

Isaac Region Overview

Isaac Regional Council is located in the heart of the Bowen Basin in Central Queensland, covering an area in excess of 58,000 klms². The estimated resident population (ERP) of the Isaac LGA was estimated at 23,720, and the non resident worker (NRW) population, largely associated with the resource sector, was conservatively estimated at 17, 125 in 2012 leading to a combined full time equivalent (FTE) population of 40,850.¹ The Isaac economy is dominated by the resource industry with a strong agricultural sector and emerging tourism industry, and is a significant contributor to the broader state and national economies. The Isaac LGA contributed 52.6% of Queensland's total saleable coal during 2011-2012.

Reflective of industry trends towards forced FIFO/DIDO workforce practices, in excess of 50% of Isaacs total labour force was comprised of non-resident workers in 2011, an increase of over 15% since 2006.²

Terms/ Definitions/Abbreviations

The following definitions apply to Isaac Regional Council's enclosed submission:

Choice: an individual's opportunity to make genuine non-forced decisions based on emotive appeal.

Permanent: lasting or intended to last or remain unchanged indefinitely

Temporary: lasting for a limited time

Sustainable: capable of being sustained or continued with minimal long-term effect.

Non-resident: An individual who generally participates in active geographic labour mobility by living in one location but consistently travelling to work in another location for a period of time.

Local: Pertaining to the Isaac LGA

Regional: Usually pertaining to the Mackay-Isaac-Whitsunday LGA and/or Central Queensland region.

Geographic Labour Mobility: Work practices including permanent relocation, fly-in fly-out, and drive-in drive-out workforce practices and virtual relocation workforce practices such as telecommuting.

Regional Labour Market: The labour pool within the Mackay-Isaac-Whitsunday region as well as the Central Queensland region.

The following abbreviations apply to Isaac Regional Council's enclosed submission:

¹ Queensland Treasury and Trade, Government Statistician, Bowen Basin Report 2012

² Regional Economic Development Corporation, Economic profile, Mackay-Isaac-Whitsunday, March 2013

IRC: Isaac Regional Council

FIFO: Fly-in, Fly-out

DIDO: Drive-in, Drive-out

BIBO: Bus-in, Bus-out

FTE: Full-time equivalent

EDQ/ULDA: Economic Development Queensland (formerly the Urban Land Development Authority)

CPRRF: Cumulative Planning for Resource Region's Framework

OESR: Office of Economic and Statistical Research

RAAG: Road Accident Action Group

WAV: Worker Accommodation Village

LGA: Local Government Area

1 Queensland Treasury and Trade, Government Statistician, Bowen Basin Report 2012

2 Regional Economic Development Corporation, Economic profile, Mackay-Isaac-Whitsunday, March 2013

Executive summary

IRC recognises the Productivity Commission's study as having arisen from recommendation 17 of the House of Representatives Standing Committee on Regional Australia's report in to fly in/fly out and drive in /drive out workforce practices in Regional Australia 'Cancer of the bush or salvation for our cities' and understands the Productivity Commission is seeking measurable evidence of the findings of the report. However, as discussed in the report there is a crucial lack of data in this area, particularly in relation to impacts of geographic labour mobility on individuals and their families, businesses, communities and governments. The report contains 21 recommendations for the commonwealth government. IRC strongly advocates that all 21 recommendations are implemented to ensure the impacts of geographic labour mobility are genuinely understood

This submission intends to provide the Productivity Commission with a local perspective of the impacts and opportunities of geographic labour mobility within the Isaac Regional Council (IRC) local government area (LGA) and highlight key areas of interest and concern, but does not seek to detract from the need for further investigation as per the 21 recommendations of the 'Cancer of the bush or salvation of our cities' report.

IRC acknowledges labour mobility, geographic or otherwise, is a critical factor influencing the economy's capacity to adjust to shocks and structural change. However, the Isaac experience suggests that when particular forms of geographic labour mobility are promoted as the only workforce solution to participation in certain industry sectors, the long term sustainability of regional economies and communities is significantly threatened.

It is important to clarify that IRC is not opposed to FIFO/DIDO and recognises that it is sometimes the only viable workforce solution. However a key area of concern is the removal of genuine choice from geographic labour mobility options.

Recently the resource sector made unprecedented changes to workforce arrangements which removed genuine choice from the labour market. BHP Mitsubishi Alliance not only secured Queensland government approval for a 100% FIFO workforce for its Caval Ridge and Daunia Mines, near Moranbah in the Bowen Basin, but further specified potential employees would only be recruited from Cairns or Brisbane, metropolitan areas, excluding permanent relocation as an option.

Another key concern is the influence of the current tax regime on geographic labour mobility options and the extent to which it may also contribute to the removal of genuine choice from the labour market. The introduction of 457 visas as a replacement for investment in education and skills development poses significant threat to the Australian Labour markets capacity to respond to market signals through geographic labour mobility. An under-skilled workforce cannot meet the needs of industry regardless of employment options available.

What is Geographic labour mobility?

