodation villages, both approved but not constructed and those that are operational.

*Recommendation 6: Economic impact of non-resident workforce trends*

*That the Queensland Government:*

- *review existing studies on the economic impact of non-resident operational workforces on resource and nearby regional communities*
- *undertake any further required work in order to establish a mechanism to accurately assess the impact of non-resident operational workforces.*

The government supports this recommendation in principle.

DSD will finalise the reviews of the existing studies and work with the Office of the Coordinator-General on the approach to the economic impact assessment of non-resident operational workforces. The Coordinator-General recently released a draft Economic Impact Assessment Guideline for stakeholder consultation.

*Recommendation 7: Queensland Local Government Grants Commission*

*That government:*

- *consider the impacts of an operational non-resident workforce on the ability of a local government to deliver services*
- *consider reinstating the cost methodology of non-resident service expenditure, or any other appropriate measures, when the Queensland Local Government Grants Commission makes recommendations about grant funds.*

The government supports this recommendation in principle.

The Queensland Local Government Grants Commission is an independent statutory body, which recommends the annual allocation of the Commonwealth's Financial Assistance Grant. The Queensland Local Government Grants Commission discontinued the consideration of Non Resident Worker numbers in 2011, citing the council amalgamations and the lack of available and reliable data.

The Commission advised DSD on 22 December 2015 that *“Unfortunately, in the absence of accurate and uniform data in this regard, the Commission is unable to consider using FIFO as an adjustment in its methodology. If such data were to become available, the Commission would complete mathematical modelling to determine the impacts that it would have across all of Queensland's 77 local governments.”*

Local government may also use the Non-Resident Population Reports prepared by the Queensland Government Statistician's Office. These are annual reports that provide region specific estimates of the non-resident population, and projections of the non-resident population out to a seven year horizon. Annual surveys of mining companies and accommodation providers have been underway for the last ten years. The responses from the surveys are analysed and the reports made publicly available.

The Queensland Government encourages the use of these reports, particularly by local governments in resource communities, to help plan for essential services into the future.

Enhancements proposed to the social impact assessment process will improve the engagement of local government and resource companies during project assessment. Local government will also be invited to participate on relevant cross agency reference groups on major resource projects to ensure they are being provided with the best possible information for planning and assessment purposes if required.

#### *Recommendation 8: Empowering councils*

*To attract and provide genuine choice for workers and their families to live in resource communities, a continued investment in economic and social/community infrastructure is required.*

*To achieve this, the panel recommends the Queensland Government encourage local councils located within resource regions to develop or modify long-term sustainable economic strategies complemented by social infrastructure strategic plans. The purpose of these plans is to assist councils assess the cumulative impact of current and projected activities and the economic and social/community infrastructure required as a result of those activities.*

*That state government provide planning advice to resource region local councils during the development of the strategic plans.*

*That at the time of project approval of a new resource activity, the Queensland Government gives consideration to funding the local council to deliver infrastructure priorities identified in the strategic plans.*

The government supports this recommendation in principle.

The government acknowledges that local government needs relevant and timely information to help develop and modify long-term economic strategies for the regional area. The government is committed to improving the information that is publicly available on resource project workforces and worker accommodation capacity. This includes the continuous improvement of the Queensland Government Statistician's Office data collected on non-resident workforces. For example, a review by the University of Queensland is currently underway to determine whether improvements can be made in the methodology.

The government already provides planning advice in relation to state interest provisions under the *Sustainable Planning Act 2009* in reviewing local planning schemes and works closely with local governments when developing their economic development strategies.

Enhancements proposed to the social impact assessment process will improve the engagement of local government and resource companies during project assessment. Local governments will also be invited to participate on relevant cross agency reference groups on major resource projects to ensure they are being provided with the best possible information for planning and assessment purposes if required.

The Queensland Government is committed to strong local communities through the Building our Regions initiative. The \$200 million Building our Regions Regional Infrastructure Fund is a targeted program for local government projects. The primary purpose of the Building our Regions program is to provide funding for critical infrastructure in regional areas of the state, while also supporting jobs, fostering economic development and improving the liveability of regional communities. There is a specific Royalties for Resource Producing Communities Fund which is open to local governments of eligible resource communities. Eligible local governments include those that are experiencing significant direct impacts from mining activities. Local government may also look for opportunities to submit co-funded proposals with the private sector (e.g. resource companies) on strategic infrastructure that will benefit the community to further support an application for government funding.

These initiatives are expected to improve the ability of local government to deliver infrastructure priorities identified in any strategic plans.