

GERALDTON

T A K E A F R E S H L O O K

SUBMISSION TO THE STANDING COMMITTEE ON INDUSTRY, SCIENCE AND RESOURCES INTO

HOW THE MINING SECTOR CAN SUPPORT BUSINESS IN REGIONAL ECONOMIES

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SUBMITTED BY

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"This is an officer level submission and it may not
necessarily reflect the views of either individual
Councillors or the collective Council"



INTRODUCTION

The economic success of Australia relies on the economic success of Australia's regional areas, which employs one third of the country's workforce, and produce approximately 40 per cent of the national economic output.

The chairman of the Parliament of the Commonwealth of Australia, House of Representatives Select Committee on Regional Development and Decentralisation states in their "Regions at the Ready: Investing in Australia's Future" report (2018, <http://apo.org.au/system/files/180236/apo-nid180236-940831.pdf>)

that:

"Until we have a fundamental shift in spending priorities away from our

congested capital cities and share the infrastructure spending with Regional Australia, we cannot expect the current imbalance to correct itself (p. iii)"

In our view, keeping more of the wealth that are generated in the regions, in the regions, to contribute to local infrastructure, to build local economies and contribute to more stable and integrated communities is an approach that will benefit both large Cities and rural communities.

The income from the mining sector in regional West Australia is massive, and this submission provides a few ideas on how mining income can be leveraged to contribute to regional development, without jeopardising mining operations or efficiencies.



THE CITY OF GREATER GERALDTON IS THE KEY REGIONAL CENTRE AND FOCUS FOR ECONOMIC DEVELOPMENT AND SERVICES IN THE MID WEST REGION OF WESTERN AUSTRALIA



BACKGROUND

Mining is the largest single economic sector in Western Australia (WA) and the Mid West region.

The 2018-2028 KPMG Western Australian Resources Sector Outlook Report (<https://www.dropbox.com/s/ydk91vsw80gr2mw/20182028%20Resources%20Sector%20Outlook%20Report%20v1.0.pdf?dl=0>) states that:

- Mineral and petroleum exports account for 90% of WA's total exports
- WA currently produces 98% of Australia's iron ore and 37% of global iron ore, making it the largest iron ore producer in the world

Mining is by far the greatest single income generator in the Mid West region, with an annual output of \$3,321M which equals 39% of the total output for the region at \$10,751M. This is followed by the Construction sector (\$1,240M), Manufacturing sector (\$1,051M), Agriculture Forestry and Fishing (\$820.8M) and Rental Hiring and Real Estate Services (\$764.4m).

The last census data shows that Mining is also the largest single contributor to the Mid West workforce, with 3,525 people employed in this sector out of a

total workforce of 25,419 for WA. The WA total of mining sector workers equals 80,092 out of a total of 1,166,087 people employed. The amount of mining sector workers in Geraldton totals 364. (Remplan).

Attachment 1 shows a Map of Major Resource Projects in WA in 2018. It is unfortunately hard to present a quality image of this very complex Map in A4 print so it can also be seen on the Government of Western Australia, Department of Mines, Industry Regulation and Safety website (<http://dmpbookshop.eruditetechnologies.com.au/product/Major-resource-projects-Western-Australia-2018.do>)

The City of Greater Geraldton is the key regional centre and focus for economic development and services in the Mid West region of WA.

The Mid West region is one of nine regions in Western Australia, spanning around 478,000km² or almost one fifth of the State's landmass. It extends around 340km along the coast from Green Head (south) to Kalbarri (north) and around 1000km east to Wiluna in the Gibson Desert. It houses around

58,000 people shared across 17 local government areas, loosely grouped into three distinct subregions.

The Mid West, with Geraldton at its core, has a Regional Blueprint 2050 Vision to become:

"A national gateway to the globe through its diverse and entrepreneurial business and export economy.

"High Value Industries generate prosperity and the most desirable, adaptive and connected communities in Australia"

Although a number of significant project are underway in the Mid West towards achieving this vision, more funding is required to create infrastructure, such as sustainable power supply and digital infrastructure for the region to reach its full potential.

Mining income does not benefit regional towns or cities significantly at present, and the biggest economic impact on regional towns are during the construction phase of new infrastructure at mine sites. Once this phase is complete, very little mining wealth is distributed to regional towns.



FIFO: AN OVERVIEW

Most people in WA are familiar with the term FIFO, or Fly in Fly out. This has been a result of the resources boom in the 1980s which saw a rise in the production of minerals such as iron ore, copper and gold as well as petroleum and natural gas found off shore. The introduction of Fringe Benefit Tax legislation in 1985 also contributed to the establishment of FIFO operations, effectively penalising (taxing) miners for using locally sourced people.