Geographic labour mobility assumes a number of forms including permanent relocation, fly in/fly out (FIFO) and drive in/drive out (DIDO) workforce practices (described as 'temporary relocation' in the Productivity Commission's issues paper) and virtual relocation workforce practices such as telecommuting.

IRC acknowledges labour mobility, geographic or otherwise, as a critical factor influencing the economy's capacity to adjust to shocks and structural change. However, the Isaac experience suggests that when particular forms of geographic labour mobility are promoted as the only option to the labour force wishing to participate in certain industry sectors, the long term viability and growth prospects of regional economies and communities is significantly threatened.

In defining geographic labour mobility it is essential to not only consider the definitions of possible elements but also to examine the interplay between elements, as well as differentiate between the nature of associated impacts of labour mobility, not only for the individual worker but also for the broader community.

IRC notes the Commission's issues paper describes FIFO and DIDO practices as a form of 'temporary relocation' whereby an individual worker relocates from their residential base on a temporary basis to fulfil set roster requirements before returning to their home on rostered days off. In this example however, the nature of the relocation is only temporary for the individual worker and their families. The impacts for the host community, where the individual worker's rostered activities take place, are in reality a permanent impact. As one 'temporary' worker departs, another arrives, the outward manifestation of which is an unrecognised permanent full time equivalent (FTE), or 'non-resident' population accessing local services and infrastructure designed, and funded, to meet only the needs of the permanent resident population.

While FIFO/DIDO arrangements are often promoted as offering employee's choice, the opposite is largely true, with FIFO/DIDO arrangements significantly diminishing the opportunity for permanent relocation. History has shown that during periods of growth, much of the available housing on offer is rented by large companies associated with the resources sector willing to pay greatly inflated rental prices (in 2012, median rental prices of \$2,600 per week were recorded in Moranbah³) and used to house 'temporary' workers as a substitute for official worker accommodation villages (WAVs) or camps. With private renting often the only option in communities where international mining companies hold significant proportions of housing stock, and largely control the housing market, this inevitably places the cost of living beyond the scope of individual workers and families. This particularly affects those not directly associated with the resource sector, who wish to relocate with their families, and further embeds the FIFO model into resource communities, resulting in an increasingly narrow economic base, real population decline and diminishing prospects for long term economic viability.

When examining and defining elements of geographic labour mobility, the degree to which workers are offered a genuine choice of where to live and work, one must consider the effects this has on the capacity of regional labour markets to respond effectively to economic, structural or

³ www.rta.qld.gov.au/Resources/Median-rents

demographic change. Recently the resource sector made unprecedented changes to workforce arrangements which removed genuine choice from the labour market. BHP Mitsubishi Alliance not only secured Queensland government approval for a 100% FIFO workforce for its Caval Ridge and Daunia Mines, near Moranbah in the Bowen Basin, but further specified potential employees would only be recruited from Cairns or Brisbane, metropolitan areas. These locations have little historic association with the resource sector other than (as in Brisbane's case at least), house corporate offices and benefit greatly from the wealth generated from the resource sector to the Queensland Government.

While protectionist policies have historically been associated with regional governments intending to exclude the labour force outside their immediate administrative boundaries from participation in their regional economy, such as the Quebec model, this is nevertheless a protectionist policy and inconsistent with Australia's broader economic philosophy. The significance of both Cairns and Brisbane's proximity to international airports is not lost on industry observers. While a protectionist policy that excludes local labour supply in Australia's regions in favour of the national and international labour market may be a political first, it is difficult to explain the Queensland Government's support of BMA's recruitment policy in a different light.

The introduction of 457 visas as a replacement for investment in education and skills development poses significant threat to the Australian Labour markets capacity to respond to market signals through geographic labour mobility. An under-skilled workforce cannot meet the needs of industry regardless of employment options available. The 5,000+ jobs anticipated to be created during construction and operation by Adani Mining's Carmichael coal mine located 160 klm North West of Clermont in the Isaac LGA has the potential to significantly reduce Australia's national unemployment rate. However without investment in workforce skill capacity industry will inevitably turn to overseas labour and Australia will fail to realise the full economic benefits of the project.

The Adani example also poses concerns with the definition of temporary relocation. While the Productivity Commissions Issues paper suggests FIFO/DIDO workforce practices are a form of temporary relocation, the impacts at the local level are completely permanent. A significant proportion of Adani's workforce will be secured under FIFO/DIDO or 'temporary' practices, however for local communities there will be a permanent impact lasting in excess of 100 years. IRC strongly recommends the Commission ensures this duality is adequately captured in any definition of elements of geographic labour mobility.

As such, it is not sufficient to simply define individual elements of geographic labour mobility. It is essential that any policy development considers the extent to which different forms of geographic labour mobility inhibit other, more economically viable, forms and also prohibits protectionism from constraining geographic labour mobility.

Questions for consideration:

How does the Australian government intend to reconcile protectionist geographic labour mobility policies with its broader economic philosophy of open/free markets?

