



17 October 2011



Committee Secretary
House of Representatives Standing Committee on
Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary

Please find attached the formal public submission from the Queensland Resources Council to the House of Representatives Standing Committee on Regional Australia Inquiry into Fly-in Fly-out and Drive-in, Drive-out Workforces. We appreciate the extension provided to QRC by the Inquiry for the lodgement of this submission.

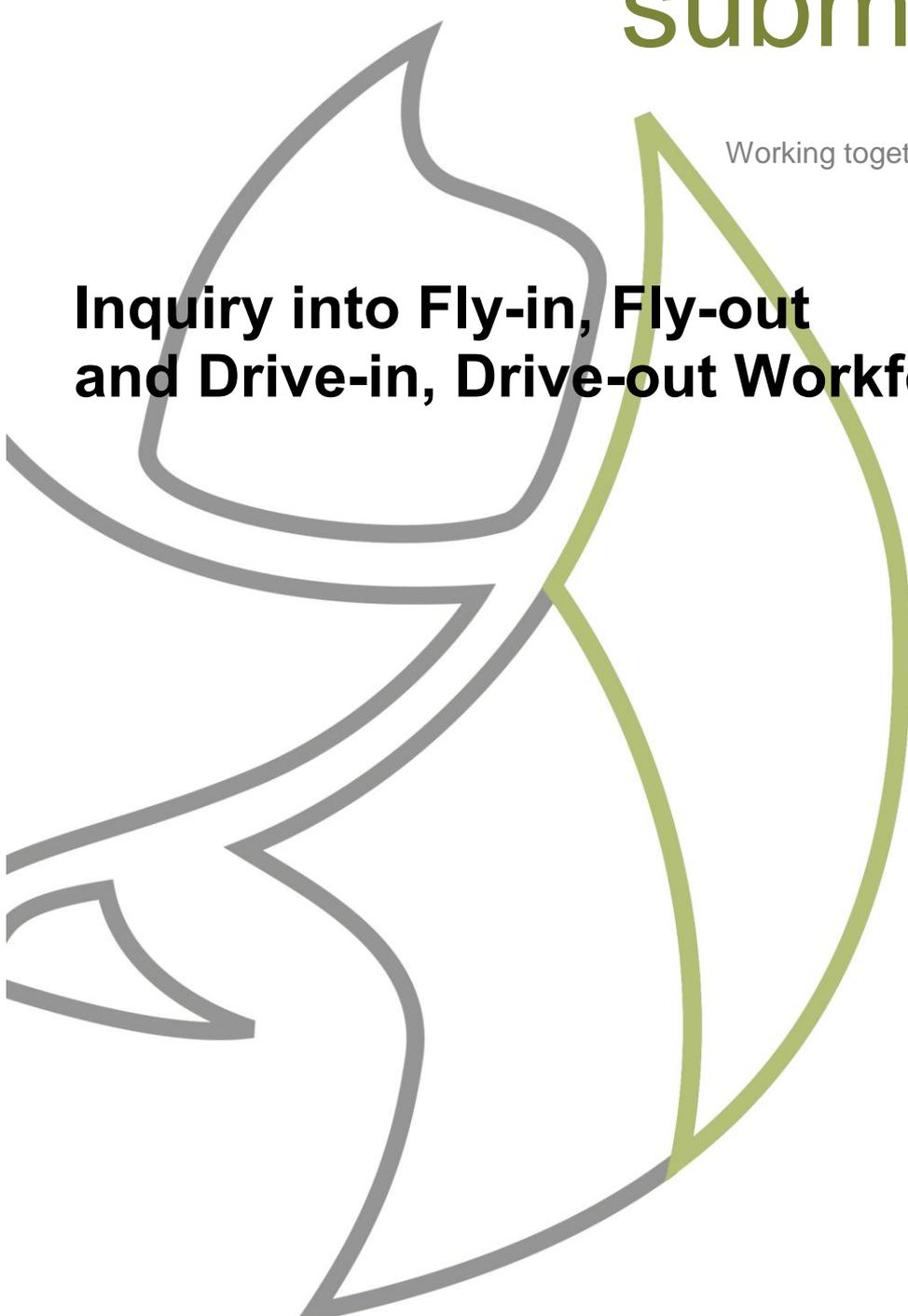
As noted in the submission, the Queensland Resources Council (QRC) is the peak representative organisation of the Queensland minerals and energy sector. The QRC's membership encompasses exploration, production, and processing companies, energy production and associated service companies. The QRC works on behalf of members to ensure Queensland's resources are developed profitably and competitively, in a socially and environmentally sustainable way.