FIFO is a way of recruiting staff to work in these remote areas. Instead of asking them and their families to live in such isolated locations permanently, employers fly workers in and out to various locations and provide accommodation and recreation for them during their time onsite.

A recent survey of 2500 people in the FIFO workforce shows that:

- The majority of the FIFO workforce is in the 35-54 age group, compared to the majority of resources sector

workforce based in Perth who are in the age group 25-44 years

- There are few differences between the residential metro, residential regional and FIFO workforces when it comes to being in a relationship or having children - 86% of the workforce is in a relationship, with around 65% having children
- 73% of the partners of resources sector workers are employed
- Around 20% of the sector's employees are female
- More than 25% of employees are university educated, with another 30% having trades/technical qualifications. (fifofacts.com.au)

According to the Australian Bureau of Statistics the total workforce in the resources sector in WA was 96,200 in May 2015, and it is estimated that approximately 65% of the workforce, or between 60,000 and 65,000 are FIFO workers.

The 2018 KPMG Western Australian

Resources Sector Outlook 2018 - 2028 Report (<https://www.dropbox.com/s/ydk91vsw80gr2mw/20182028%20Resources%20Sector%20Outlook%20Report%20v1.0.pdf?dl=0>) indicates that in WA 118,423 people are in resource related employment, of which 106,502 mining employees and contractors are on site.

This is a significant amount of families or partnerships that are subject to a lifestyle which is disruptive for both the FIFO workers and their families. Encouraging opportunities for these families to have a more balanced lifestyle in a community closer to the FIFO workplace could have a positive impact on the social problems associated with this sector.

By diverting some of the income from the mining sector to the areas where the mining takes place could contribute substantially to local economies, infrastructure and creating stable populations.



EXISTING INITIATIVES:

QUEENSLAND GOVERNMENT STRONG AND SUSTAINABLE RESOURCE COMMUNITIES ACT 2017

The Queensland Government “Strong and Sustainable Resource Communities Act 2017” introduced legislation to ensure residents of communities near large resource projects benefit from construction and operation of the projects.

A large resource project herein is defined as a project:

- For which an environmental impact statement (EIS) is required or
- That holds a site specific environmental authority under the Environmental Protection Act 1994

and:

- Has a workforce of 100 or more workers or
- Has a smaller workforce decided by the Coordinator General

The Act describes a nearby regional community, for a large resource project, as a town of which any part is within 125km radius of the main access to the project that has a population of more than 200 people. The Coordinator-General may decide on a greater or lesser radius or a smaller population.

This Act requires large resource projects to prepare a social impact assessment (SIA) which is to be informed by stakeholder consultation.

This includes the requirement to develop management plans for community and stakeholder engagement, workforce management, housing and accommodation, local business and industry procurement and health and community well-being.

Other inclusions from this Act is part of our recommendations.



RECOMMENDATIONS

- To ensure that where practicable, workforce accommodation should be provided in established towns, in locations suitable to its context, to facilitate their ongoing sustainability
 - The planning and development of workforce accommodation should be consistent with local planning strategies and schemes, except where the Mining Act 1978 and State Agreement Acts prevail
 - Establish a policy position consistent with Western Australia Planning Commission (WAPC), including:
 - Existing and new mining ventures are (strongly) encouraged to use Geraldton as a FIFO hub for mine workers with Perth playing a secondary role for the supply of specialist positions
 - Locate mining camps in reasonably adjacent rural Mid West spoke towns (i.e. within 1 hours drive), rather than create new settlements
 - Use the Mid West development Commission (MWDC) based Local Content Officer as a key procurement contact point for new mining developments in the region
 - Cross Local Government leadership and coordination to be instigated for this regional policy position and undertaking to gain real traction
 - Prevent the use of 100% fly-in, fly-out (FIFO) workforce arrangements on operational large resource projects
 - Prevent discrimination against local in the future recruitment of workers
 - Adopt a recruitment hierarchy prioritising recruitment from local and regional communities first
- then recruitment to the regional community
- Create an enabling environment and opportunities where FIFO worker families can integrate into local communities and contribute to the local economy
 - Local procurement of goods and services such as food, accounting, legal and HR services
 - Require large resource projects to prepare Social Impact Assessments (SIA) which is to be informed by stakeholder consultation. This includes the requirement to develop management plans for community and stakeholder engagement, workforce management, housing and accommodation, local business and industry procurement and health and community well-being





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Greater Geraldton
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