Mining represents an industry with huge start-up costs and very long-term investment strategies, some of which represent time periods of up to 100 years. Indeed there are many existing mines that the third generation of family members are currently working, and their children will likely be doing the same thing in 20 years' time. In fact, Australia's whole national psyche has been partly built since the first gold rush in the 19th Century on mining. Many of Australia's early towns that are now vibrant economic centres (not relying on the mining which has since long died), were born from mining. Much of Australia's interior was dependant of that birth.

Is it not therefore, as of years gone by, that the investment returns from new mines will continue for decades to come? And if so, why has the word 'temporary' become the de rigueur when mining companies lodge environmental impact statements; knowing full well the same mine will be operating in more than two generations time. Should government solely rely on mining companies who are driven by only one thing – net share-holder dividends, be relied upon to support this ongoing phenomenon in educating and training generations to come? Prior to economic rationalists being embedded within governments of all persuasions, the people had given governments a moral mandate to participate, and in some instances regulate the future-proofing of industries (training provision). Again, this seems at face value to be another example of governments not understanding what the word governing means.

How does the Federal Government intend to adequately capture the duality and interplay between 'temporary' and 'permanent' aspects of Geographic Labour Mobility? In particular understanding the choice previous generations of FIFO workers have had, has now been removed by company policy, which forces employees to reside in metropolitan areas.

Patterns of geographic labour mobility

Patterns in geographic labour mobility can be influenced by a number of factors including structural, demographic and technological changes. In the Isaac context important trends include increased FIFO/DIDO work practices initiated by the resource sector, with the support of the Queensland Government, resulting in decreased choices available to the labour market.

The percentage of Isaac's labour force that did not reside within the Isaac LGA (then the former shires of Belyando, Broadsound and Nebo) in 2006 was 35%. By 2011 this figure had risen sharply to 50.9%, reflecting resource sector trends towards a non-resident workforce.⁴ The resource sector has always recruited from interstate and other Queensland cities. Historically, a viable resource industry has been built around choice of employment options and liveability of resource communities and IRC continues to advocate for a choice of employment arrangements, including FIFO and DIDO options. However recent industry mandates now not only specify FIFO as the sole employment option available to employees but also which metropolitan cities they fly from to contribute to the labour supply necessary for resource sector projects. This forced workforce practice is not only a form of protectionism but constitutes active discrimination against a significant proportion of Queensland's total labour market and fundamentally influences settlement patterns.

Forced FIFO practices are inconsistent with the desires of the workforce. As Professor John Rolfe, Centre for Environmental Management, CQUniversity notes in his submission to the FIFO Inquiry

'While there are important reasons why some level of FIFO and DIDO operations will continue, there are three important reasons why it should not become ubiquitous. The first is that evidence from current mining operations in Queensland shows that a substantial proportion of the workforce is often prepared to live locally. Over the past twenty years many resource companies have moved to freeing up employee choice about where they would like to live, essentially providing a field test of location preferences. The longer established mines around communities such as Mt Isa and Moranbah still have approximately 60 – 80% of their workforce living locally, while newer mines such as Xstrata's mine near Rolleston has around one-third of their workforce living in the Central Highlands area. Surveys of workcamps in mining communities reveal that up to 20% of this very mobile workforce would prefer to live locally.'

Rio Tinto's Clermont Mine was one of the first projects to recruit a predominantly FIFO workforce. Interestingly, Rio Tinto discovered this recruitment strategy to be unsustainable in the long term and subsequently changed their workforce solution to a local residential model, supported by FIFO practices to enable genuine choice for their employees.

Forced geographic labour mobility can be linked to the degradation of resource communities. Specifically, non-resident workforce is poorly considered in state and federal funding decisions, which are based on estimated resident population (ERP) data derived from the Australian Bureau of Statistics (ABS) Census and the Queensland Treasury's Office of Economic and Statistical Research (OESR) population projections. Public and private sector funded infrastructure is not reflective of the real population of resource communities. This may explain why uptake of telecommuting, as a form of geographic labour mobility in the Isaac Region lags behind the national average as telecommunications infrastructure is inadequate to service the real population of the Isaac Region. Mobile broadband and voice service black spots are a feature of the region and many rural businesses are only able to access dial up internet, despite hosting a significant resident population.

¹⁶ Petkova et al 2011

Another key area of interest for IRC is the digital divide between metropolitan and regional areas and its impact on regional productivity and telecommuting opportunities. Given that connectivity is arguably the central criterion for any region or place to have access to the rapidly growing digital economy, provision of adequate telecommunications infrastructure, as a key enabler of economic development, is a priority for IRC. Forecasts indicate the Australian internet economy will grow from \$50b in 2010 to \$70b in just five years.⁵

All sectors of the Australian economy will experience the effects of the digital impact. Access to, and uptake of, ICT is critical in ensuring Australian industry remains competitive in volatile global market conditions.