The QRC submission gives a resources sector-wide perspective on issues relating to non-resident workers. The submission provides a focus on resource sector growth and demand for workers and the need to optimise the opportunities and choices for both residential and non-residential workforces.

Thank you for the opportunity to provide this submission to the House of Representatives Standing Committee on Regional Australia Inquiry into Fly-in, Fly-out and Drive-in, Drive Out Workforces. If you have any questions about any of the issues raised in this response, please contact Bronwyn Story, Community Development and Environment Policy Adviser.

Yours sincerely

Michael Roche
Chief Executive

A large, stylized graphic of a leaf or branch, composed of several overlapping shapes. The shapes are outlined in a light grey color, with one central shape outlined in a light green color. The overall shape is reminiscent of a stylized 'S' or a leaf with a central vein.

QRC
submission

Working together for a shared future

**Inquiry into Fly-in, Fly-out
and Drive-in, Drive-out Workforces**

House of Representatives
Standing Committee on Regional Australia

October 2011

ABN 59 050 486 952
Level 13 133 Mary St Brisbane Queensland 4000
T 07 3295 9560 F 07 3295 9570 E info@qrc.org.au

www.qrc.org.au



Section 2

INTRODUCTION

The Queensland Resources Council (QRC) welcomes the opportunity to make a submission to the House of Representatives Standing Committee on Regional Australia's Inquiry into fly-in, fly-out and drive-in, drive-out workforces.

The QRC is the peak representative body for minerals and energy companies in Queensland covering 90 companies engaged in exploration, mining, minerals processing, site contracting, oil and gas production and electricity generation. A further 136 companies are service members of the organisation.

The QRC's role is to support the long-term sustainability of the resources sector in Queensland.

Approximately 58,000 people are employed directly by the sector in Queensland but a strong multiplier effect (confirmed by an Eidos Institute/Central Queensland University analysis) means that the sector directly and indirectly employs 13 percent of the state's workforce and is responsible for more than 21 percent of the state's economy measured by Gross State Product. For further information, including Local Government Area breakdowns, see www.queenslandeconomy.com.au.

House of Representatives Standing Committee on Regional Australia Inquiry into Fly-in, fly-out and drive-in, drive-out workforces.

On 24 August, the House of Representatives Standing Committee on Regional Australia announced an inquiry into the experiences of fly-in, fly-out (FIFO) and drive-in, drive-out (DIDO) workers in regional Australia.

The Minister for Regional Australia, Regional Development and Local Government, Hon Simon Crean MP, asked the Committee to look into a range of non-resident workforce issues.

The Standing Committee on Regional Australia will inquire into and report on the use of 'fly-in, fly-out (FIFO) and 'drive-in, drive-out' (DIDO) workforce practices in regional Australia, with specific reference to:

- the extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised
- costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce
- the effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure
- the impact on communities sending large numbers of FIFO/DIDO workers to mine sites
- long term strategies for economic diversification in towns with large FIFO/DIDO workforces
- key skill sets targeted for mobile workforce employment, and opportunities for ongoing training and development
- provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees
- strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry
- potential opportunities for non-mining communities with narrow economic bases to diversify their economic base by providing a FIFO/DIDO workforce
- current initiatives and responses of the Commonwealth, State and Territory Governments
- any other related matter.



