

QRC Submission

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

30 April 2021

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Introduction

The Queensland Resources Council (QRC) welcomes the Consultation Report of the Post-Implementation Review (the Report), and the opportunity to provide a submission to the Office of the Coordinator General (OCG). QRC would like to particularly acknowledge the transparent and diligent work of the OCG staff throughout this process.

The QRC also notes the 3-month time frame for consultation on the post-implementation review in line with the principles of the Queensland Resources Industry Development Plan (RIDP). This has assisted the QRC and its members to develop a considered response, given the potential impact of the *Strong and Sustainable Resource Communities Act 2017* (the Act) on the Queensland resources sector.

QRC is a not-for-profit peak industry association representing the commercial developers of Queensland's minerals and energy resources. QRC works to secure an environment conducive to the long-term social and environmental sustainability of the minerals and energy sectors in Queensland. A healthy and vibrant resources sector is a key contributor to Queensland's economic prosperity. This submission sets out some key statistics and information that demonstrate the resource sector's contribution to the social/employment and economic wellbeing of regional Queensland.

It is important, that as part of this broader review, that the resources sector be acknowledged as supporting Queensland's economic wellbeing, especially in regional areas, throughout the COVID-19 crisis. The RIDP, secured as a key commitment from the Queensland Government, demonstrates the value of resources to our recovery, and the sustained employment levels of Queenslanders in regional areas at a time that saw unprecedented instability in employment rates. This is entirely consistent with the objects of the Act, and the QRC therefore begins this submission from the point of strong agreement with the spirit and intent of the Act. It is uncontroversial that all Queenslanders, especially those living in regional areas, must continue to benefit from the presence of nearby resource sector operations.

THE CONTRIBUTION OF RESOURCES TO REGIONAL QUEENSLAND

Queensland is richly endowed with a wealth of natural resources. This has supported the creation of a world-class industry that contributes, in many ways, to our high quality of life. Queensland supplies the world with a broad range of elements, energy, minerals, and metals. Fundamentally, however, we are in the business of supplying the resources needed for the world's economic development. Our resource exports are either energy fuels like thermal coal and gas, or the building blocks of development including copper, zinc, aluminium, and metallurgical coal for making steel. Electricity generated in Queensland from renewables, coal, and gas, is also sold into the national electricity market.

At the end of each financial year the QRC's members provide information on their spending. The aggregation of this confidential company information is then used to build a uniquely detailed picture of Queensland's largest export industry. An infographic illustrating the latest story for Queensland based on our 2019-2020 data is at attachment one.

Key findings:

In 2019-2020, the resource industry's **direct contributions** to Queensland, utilising only 0.1% of its land mass, included:

- **\$6.5 billion in wages** and salaries paid to 52,676 full time equivalent employees;
- \$27 billion in purchases from **15,200 Queensland local businesses**;
- voluntary contributions to **1,283 charities and community organisations**; and
- \$4.5 billion in royalties paid to the Queensland Government.

QRC commissions independent economic modelling of the **flow-on benefits** from the industry's economic activity. In 2019-20, the industry's direct spending is estimated to have supported a further:

- **\$44.8 billion** in additional value add; and
- **367,493** full time equivalent jobs.

To put that economic contribution in the context of the **Queensland economy** that totals to around:

- 20% or **one dollar in every five** of the Queensland economy; and
- **one in six jobs** in the Queensland economy.

Queensland's mining and engineering services (METS) sector is a world leader including in safety, mine site rehabilitation and remediation processes, knowledge and technology, contract mine servicing, and project management.

With more than 800 METS companies in Queensland, the sector employs 20,000 people across Queensland, with \$7 billion revenue and \$2.5 billion in value added to our economy. Within those companies, the METS sector is highly diverse, ranging from large contract mining companies capable of designing and building whole mine sites, to small firms that design and produce specialised equipment tailored to specific operations. The connections between the

companies, suppliers and institutions have resulted in the development of natural clusters of expertise in various locations across Queensland (see figure 1, on the following page).

The Queensland METS sector is also a critical employer of people in regional areas. According to Deloitte research commissioned by the Queensland Government, the sector provides well paid and stable employment for Queenslanders, especially in the resource regions of Mackay, Fitzroy, North West and Darling Downs-Maranoa, as well as a significant number of people in South East Queensland and Brisbane.

Recent [Austmine](#) surveys indicate:

- By state, Queensland has the greatest export percentage of METS revenue at 29%, followed by South Australia, Western Australia, Victoria, and New South Wales.
- 82% of METS companies are Australian-owned, with major markets served including: mining, infrastructure (roads ports and rail), utilities (electricity, water and waste water), defence, renewables and clean energy, oil and gas and agriculture and construction.
- 65% of METS companies export goods and services.
- A third of the METS companies that do not export currently, intend to do so within the next 2 years.

QRC's economic contribution data (see Attachment One) illustrates the deep engagement between the resources sector and regional economies across the state.