Research has shown that if 10 per cent of Australian employees were to telework 50 per cent of the time, the total annual gains to the Australian economy would be around of \$1.4 \$1.9 billion and that by 2020 21, the workplace participation impacts of NBN enabled telework could grow the annual GDP by \$3.2 billion, and create the equivalent of an additional 25,000 full time jobs. Telework can elicit significant benefits when implemented successfully. One of the stated goals of the Australian Government in its 'Advancing Australia as a Digital Economy: Update to the National Digital Economy Strategy is:

By 2020, the level of telework in Australia will have doubled so that at least 12 per cent of employees will have a formal telework arrangement.⁶

However, Isaac Regional Council is concerned the criteria to inform NBN infrastructure significantly under-represents some of the towns and localities in the Isaac region. Nebo, located between Moranbah and Mackay on the Peak Downs Highway has a permanent residential population of 495. Four WAVs in the immediate vicinity have the capacity to house an additional 2540 non-resident workers.⁷ In the NBN context, the primary determinant for informing the type of NBN infrastructure that will be made available has been changed from population to number of dwellings, based on the availability of a physical address. Under these criteria, the four camps are considered to only represent four dwellings, and as such the locality falls well below the threshold for provision of fibre or wireless options. Interim satellite service, the poor cousin of the three options, will be the only service available, despite the area's significant contribution to the state and national economies from resource sector activities.

Reference to the Cancer of the bush or salvation for our cities report:

Recommendation 1

The Committee recommends that the Commonwealth Government fund the Australian Bureau of Statistics to establish a cross-jurisdictional working group to develop and implement a method for the accurate measurement of:

- the extent of fly-in, fly-out/drive-in, drive-out workforce practices in the resource sector; and
- service populations of resource communities.

Recommendation 2

The Committee recommends that the Commonwealth Government, in consultation with state and territory governments, review allocation of funding for communities that receive fly-in, fly-out/drive-in, drive-out workforces so that funding is based on both resident and service populations.

Questions for consideration:

Has the Australian government got a plan to mitigate the further and rapidly increasing demographic imbalance that has been slowly but inevitably occurring with the migration of people from the country to cities? Is it not condoning the even greater and more rapid depletion of population from rural areas by not instigating national legislation at least, or at worst, continuing the work that was recommended in the 'Cancer of the bush, salvation for our cities' report?

How does the Australian Government on one hand justify the position of the National Broadband Network expenditure; the proviso being to free the population from being trapped in metropolitan areas, but on the other hand support company policies which do the exact opposite; that being the disparagement of people living and working where they want to in a free market?

How does the Australian government intend to ensure equitable access to NBN infrastructure reflective of the real population of a given area?

Effects of geographic labour mobility

Effects of geographic labour mobility on individuals

IRC acknowledges there has been little credible research into the effects of these various elements on individuals and their families. In the absence of research in to the effects on individuals participating in FIFO and DIDO work practices, the House of Representatives Standing Committee for Regional Australia's report on its Inquiry into the use of FIFO and DIDO work practices in Regional Australia, 'Cancer of the Bush or Salvation of our Cities', recommends further study in this area.

IRC strongly recommends the Commonwealth Government upholds the recommendations of the report in order to truly understand the challenges and opportunities associated with FIFO/DIDO practice and subsequently be in the position to mitigate identified risks and maximise potential benefits.

While not detracting from the need for a comprehensive study on the subject, IRC has observed a number of issues arising FIFO/DIDO work practices, impacting at the individual level.

While IRC is aware non-residential work practices may initially be attractive, sustaining a career based on this practice compromises quality of life for both the worker and their family. There is suggestion FIFO/DIDO may contribute to higher than average divorce rates and increased prevalence of other social and criminal issues including domestic violence, alcoholism, gambling and impaired physical and mental health. The mining sector is largely dominated by male workers, suggesting it is typically the male of the family who travels away from the home for work. Consideration should be

given to quantifying the effects the absence of a permanent male role model and parental discipline may have on family dynamics.

For employees not housed in camp accommodation, the costs associated with maintaining and sustaining two households can lead to increased debt. The non-resident worker may also experience social dislocation while on shift. Long shifts deny the worker the opportunity to integrate into the host community; volunteering and participation in sports or other community activities are largely prohibited by the length and rotations of shifts. In some instances, it is company policy to prohibit the worker from leaving camp other than to travel to and from the mine site in order to manage fatigue.

Industry growth and increased trends towards DIDO and BIBO practices has placed considerable stress on road transport infrastructure. Traffic usage on the Peak Downs highway, the main arterial route connecting Isaac's resource communities with Mackay, increased by 132% between 2000 and 2011. This was accompanied by a 79% increase in traffic crashes between 2001 and 2008 before beginning to decline in 2009.⁸ The decrease in traffic crashes is likely to be the result of significant investment in improving road conditions supported by road safety campaigns. Growth in DIDO practices has not only increased the probability of road incidents occurring, but significantly degrades road conditions, exacerbating the likelihood of traffic crashes. While most companies have fatigue management plans in place, they do not address the underlying cause: long shifts and a desire to be home with family. Fatigue researchers have identified between 13-23% of drivers on their way to or from shifts will fall asleep, resulting in accidents.⁹

Furthermore, shoulder travel period between shifts decreases time with family, regardless of the roster schedule. In IRC's opinion, BIBO practices are more effective in managing fatigue and contribute to a much safer highway. Rio Tinto's Hail Creek Mine has effectively been practicing BIBO for a number of years in the Isaac region.