This submission gives a resources sector-wide perspective on issues relating to non-resident workers, encapsulated under key points. A specific section has been devoted to government responses.

This submission highlights key considerations surrounding conclusions and recommendations arising from a detailed examination of FIFO and DIDO practices and experiences.

Section 2 (following) provides general comments and the key messages from this submission. Section 3 describes the economic context and rapid growth of the Queensland resources sector.

Subsequently, section 4 deals with the unprecedented demand for workers.

Section 5 is devoted to the second term of reference, including the benefits for companies, individuals and communities.

Section 6 pertains to the third term of reference and includes a discussion of government responsibilities with respect to the social amenity of communities.

Section 7 focuses on government initiatives, both current and recommended future directions.

QRC looks forward to ongoing consultation in relation to the Inquiry and information regarding the location and timing of proposed public hearings. QRC would welcome the opportunity to appear before a Brisbane session of the Inquiry.



Section 2

GENERAL COMMENTS

FIFO and DIDO workforces – in this submission referred to as non-resident workforces (NRW) – are neither a new concept nor unique to the resources sector. Australia's 2006 Census identified workforce mobility across a wide range of industries and occupations. Easily accessible and low-cost mass air travel has created new opportunities for businesses and individuals. That the resources sector has adopted NRW practices on a larger scale than other industries should be cause for reflection on the greater workforce flexibility that can be achieved under innovative arrangements.

In the first instance, the often remote location of Australia's economically recoverable resource bodies and concentration of the Australian population in coastal areas and the south east of the continent demands innovative logistical solutions. NRW arrangements are an employee's choice. However, wider government policy responses and investment will be necessary if large parts of the population are to be encouraged to relocate to the more remote locations of resource projects. Such policy responses must include housing policy, taxation, regional development, health, education and social infrastructure policies, and supporting government investments.

A number of complex and interacting factors operate with respect to NRW arrangement issues, some of which may cause or exacerbate each other. These factors include rapidly growing resource operations, large numbers of unfilled vacancies which have the potential to hamper a capacity to reach full production potential, inefficiencies associated with reduced opportunities for employment package negotiations, increases in wages and changed working conditions (extended shifts, choice of accommodation), housing shortages and affordability and increased use of accommodation villages. Further factors include impacts on community expectations (investment and employment for locals), amenity, infrastructure provision, small business and local government.

In summary, the key messages of this submission from QRC are:

- (1) resource industries are experiencing rapid growth and demand for workers – beyond what has been seen before**
- (2) there is the need to optimise the opportunities and choices for both residential and NRW workforces – i.e. it isn't one or the other**
- (3) the Queensland Government has recognised the challenge of the need for NRW – and its opportunities**
- (4) The Australian Government has similarly recognised NRW through its responses to the report of the National Resource Sector Employment Taskforce.**



Section 3

CONTEXT (RAPID GROWTH and SIGNIFICANT BENEFITS)

Expanding Asian markets and the rise in global commodity prices has led in recent times to a structural shift in Australia's economy towards coal, iron ore and liquid natural gas (LNG) extraction.

The contribution of the resources sector to the national economy and incomes of Australian residents is significant. The ease of labour mobility (and policies supporting labour mobility) are important factors in the distribution of benefits across regions and in providing access to a wider labour pool, thus maximising the benefits provided by the resources sector to the broader Australian community. In this economic context, governments should be focusing on policies to reduce regulatory impediments and to free up labour mobility.

In his speech 'Resources and Energy at the Heart of Structural Change in Australia's Economy' on 28 September 2011, the Australian Minister for Resources and Energy and Minister for Tourism Hon Martin Ferguson¹ described a structural change in the economy as follows:

"This significant increase in the value and to a lesser extent the volume of our energy and commodity exports is bringing about fundamental change in the Australian economy.

"Competition for labour has increased and pressure on wages has gone up.

