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## **MINING and COMMUNITY RESEARCH FORUM JUNE 2010**

### **“SOCIAL IMPACT ASSESSMENT IN REVIEW”**

The current lack of Legislation concerning Social Impact Assessments (in projects other than those declared as projects of State Significance) mean that in the vast majority of cases the state’s mining communities and regional population centres will continue to struggle to cope with provision of the additional social and hard infrastructure needed to service these operations.

It means that most mines projected to commence in the next 5 years at least, will not make and cannot be forced to make, meaningful contributions to offset any negative effects of their mines coming into operation, let alone add value to the affected communities.

Given the cyclical nature of the mining industry over time, it will probably mean that the communities of Queensland and its citizens (both through rates and taxes), will be called upon to try and address the issues this industry expansion will cause.

### **CURRENT SITUATION**

The Bowen Basin Communities in particular and Regional Cities such as Mackay and Rockhampton as well, are suffering from a critical lack of infrastructure that has and is being exacerbated by new and expanding mining operations.

These issues include:

1. Inability to attract workers for essential services such as schools, hospitals, doctors, ambulance, social and mental health services.
2. Over-inflated housing costs (both purchase and rental) due to non-development of housing.
3. People engaged in service industries being forced to relocate away from the communities due to un-affordability of housing.
4. Low cost accommodation options such as caravan parks being converted to SPQ’s (single person quarters), and the existing residents (often employed in service industries) having no choice but to relocate out of the Bowen Basin communities.
5. Community infrastructure such as water and roads under extreme pressure.
6. Social amenity of the communities being undermined by large SPQ’s now dominating Bowen Basin communities.

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The main reason for this has been the un-willingness of Mining Companies to do anything other than construct large SPQ's to house their permanent workforces, while still using the already stretched resources of the communities to service these SPQ's and the mine sites themselves.

This has been both by many of the companies that have been operating long term in the Bowen Basin and the newer players in the industry.

Not all of the long term players fall into this category; in our view one (1) at least is still engaged in providing housing in the Central Highlands for those that want it.

### **Long Term Companies**

One of the long term companies when in discussions about a new mine, recently described the construction of housing in Central Highlands communities as a **“value depleting cost to the project”**.

The only exception being supervisory management people, who companies seem quite happy to reside in housing at nominal rent.

Given the limited shelf life these management positions seem to enjoy nowadays (2 to 3 years) before moving on to other mines. It is hypocritical if not close to discriminatory that the same housing conditions are not offered to production and engineering employees; particularly given the average length of employment in these positions is many times that of the management.

This same company was nominally subject to the SIA process under the “Project of State Significance” legislation. The particular project in question has a mine life of 20 plus years. The main justification given for this accommodation arrangement was that the mines operations would be totally contracted out. 98% of the workforce would reside in a large SPQ for the life of the mine.

Despite multiple objections being lodged on this issue, the approval was granted with no conditions set on accommodation.

The press announcement of the approval had barely made the newspapers before we were informed that there had been a change in the company's preferred workforce employment. Their new position is that they want to directly employ the workforce, but that the SPQ is the only accommodation option, and in part they used the SIA/EIS approval as justification.

### **New Players**

New players in the Central Highlands are not interested at all in contributing to the social and infrastructure assets of the communities; and indeed are a significant negative impact due to their reliance on existing infrastructure to service their new operations.

One of the reasons for this is the proliferation of what can be classified as start up entities. A large number seem to be based on a model used by other relatively recent entrants.

This involves a relatively small company with limited capital.

They acquire a mining lease, then engage a mining contract company to actually operate the mine, then at some point either sell-out to another company or engage in a merger with staggeringly immense returns on the initial investment made. These have run into the 10's of thousands of percent return in a matter of about 5 years.

These styles of mining investment options are characterised by SPQ style accommodation only, nil or only token contributions to offset the negative impacts they cause on the mining and regional communities.

Indeed it is a pre-condition of employment at most newer operations that the only accommodation option is commuting to work and residing in an SPQ while rostered on.

### **Surveys**

One of the basis on which companies are relying on are several surveys they have commissioned.

Like any survey, the results are heavily influenced from the questions asked, the way they are asked and the population surveyed.

They make much of one survey that quotes that only 25% of the surveyed residents who reside in SPQ's want to live in Central Highland's housing instead of SPQ's.