There are also benefits for individuals participating in the non-resident workforce. The above average wages associated with the mining industry leads to increased financial security and the ability to secure a high wage while maintaining a lifestyle at the origin community can be appealing.

Reference to the Cancer of the bush or salvation for our cities report:

Recommendation 8

The Committee recommends that the Commonwealth Government commission a comprehensive study into the health effects of fly-in, fly-out/drive-in, drive-out work and lifestyle factors and as a result of this research develop a comprehensive health policy response addressing the needs of fly-in, fly-out/drive-in, drive-out workers.

Recommendation 9

The Committee recommends that the Commonwealth Government develop a best practice guide for employers with significant non-resident workforces aimed at assisting them to develop their own family support programs.

Recommendation 10

The Committee recommends that the Commonwealth Government commission research on the effect on children and family relationships of having a long-term fly-in, fly-out/drive-in, drive-out parent.

Recommendation 11

The Committee recommends that the Commonwealth Government commission research into the economic and social impacts of establishing regional centres as fly-in fly-out source communities.

Questions for consideration:

How does the government intend to sustain the level of investment required to ensure regional roads significantly impacted by DIDO practices are maintained to an acceptable level?

Does the government consider the level of investment commensurate with the supposed economic benefits of this workforce practice?

Businesses

Geographic Labour mobility affects both resource related and non-resource related businesses. While skills shortages are often touted as the justification for FIFO/DIDO practices by the resource sector, and may be critical in securing skilled labour supply in the short term, there are also costs associated with the practice. Desired skills demand high remuneration and have consequently pushed wages up across all industries in a bid to compete. Highly mobile workers flying from one location to another for work can easily transfer jobs and fly elsewhere for a higher wage, leading to a high workforce turnover. A study undertaken by the University of Queensland's Centre for Social Responsibility in Mining on Employee Turnover noted 'the average turnover rates of company employees at the seven FIFO sites in the study was 20.2%'. The study further noted that some of these sites had, in the past, experienced turnover in excess of 60%. Increased staff turnover is an acknowledged impediment to productivity and performance, regardless of the industry. For mining companies, a culture of safety can be difficult to maintain through the constant training required for new recruits and the increased fatigue associated with longer travel requirements.

For businesses not directly linked to the resource sector, recruiting and retaining staff in resource communities is challenging, particularly during periods of high resource sector growth. Rental stress reached record highs in late 2011 in Moranbah at a time when the resource sector was experiencing unprecedented growth and mining companies had significant parcels of large undeveloped land. Investors were buying available housing stock in order to secure disproportionate return on investment through greatly inflated rental returns, smaller businesses providing essential services such as health and retail were unable to secure housing for their workers. This is another example of 'temporary' relocation impeding permanent relocation. High wages in the resources sector leads to a localised inflationary effect. However smaller businesses are typically not in a position to offer salaries commensurate with the higher cost of living in resource communities. Further the procurement policies and structures of multi-national companies are largely incompatible with the cash flow requirements of small and medium enterprises which are therefore unable to leverage the economic benefits of resource sector growth.

Reference to the Cancer of the bush or salvation of our cities report:

Recommendation 5

The Committee recommends that the Commonwealth Government charge the Australian Small Business Commissioner to enhance the capacity of small businesses in resource communities to participate in servicing the demands of the resource sector.

Governments

Geographic labour mobility presents significant challenges for local government with high percentages of non-resident workforces. The largest challenge is undoubtedly the ability to effectively plan for natural population growth, particularly as industry prescribes forced settlement patterns by way of their workforce recruitment policies. Caval Ridge and Daunia Mines' 100% FIFO policy from Brisbane is just one example of this forced settlement pattern. While both State and Federal governments have the capacity to influence settlement patterns by conditioning environmental impact statement (EIS) and social impact assessment (SIA) approvals, both tiers of government have chosen to ignore this opportunity. As State and Federal governments continue to embrace a 'hands off' approach to settlement patterns, industry has assumed the role of government in Australia's resource regions and cities, dictating the future and determining the fundamentals of resource communities.

Funding, tax, population and spatial growth, settlement patterns, housing market, essential services and investment in critical infrastructure is driven by the whims of mining companies reporting to shareholders, not comprehensive and robust government policy.

Isaac's water supply challenges are a prime example of state and federal government allowing industry to determine the future of resource communities. At present the Isaac LGA has no secure water allocation to supply its communities and is dependent on industry permission to use some of their water allocation. The Queensland Government's Connor's River Dam project, which would have facilitated an independent supply for the region, has been shelved indefinitely leaving Isaac's resource communities in an extremely vulnerable position. Despite this, the state government continues to approve resource projects which will result in significant non-resident population growth in the region and additional water stress. As previously noted, the non-resident workforce is not included in the data used to assess critical infrastructure and essential requirements. While this may be reflective of a flawed understanding of the impacts of a non-resident workforce on local infrastructure it remains an inconvenient reality that all human beings, regardless of their forced or chosen labour market participation practices, require water to survive. Happily IRC is unaware of any proposed oxygen allocation scheme otherwise it is likely that entire communities would asphyxiate under current government policy and processes.