"The Australian dollar has risen, challenging non-resource export sectors and import competing sectors.

"However we must also recognise that the current changes in our economy and associated pressures are not dissimilar to those experienced in the past."

As discussed by Connolly and Orsmond² in a paper developed for the Reserve Bank of Australia Conference on 'Australia in the 2000s' in August 2011, contrary to expectations 'the urbanisation and industrialisation of emerging economies in Asia dramatically transformed global commodity markets over the 2000s'(p1). The rise in demand for and prices of commodities has resulted in a shift towards the extraction of coal, iron ore and liquid natural gas (LNG). The strong growth in labour, materials and investment across the sector has brought significant benefits in terms of national incomes and domestic demand in Queensland and nationally.

In terms of the effect of the mining industry on the national economy, total 'mining industry (including LNG) revenue increased from around \$43 billion (6 per cent of GDP) in 2000 to \$195 billion (14 per cent of GDP) by the end of the decade' (p23, 24). 'After paying for labour and other intermediate inputs...the balance of the revenue is divided between royalty and tax payments, dividend distributions and retained earnings', each of which links with the broader economy. It has been widely recognised that mining industry output and exports was a major factor in sustaining the Australian economy through the GFC and subsequently the large increase in mining investment has significantly boosted activity within the national economy.

Total mining industry revenue may be broken down into:

- Total direct labour costs: \$21 billion in 2010/2011, up from \$5 billion in 1999/2000
- Intermediate inputs (goods, materials and services):\$82 billion on 2010/11, up from \$18 billion in 1999/2000

¹ <http://minister.ret.gov.au/MediaCentre/Speeches/Pages/ResourcesEnergyAustraliaEconomy.aspx>

² www.rba.gov.au/publications/confs/2011/connolly-and-orsmond.pdf



- tax and royalty payments: \$24 billion in 2008/2009, up from \$4 billion in 1999/2000
- dividends and retain earnings: \$65 billion in 2008/2009, up from \$15 billion in 1999/2000
- investment: \$58 billion in 2010/2011, up from \$10 billion in 1999/2000.

In terms of direct effects on the national economy, Connolly and Orsmond summarise (p32) that:

“...the increase in mining revenues in the 2000s made a significant direct contribution to economic activity and incomes of Australian residents. The main channels identified were through direct labour costs (around 10 per cent of total revenue [\$21 billion in 2010/2011, up from \$5 billion in 1999/2000]), the mining industry’s demand for domestically sourced intermediate inputs especially services (perhaps around 25 per cent of total revenue [ie around \$50 billion in 2010/11, up from around \$10 billion in 1999/2000]), tax and royalty payments (close to 15 per cent of total revenue in recent years [\$24 billion in 2008/2009, up from \$4 billion in 1999/2000]), and the share of the after-tax profits owned by Australian residents (around 5-10 per cent of total revenue [ie \$10-20 billion in 2010/2011, up from \$3-5 billion in 1999-2000]). While it is difficult to be exact, these estimates suggest that overall Australian residents accrued a little over half of the total receipts earned from current mining operations. In addition, perhaps half of the total costs of mining investment was spent acquiring domestically supplied labour and other inputs, which generated further activity in the Australian economy.”

In terms of indirect effects, the paper notes that ‘the rise in global commodity prices and the associated rise in the terms of trade boosted the level of Australia’s income during the decade’ (p32).

In his ‘Still Interesting Times’³ address to the Chamber of Commerce and Industry (WA) and the Chamber of Minerals and Energy (WA) on 7 September 2011, Reserve Bank Governor Glenn Stevens noted:

“On all available information, resources sector investment will probably rise by another two percentage points or more of annual GDP over the next couple of years.”