Our perusal of the study in question leads us to believe that the survey was seriously flawed due to basic questions that were not asked.

Unless those surveyed were broken down between short term and long term coal mine workers then the whole survey is seriously flawed.

Workers engaged for activities such as construction, shut-down, consultancy and other short term projects where they can be working all over either the state, the nation or indeed the world are extremely unlikely to want to reside in mining community houses rather than SPQ's.

Additionally, by relying on the Regional cities to house the workforces when rostered off, these cities are also experiencing infrastructure problems, and often wild price increases for rental and purchase of housing due to large numbers of mine and support industry workers and families swelling the population of these cities.

Given the pressures on the State Government budget it is critical that these mining companies wanting to expand their operations or start up new operations be made to make meaningful contributions to the communities and pay for what is needed to have these as proper functioning communities.

This needs to be in the form of land and housing being developed and made available to both their direct workers, those engaged in service and social industries; emergency services and community infrastructure such as water, sewerage and roads.

From our point of view, if a company wants its workforce and service providers to reside in Regional Cities then it needs to inject the necessary funds and resources into these Regional Cities. If it wants to have them reside in the Mining Communities then it directs the funds and resources to the Mining Communities.

In either scenario, the Mining Companies need to offset by funds and resources the drain it incurs on the local communities.

The only way the Mining Companies can be forced to make the necessary commitments is via agreeing to conditions prior to the granting of the mining lease.

This is obviously possible to be done as history has shown us.

During the opening up of the Bowen Basin, as part of the granting of Mining Leases under the then Bjelke-Petersen Government, the companies constructed the towns and houses, built the rail infrastructure, purchased the rail rolling stock and then handed ownership of the rail and rolling stock to the Government.

### **CURRENT SIA STATUS**

Unless a mining project has been declared a “Project of State Significance”; there currently is no legislative basis for performance of an SIA. It is essentially performed voluntarily. Therefore there is no mandated need for offsetting negative impacts on communities or for enforcement of anything that a company may happen to decide to volunteer.

- Companies are performing SIA’s (Socio-Economic Impact Assessments) as part of the EIS (Environmental Impact Statement).
- There is no Legislated basis to force the companies to perform the SIA’s.
- As part of the Mineral Resources Act Review the CFMEU Mining and Energy Division made a submission for SIA’s to be mandated as part of the EIS process.
- As part of feedback in June 2008 we were informed that it would not be part of the amendments to the Mineral Resources Act, but would be enacted in other Legislation.
- We were then informed verbally several months later that the requirements for a Socio-Economic Assessment had been legislatively enacted, but could not be retrospectively applied.
- No legislative base, would not allow a Government or its individual Departments to be able to legally say that it either meets or does not meet the criteria, and then use that as a basis for not granting, or granting of a Lease with conditions relating to the Socio-Economic impacts of the proposal.
- With no Legislative basis, the non-granting of a Lease, or granting of a Lease with Socio-Economic conditions attached, would in our view be immediately challenged through the Courts. Such a legal challenge would in our view be successful.

It is quite obvious from many company SIA submissions, that the Mining Companies realise the SIA process has no teeth and they are only giving it lip service as they know a Mining Lease application cannot be refused due to the SIA. The SIA’s for Daunia and Eagle Downs are cases in point.

They acknowledge the existing problems within the communities, further acknowledge that their proposals will exacerbate the problems, yet only make vague promises to **consult** Local and State Authorities and that they **may consider** taking some action.

From long experience with dealing with Mining Companies including within the legal system, we know all too well what the term 'consult' means. That is only to talk. Consultation does not mean that there has to be or will be any change on behalf of the company after listening other peoples/groups views.

The proposals being flagged about possible legislation would entail not conditions attached to the granting of a full mining lease, but instead rely on an ability of the regulators to impose a financial penalty if the commitments given under the SIA are not fulfilled.

In our view this is little more than window dressing. The possible financial penalties involved while maybe sounding impressive to the ordinary person in the street, would be a miniscule proportion of the capital cost for a mining project.

Indeed as one saying goes; "it would be less than they spill on their corporate credit card every year".

The only way that any worthwhile commitments will be made is to have SIA Legislation that is:

1. Robust with requirements to address negative impacts from their own proposed mine and cumulative effects of it and other mining operations.
2. Social Impact Assessment Conditions attached to the granting and retention of mining leases.