Many multi-national resource companies monopolise and influence regional housing markets to support their preferred FIFO/DIDO workforce practices. After skills shortages, lack of available land for residential development is cited as a justification for recruitment of a non-resident workforce. In reality, resource companies have enacted 'land-banking' practices whereby they purchase land

zoned for residential development in order to remove it from the market with no immediate intention to develop it to permit permanent relocation options for workers. An undersupplied housing market ultimately impacts housing affordability. In the case of resource communities the level of capital investment required to break into the market was beyond the scope of average income earners and private housing stock is largely controlled by investors seeking greatly inflated return on investment through greatly inflated rents.

IRC has been forced to intervene in the housing market with rate payer's money in an attempt to normalise the community. In effect IRC has been forced to buy their opportunity for natural growth before industry could further retard growth with land banking practices. Isaac Regional Council has been successful in securing one of the last parcels of available land suitable for natural growth in Moranbah for Belyando Estate but had to bid against resource companies for the asset and ultimately inform the type of future growth for the town.

Current planning mechanisms make no provision for assessment of the large scale and style of development associated with housing a non-resident workforce in a cumulative context. Isaac's LGA is currently comprised of over 50% non-residents.¹⁰ In addition to this percentage, IRC is currently in receipt of three applications for four worker accommodation villages proposing to house an additional 8,000 non-resident workers in the small locality of Coppabella. To provide context, Isaac's LGA has an estimated resident population (ERP) of 23,720, and a conservatively estimated non resident worker (NRW) population of 17, 125. The Isaac Region's largest town is Moranbah with an estimated resident population of 8,990. Coppabella is a privately owned town with a resident population of 630¹.

There is currently no publicly owned infrastructure or services. An additional 8,000 transient workers will not only significantly impact the urban form and the requirements for core infrastructure and services; it will also fundamentally change the face of development in Central Queensland. Unfortunately, given the structure of available planning mechanisms, each application must be assessed in isolation and solely on its own merits. As such IRC is forced to assess an application for a camp for 2,000 workers with disregard to the impacts associated with an additional 6,000 workers under assessment, and unable to condition the provision of core services such as emergency services or health care. While IRC understands the importance of assessing each application on its own merits, it would be completely irresponsible of Council not to consider the implications of broader development.

The Queensland Government's response to planning challenges has been to assume planning powers in identified growth areas and bypass local government by facilitating developers to negotiate directly with Economic Development Queensland (formerly the Urban Land Development Authority). Whether State led planning initiatives have been any better or worse than local government efforts is questionable. To date EDQ/ULDA outcomes have included the development of a 3256 bed WAV on one of the last allocations of prime residential land in the township of Moranbah. The continued economic viability of resource communities, particularly post-mining, is dependent on rigorous planning processes as the sole mechanism for responsible development. In the geographic labour mobility context it is critical policy reflects the need for assessment of

¹ Queensland Treasury and Trade, Government Statistician, Bowen Basin Report 2012

developments in a cumulative context and formally acknowledges and empowers the role of local government in planning for their communities.

IRC is developing the cumulative planning for resource regions framework (CPRRF) as a possible cumulative planning mechanism. A copy of the business case for the CPRRF is attached to this submission.

Further impacts on local government which need to be considered in the broader geographic labour mobility context include additional required compliance monitoring regarding local laws and natural resource management.

Isaac Regional Council has recorded increased incidences of irresponsible pet ownership with highly transient workers. This includes dumping animals, not registering pets, as well as poor care/nutrition from owners being absent for large periods of time while on their rostered day's off.

Further concerns exist around natural resource management, particularly in relation to the spread of pests and weeds. A highly mobile workforce is contributing to the spread of damaging species, specifically Parthenium and Giant Rats Tail Grass, into areas not previously impacted. Of particular note is the discovery of Parthenium in the Moranbah Airport car park. It can be assumed that pests and weeds are not only being distributed by vehicles and work boots to a range of locations, but also potentially by air. This poses significant ecological risk for not only the Isaac Region, but areas on the reciprocal end of geographic labour mobility with regards to incoming and outgoing pests and weeds.

Highly mobile workforces combined with high density WAVs also pose concerns for infectious disease management. Recently Moranbah was exposed to a mild measles outbreak. The incidents were quickly managed resulting in very minor contained cases; however the circumstance could easily have been different. These concerns are exacerbated with 457 Visa debate and potential large workforces being imported from overseas to meet regional labour market demand to sustain resource sector growth. Very recently there has been media to suggest Queensland's rate of sexually transmitted disease, particularly HIV is partially contributed to highly mobile resource sector workers regularly visiting Asia during their rostered days off.