In addition, in his opening statement to the House of Representatives Standing Committee on Economics⁴, Mr Stevens said:

“..Australia’s terms of trade are very high and the investment expansion in the resources sector is proceeding. On the indications available it has quite some distance to run yet. This is having positive spillovers to some parts of the Australian economy. Our liaison suggests that, beyond the benefits being experienced by equipment hire, engineering, surveying and consulting firms, businesses as diverse as those supplying modular housing, laboratory services and the training of semi-skilled and other workers are seeing effects of the expansion.”

³ www.rba.gov.au/speeches/2011/sp-gov-070911.html

⁴ www.rba.gov.au/speeches/2011/sp-gov-260811.html



In a recent address⁵ to The Melbourne Institute and The Australian Economic and Social Outlook conference on 30 June 2011, Productivity Commission Chairman Gary Banks noted:

“..the current structural pressures arguably put a premium right now on the economy’s ability to allocate and reallocate labour and capital to the industries where they can do most good” (p10).

Further:

“The potential benefits of geographic mobility of labour during a mining boom were explored in recent modelling conducted by the Commission. Unsurprisingly, GDP and average real wages were projected to be higher when labour was fully mobile across jurisdictions, reflecting the gains from resources moving to higher valued uses. A less obvious, though equally important result, was the role of labour mobility in distributing the benefits of the resource boom across Australia. The ability of workers to move to work in another state or territory moderated the growth in wages in booming jurisdictions, and increased it elsewhere.

“The Commission found in earlier studies that the drivers of regional change comprise a complex amalgam of forces, including various technological and demographic changes. Policies designed to arrest or reverse the consequences of such changes have historically not been very successful.”

“Past inquiries have concluded that the best approach to regional policy is for governments to reduce regulatory impediments to regions exploiting their differences and adapting to change.” (p13).

Also raised by Connolly and Orsmond in their August paper⁶ (p34-5),

“While the level of mining operations and investment is clearly concentrated in the resource-rich states, the distribution of the mining receipts is more dispersed across the country. The particular channels, as noted earlier, include the purchase of intermediate inputs from other parts of the country to service mining activities. Australian equity holders are widely dispersed, and tax payments to the Australian Government are spent across the country. This could be one reason why unemployment rates have been low in all states since the onset of the mining boom.”

In the final section of their paper, Connolly and Orsmond observed:

“..the replacement of the centralised wage system with more deregulated wage structures has enabled a rise in mining industry wages in the 2000s to be contained from the wage structure across the economy.” (p37-38)

⁵ [www.pc.gov.au/ data/assets/pdf file/0018/110592/mining-boom-what-problem.pdf](http://www.pc.gov.au/data/assets/pdf_file/0018/110592/mining-boom-what-problem.pdf)

⁶ www.rba.gov.au/publications/confs/2011/connolly-and-orsmond.pdf



Similarly, QRC submits a more flexible labour force, such as one afforded by FIFO and DIDO opportunities, increases the ability to provide for increasing labour demand. Greater labour market flexibility increases the viability and profitability of resource projects, thus enhancing their contribution to the Australian economy and keeping pace with the significant growth described in this section. By removing labour impediments and allowing the market to allocate resources effectively this will effectively maximise economic efficiency and economic returns to the state and the nation.

As found by Professor Bill Mitchell in 'Migration and labour market outcomes by skill in Australia' (Centre of Full Employment and Equity, University of Newcastle⁷ (p3)) one such impediment to mobility is low housing affordability.

It is important for governments to focus their policy efforts on reforms to assist inter-regional mobility. Examples include increasing land supply in the interests of housing affordability and/or reducing stamp duty.

In his June 2011 address to The Melbourne Institute⁸, Gary Banks summarised:

"The problems posed for Australia by the mining boom are not the associated structural changes. To the extent that we have a two (or more) speed economy, that should be welcomed as the mechanism by which we are capitalising on our external good fortune, yielding higher living standards for Australians. The real challenge confronting policy makers is to ensure that the adjustments can proceed smoothly. This also means holding the line on past reforms that have enhanced our economy's flexibility and avoiding introducing new rigidities." (p14)

Finally, as noted by The Australian newspaper's economics editor Michael Stutchbury, in 'Old talk on tax and jobs' (13 September 2011), Prime Minister Gillard and Treasurer Swan announced a one-day 'future jobs forum' [to be] held on October 6. While Stutchbury contended this was largely in response to concerns in the manufacturing sector, it was concerning to him that the forum 'shows no sign of recognising the pressing need for more labour market flexibility.'