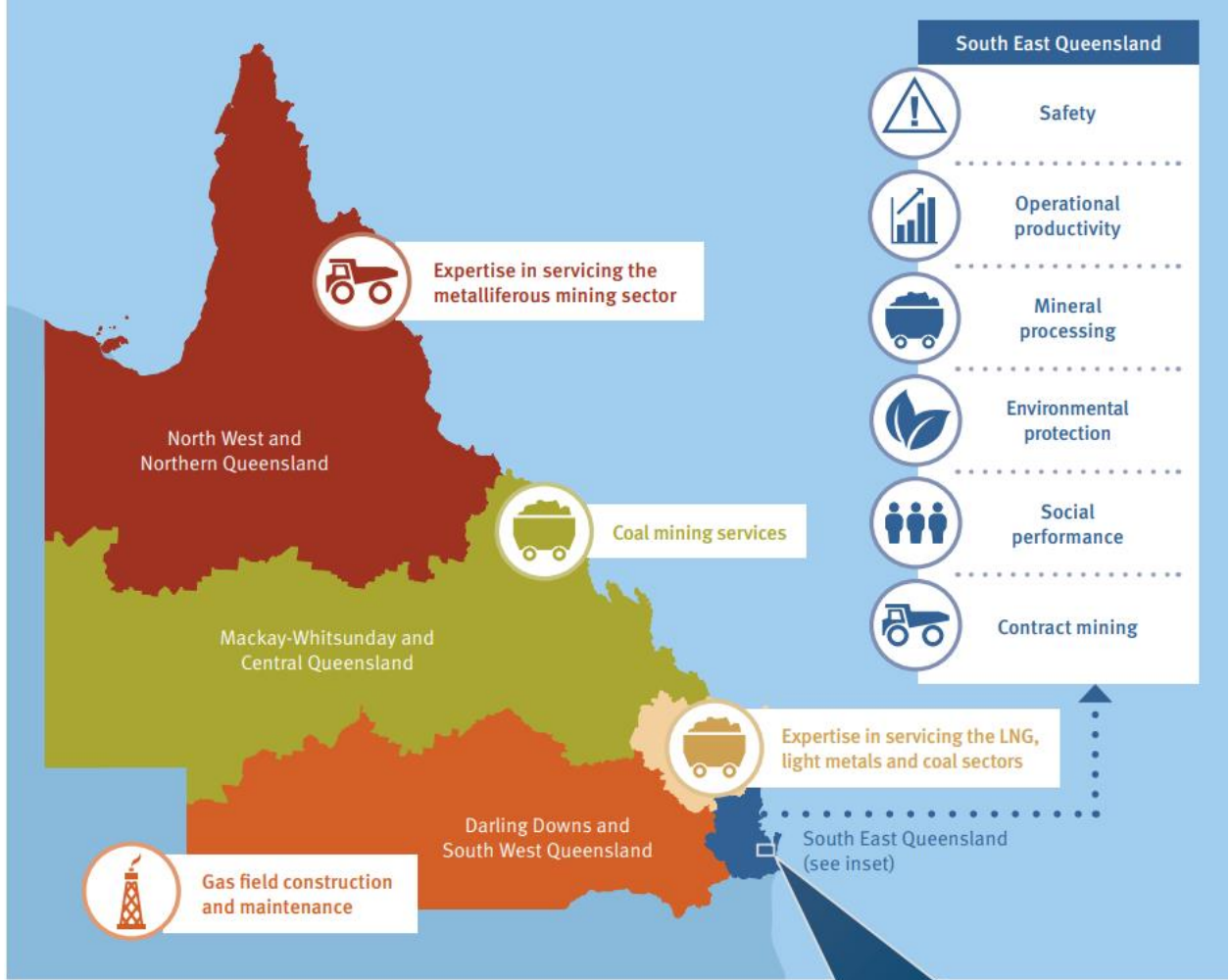
While Brisbane has the largest number of jobs associated with the resources sector, due to its choice of location for most head offices, in regional areas the connection runs even deeper as a percentage of population, and in terms of social importance.

For example, in the Brisbane region, the resources sector supports 175,316 full time jobs, supports 6,463 local businesses, and accounts for \$35.6 billion in Gross Regional Product (GRP), which is about 20 per cent of the region's total GRP.

For the Mackay region (which encompasses the Mackay, Whitsunday and Isaac local government areas), the resources sector provides 83,237 full time jobs, supports 2,153 small businesses, and accounts for \$16.6 billion, or 55 per cent, of the region's gross regional product (GRP).

The resources sector also produces highly skilled workers. While the resources sector helps support regional bakeries, doctors' surgeries, schools and cafes, it is also home to some of the most advanced, sophisticated and world-leading skills sets in the world. These skills are important because of their value to the broader economy.