Another undesirable outcome arises from industry desire to be perceived as socially responsible in resource communities despite trends towards a non-resident workforce. Authentic corporate responsibility is often replaced by a 'sponsorship and donations' approach to elicit positive media headlines.

Reference to the Cancer of the bush or salvation for our cities report:

Recommendation 11

The Committee recommends that the Commonwealth Government commission research into the economic and social impacts of establishing regional centres as fly-in fly-out source communities.

Questions for consideration:

Australian Capital cities, particularly Brisbane, Sydney and Perth (aviation only) are all suffering and will continue to suffer with having to provide uber expensive infrastructure solutions; due to population densities that were never intended to be provided for. It is always, and will remain so,

prohibitively expensive to retrofit transport solutions, provide extra health services and indeed any other government-provided services within this scenario. Should the government not provide a manifold, thus reducing 100% FIFO practices, the pro-rata costs will continue to be a drain on the nation's (infrastructure) expense – currently sitting at 15.5% of GDP. What is the Australian government going to do to address this?

Have the impacts of a highly mobile workforce and high density accommodation villages been adequately considered in disaster management plans for epidemics/pandemics?

Does the government have a policy for the management of increased threat of weed spread from FIFO DIDO?

Will local governments be adequately resourced to deal accordingly with increased natural resource compliance and outbreaks including pests and weeds management?

Communities

Geographic labour mobility affects resource communities in many ways. For IRC the most significant impact is associated with FIFO/DIDO practices. There are many impacts of a non-resident workforce on established communities. While growth in the resource sector has the potential to provide more jobs, higher wages, population growth, local business growth, increased service provision and improved infrastructure, the use of forced FIFO practices in combination with state and federal government's failure to recognise the non-resident workforce in population counts means these potential benefits are not realised, and in fact serves to degrade communities in terms of liveability.

While difficult to directly quantify the effects of the non-resident workforce on the liveability of the host community, IRC notes that the 15.9% increase in Isaac's non-resident workforce from 2006 to 2011¹², coincides with a reported 11.4% decrease on the liveability index for the Isaac Region.¹³ IRC suggests the commission investigate correlations between increases in FIFO trends and decreasing liveability indicators as a means of quantifying the effects of forms of geographic labour mobility on communities.

Workers in 'temporary' accommodation are predominantly male. This significantly contributes to the gender imbalance prevalent in the Bowen Basin. The progressive masculinisation of the workforce is often perceived as the cause of increasing levels of violence in regional towns. It also creates unease for women who reside in male-dominated towns and discomfort when socialising at night. Social perceptions of decreased community safety are important to residents. This includes increased crime and drug and alcohol related violence increasing in alignment with the introduction of a non resident workforce.¹⁴ While decreasing community safety may be more perceived than real, reports of violence and other crime has been greatly inflated and misrepresented in media reports. ABC's four corners report on community safety in Moranbah featured interviews with concerned residents who were later discovered to not even reside in the town.¹⁵ This type of coverage serves to further detract from the communities appeal to permanent residents.

As previously noted, increased and uncontrolled resource sector growth has limited availability of permanent housing and driven inflation in purchase and rental housing costs. This creates hardships for low income earners, who in some instances have been forced to resort to sleeping in cars or tents. It also creates difficulty in attracting and retaining employees in essential services such as

¹⁶ Petkova et al 2011

schools, hospitals and social services and people are being forced to relocate as low cost housing options are converted to single-person-quarters to house non-resident workforces (Rae et al 2011).

Decreasing affordability has led to the emergence of the 'new social poor'; people on non mining industry incomes or what would traditionally be described as middle income, are now experiencing increased living costs and housing stress. This is placing pressure on traditional social services, particularly housing services. Due to the data indicating high wages in the area, the state is pulling away from strategic investment in social housing, failing to take into account the non mining industry sector.

Aside from visual amenity, the proportion of residents to non-residents also contributes to the sense of being 'taken over' by work camps. The social capital of rural towns is largely dependent on a strong identity and sense of community which can be threatened by the dominance of mining over other industry sectors. Lack of integration between resident and non-resident workers creates a strong 'us vs them' mentality and can lead to non-resident mine workers being blamed for a disproportionate share of crime and anti-social behaviour. Increasing levels of fear are also being reported.

This is especially so for sexual assault, which is now rated higher in parts of Isaac, than the remainder of Queensland, with average rates increasing faster than the state average in some towns.¹⁶ Essential community services such as health, education, local government and emergency services are increasingly finding they are unable to retain and recruit staff due to wage incompatibility, housing affordability and lack of labour supply. In contrast to the resource sector, public sector fiscal constraints are not typically conducive to the construction of WAVs to house employees and the sector largely depends on permanent relocation as a geographic labour solution in a challenging housing market. The capacity of the public sector to meet the needs of the community is further diminished through under resourcing. As previously noted, population data utilised in decision making processes determining staff allocation to public sector services does not incorporate the non-resident workforce and as such services are significantly constrained in their capacity to meet the demands of the true population.