"The political debate is being waged by claims that Australia is gripped by a nasty dose of Dutch disease that is poisoning the source of our jobs and wealth.

"Yet what actually is happening is that Australia has grabbed global first-mover advantage in supplying the Asian surge in demand for raw materials. In less than a decade, mining's share of the economy has doubled from 5 per cent to 10 per cent, now matching the scale of manufacturing. And this doesn't account for what Port Jackson Partners director Angus Taylor suggests is Australia's emerging 'cluster' of world-class natural resource-based service companies.

"The strength of Australian natural resource industries has meant that many of these service providers have developed successful global strategies, and are growing rapidly on the back of their global businesses," Taylor concludes. "Australian natural resource players are

7

[http://melbourneinstitute.com/downloads/hilda/Bibliography/wp/Mitchell Migration Labour Mkt CofFE WP08_02.pdf](http://melbourneinstitute.com/downloads/hilda/Bibliography/wp/Mitchell_Migration_Labour_Mkt_CofFE_WP08_02.pdf).

⁸ www.pc.gov.au/data/assets/pdf_file/0018/110592/mining-boom-what-problem.pdf



increasingly outsourcing specialist skills to dedicated suppliers. These organisations are following their customers offshore and are now exporting their expertise to the world".

"This is how Australia's business economy is being reshaped by our China boom."

The points summarised aptly illustrate the importance of government support for enhancing market flexibility (including the labour market) to meet the demands necessary to enable the distribution of economic benefits across regions and across Australia.

Adding a Queensland-specific focus, the chart below compiled by the QRC's Chief Economist shows that the Queensland resources sector's value of production grew in real terms by 58 percent between 1999/2000 to 2009/2010. It also shows that the sector's value of production could increase by 153% (again in real terms) in the period 2009/2010 to 2019/2020 based on projects either committed or under study. Strong average annual growth of 5.8 percent over the past decade demonstrates the importance and resilience of the sector during a period of otherwise significant economic upheaval (e.g. tech crash, global financial crisis and drought).

	1999/00		2009/10		2019/20 ^f	
	Production	Value (\$b)*	Production	Value (\$b)	Production**	Value (\$b)*
Alumina (kt)	3,156	0.9	4,508	1.3	6,508	1.9
Aluminium (kt)	40	0.1	333	0.7	333	0.7
Bauxite (kt)	10,915	0.3	17,068	0.5	34,000	1.0
Black Coal (Thermal) (Mt)	45	4.0	77	6.8	232	20.5
Black Coal (Coking) (Mt)	67	10.0	116	17.3	210	31.3
Copper content (kt)	431	3.0	255	1.8	299	2.1
Gold (t)	34	1.4	15	0.6	23	0.9
Lead (kt)	301	0.7	436	1.0	550	1.3
Silver (t)	1,073	0.7	1,469	0.9	1,520	0.9
Nickel (kt)	30	0.6	30	0.5	30	0.6
Uranium (lb)	-	-	-	-	12,000,000 [^]	0.6
Zinc (kt)	217	0.5	857	1.9	1,059	2.3
Phosphate (DAF/MAF/AIF) (kt)	na	na	na	na	400/200/15	0.5
Coal Seam Gas (PJ) (Domestic)	na	na	125	0.4	173	0.6
Crude Oil and Condensate (ML)	na	na	632	0.2	875	0.3
Synthetic Oil (Oil Shale) (Mbbbls)	-	-	-	-	18	1.8
Liquefied Petroleum Gas (ML)	na	na	187	0.1	209	0.1
Liquified Natural Gas (Mt)	-	-	-	-	30	22.5
Processed Natural Gas (PJ)	na	na	105	1.4	148	2.0
Electricity (MWhr) (Domestic NEM)	43,689,301	1.3	54,611,627	1.6	57,000,000	1.7
Total		23.4		37.0		93.5