Natural clusters of expertise



Source: page 7, [Queensland Government's METS action plan](#)

SUMMARY OF RESPONSES TO RECOMMENDATIONS

Recommendation 1: Retain the Act.	Support without comment.
Recommendation 2: Undertake a further review of the Act.	Support without comment.
Recommendation 3: Implement a long-term data collection framework.	Cannot support without significant refinement. Concerns must be addressed including: lack of clarity, duplication, burden on companies, privacy, and security.
Recommendation 4: Improve awareness and understanding of the Act's anti-discrimination provisions.	Support without comment.

The Report recommends that the Office of the Coordinator General establish a data-collection framework. The QRC recognises that the Terms of Reference allow for the "collect[ion] of data through engagement with stakeholders and information from stakeholders" (p 71, the Report). However, the QRC questions whether the Terms of Reference extend to the collection of data beyond 18 September 2020, the period identified in the Review Methodology as Phase 2: Stakeholder engagement and data collection (p 73, the Report).

The proposal for the long-term data collection framework is set out in Appendix 2 of the Report. The QRC recognises that, "timeframe and scarcity of data remain an issue that will continue into future reviews of the effectiveness of the Act" (p 65, the Report). The framework purports to address this by establishing a process of long-term collection of data on Large Resource Projects (LRPs) that are subject to the Act (p 66, the Report).

While the data collection framework is non-mandatory, the QRC raises the concern of the creation of a de-facto additional level of regulation. Furthermore, that the post-implementation review team has not been established to provide indefinite ongoing regulatory capacity. Lastly, the proposed framework is subject to the following serious concerns:

Lack of Clarity

The QRC notes that the kinds of data identified as being captured by the framework on pp. 66-68 of the Report (the Data) cover almost the entire extent of a company's social and environmental operations. In order to be, even at this initial stage, practical then the types of data identified would need to be much more specific and would fit in with company's existing reporting data.

Duplication

It should also be noted that many of the entities listed on page 68 as "stakeholders who may contribute to data collection" already collect extensive amounts of information on resource sector data, including the QRC's own Economic Contribution data, and various other data sets mentioned in this submission. There are also exists sources of data from State Government departments and entities, particularly Treasury. This raises the issue of duplication of existing data collection frameworks. The QRC is ready, and willing to assist by sharing de-identified data with the OCG.

Burden on companies

The lack of clarity, and the diverse kinds of data identified on pp. 66-68 raise a significant potential burden on members for the following reasons:

The kinds of data identified may not necessarily be kept for the purpose that the OCG has assumed, because the SIA process and EIS process are not designed to be collected into the future. Nor are they tailored to the specific requirements of the post-implementation review of the Act. Other existing regulatory processes track performance. That data is already available, per the above.

The kinds of data identified are not necessarily kept in one place. Different companies will handle this data differently, and it may be kept in different parts of the organisation. No company has a business unit designed specifically to collect and report on the data identified. This means that companies would need to take time collating this data for a specific purpose.

If the data were to be collected for this specific purpose, then a new system would need to be created. This would present a financial and practical burden on members. Two case studies are publicly available which highlight the time and financial cost of new data management systems in the resources sector: Rio Tinto took seven years to adjust its data sets for internal reporting.¹ The cost of BHP moving its internal procurement data was \$50 million.² Until this concern is addressed the QRC cannot support this recommendation.

Privacy

The Data proposed to be collected is commercially sensitive. The current proposed framework does not address privacy concerns, including the fact that any information collected by OCG would be subject to Freedom-of-Information requests. It is important to highlight the damage that this information could do to a company if this were obtained by a competitor, or any person or group that would not otherwise have the right to access this data. There is also no mention of data management: how would this information be stored, for how long, and what are the access privileges for public servants handling this data? Until this concern is addressed the QRC cannot support this recommendation.

Security

The framework also raises questions about security. For example, if companies are asked to report on data that is provided by contractors or service providers, they will therefore need to discuss business arrangements. This will potentially involve the handing over of sensitive business data including costs of services, which will raise issues if these contracts are awarded by tender. The security of this information between companies, may therefore lead to the discussing of territories, price points, or customer markets. Therefore, the framework may potentially encourage or facilitate anti-competitive practises, which are strictly prohibited under federal legislation and regulated by the Australian Competition and Consumer Commission. The QRC would expect that OCG seeks legal advice, from Crown Law or another appropriate legal entity, to address the security concerns this framework raises. Until this concern is addressed the QRC cannot support this recommendation.

Conclusion

¹ <https://www.zdnet.com/article/rio-tinto-digs-for-value-in-data/>

² <https://www.ariba.com/resources/library/library-pages/bhp;>
<https://www.afr.com/technology/accenture-wins-bhp-outsourcing-deal-20080630-jaoli>

The QRC supports each recommendation, with the exception of Recommendation 3, due to concerns regarding the data collection framework including: lack of clarity, duplication, burden on companies, privacy, and security. Each of the above issues are serious, and would need to be answered before the QRC could support this recommendation.

QRC's hope is that this submission will assist the OCG in developing its future approach to ensuring that the objectives of the Act are being met. Thank you again for the opportunity to make a submission on behalf of the Queensland resources industry.