The public health system is especially impacted by the non resident population. Health services are utilised extensively by the non resident population however they are not resourced in accordance with the non resident population. This situation is broadly echoed across the public sector with other essential services such as police, fire and ambulance, also experiencing diminished response capacity.

As many non resident workforces are housed in WAVs that supply their own water, power and sewerage infrastructure, it is often supposed that they have little impact on mining communities. However, this does not take into account the wear and tear on roads nor the indirect employees who are housed in towns and utilise community infrastructure.

¹⁶ Petkova et al 2011

Reference to the Cancer of the bush or salvation for our cities report:

Recommendation 3

The Committee recommends that the Commonwealth Government commission a comprehensive research study to determine the actual economic impact on the demand for and consumption of local government services and infrastructure from fly-in, fly-out/drive-in, drive-out workforces.

Recommendation 4

The Committee recommends that the Commonwealth Government commission a study of the impact of non-resident workers in regional resource towns on the provision of medical services and as a result of this study develop a health policy response that supports the sustainability of regional medical services.

Recommendation 7

The Committee recommends that the Commonwealth Government task the National Housing Supply Council to urgently develop and implement a strategy to address the supply of affordable housing in resource communities and report to the House of Representatives by 27 June 2013 on the progress of this strategy.

What role for governments?

With reference to geographic labour mobility in Australia's resource regions both state and federal governments appear content for industry to assume the role of government.. While local governments strive to facilitate choice and balance for the labour market, until Councils are recognised as key stakeholders in determining the future of their communities, and appropriately skilled and empowered as key stakeholders, industry will continue to dictate the future of Australia's regions with little regard for the ongoing viability of communities post-mining.

As noted earlier in this submission, recent industry forced FIFO policies and their monopolisation of regional housing markets has replaced robust planning policy and mechanisms in determining settlement patterns and retarded opportunities for natural regional growth.

By permitting industry to dictate geographic labour mobility trends, state and federal government have lost control of sustainable regional, state and national development and caused undesirable outcomes. The disconnect between government departments with decision making powers and local knowledge, combined with the inadequacy of available planning mechanisms in assessing developments in a cumulative context to has lead to poor planning decisions with projects being approved without consideration of adequate water supply, population imbalance, under-resourced community infrastructure and services, monopolisation of local housing markets and overall decline in the liveability of resource communities.

Local government is forced to leverage ratepayer's money to provide services and infrastructure for a phantom population.

Existing state and federal government planning policies appear confusing and contradictory. On one hand regionalisation or decentralisation policies are promoted, while on the other the current tax scheme is inequitable and inherently biased towards metropolitan living. It is critical to examine the influence of the current tax regime on geographic labour mobility options and the extent to which it may also contribute to the removal of genuine choice from the labour market. The provisions of the Fringe Benefits Tax Assessment Act and living away from home allowance (LAFHA) incentivise FIFO/DIDO practices for both industry and individuals and thus negatively impact on the capacity of resource communities to attract permanent population growth. IRC continues to advocate for the removal of systemic bias from Australia's taxation structure and advocates for the enactment of the recommendations 12, 13,14 and 15 of the 'Cancer of the bush or salvation for our cities' report.

The role of state and federal government in the geographic labour mobility context should be to enable choice, not encourage one form to the detriment of others.

Reference to the Cancer of the bush or salvation for our cities report:

Recommendation 6

The Committee recommends that the Commonwealth Government identify areas where local governments affected by fly-in, fly-out/drive-in, drive-out work practices would benefit from enhanced skills sets and develop training programs to meet the needs of councillors and senior staff in local government.

Recommendation 12

The Committee recommends that the Commonwealth Government review the *Fringe Benefits Tax Assessment Act 1986* to examine the:

- removal of impediments to the provision of residential housing in regional communities;
- removal of the exempt status of fly-in, fly-out/drive-in, drive-out work camps that are co-located with regional towns; and
- Removal of the exempt status of travel to and from the workplace for operational phases of regional mining projects.

Recommendation 13

The Committee recommends that the Commonwealth Government review the *Fringe Benefits Tax Assessment Act 1986* to:

- remove the general exemption for fly-in, fly-out/drive-in, drive-out workers from the 12-month limit of payment of the living away from home allowance;
- enable specific exemptions for construction projects that have a demonstrated limited lifespan; and
- enable specific exemptions for projects in remote areas where the fly-in, fly-out/drive-in, drive-out work practice is unavoidable.

Recommendation 14

The Committee recommends that the Commonwealth Government review the Zone Tax Offset arrangements to ensure that they are only claimable by permanent residents of a zone or special area.

Recommendation 15

The Committee recommends that the Commonwealth Government review the Zone Tax Offset to ensure:

- that it provides reasonable acknowledgement of the cost of living in remote Australia;
- that the zones are based on a contemporary measure of remoteness;
- that the zones are based on up-to-date census figures; and
- that it includes a mechanism for regular review to ensure that the offset reflects accurate population figures.