* at 2009/10 prices

** based on current investment plans

[^] preliminary figure that could change significantly if/when mining optimization studies are concluded

Source: Company reports, ABARE Australian Mineral Statistics and QME website

There are a number of significant observations from this table:

- Strong growth in the coal-seam gas to liquefied natural gas sector (CSG-LNG). Three CSG-LNG proponents (BG Group's QCLNG project, the Santos-led consortium's GLNG project and the Origin Energy-ConocoPhillips-Sinopec APLNG project) have committed an initial combined investment of \$45 billion. An Arrow Energy (Shell-Petrochina) project is in the EIS phase.



- Very strong growth in the thermal coal sector with significant new projects proposed for the Galilee, Surat and Bowen Basins reflecting energy demand growth.
- Strong growth in the state's metallurgical coal sector reflecting steel demand growth.
- Moderate growth in base and precious metals, phosphate, bauxite and alumina production on the back of expansions and new mines.
- Significant but currently policy-constrained potential for uranium and unconventional liquid fuels such as shale oil.

In 2010 the QRC conducted an industry analysis to provide a Queensland perspective on the structural change occurring in the economy. This analysis is being revised for the 2010/11 financial year, but in 2009/10:

- the sector purchased \$17.4 billion of goods and services from Queensland businesses
- the sector paid \$4.9 billion in wages and salaries to workers residing in Queensland
- the sector injected \$707 into Queensland every second of the day through wages, business purchases and community payments
- royalties paid to the Queensland government could increase from \$2.5 billion in 2010/11 to \$6.1 billion by 2020/21 based on projected industry growth
- the resources sector direct and indirectly accounts for 21 percent of the Queensland economy (Gross State Product)
- the resources sector direct and indirectly accounts for 13 percent of Queensland's total employment



Section 4

DEMAND FOR WORKERS

As an obvious result of its growth outlook, the resources sector is creating an unprecedented demand for workers.

The level of demand for skilled labour is reflected in more than 3,600 Queensland resources sector vacancies on one popular jobs website. Demand will increase significantly with estimates of an additional 60,000 direct and indirect jobs in central Queensland alone from 2015/16. An estimated \$115 billion worth of new resource sector projects are on Queensland's books currently including new mines, mine expansions, railways, ports, pipelines and an export LNG industry based on the state's coal-seam gas resources. The resources sector is on the cusp of an enormous growth opportunity in Queensland and nationally. New and continuing alternative recruitment approaches are demanded.

As a clear demonstration of sector need, recently released data from BHP Billiton predicts that 170,000 additional resource sector workers will be needed nationally within five years⁹.

Further, the Queensland Reconstruction Authority's¹⁰ recently released *Resources for the Reconstruction* Discussion Paper highlights the competition for scarce skills created by floods and reconstruction.

It should be noted that non-residential workforce levels are also generally higher during construction than the operational phases of resource projects.

As outlined in the Minerals Council of Australia (MCA) submission to 'A Sustainable Population Strategy for Australia' in March 2011:

"Whilst there is a strong business case for mining companies to employ local labour, FIFO employment is likely to be an increasing feature of resource sector operations. The high proportion of FIFO workers is due to a number of factors, including the lack of suitably skilled local people; lack of family accommodation either available in the local community or provided by companies; and the desire of many mine personnel and their families to live in areas with greater amenity.

"Historically, mining operations employed a township model. In the mid 1980s FIFO began to emerge as a cost effective way to address skills shortages, to increase efficiency, and to avoid some of the social problems that can arise from developing a 'mining town'. The growth of the resources sector since that time and the attendant pressure on local housing supply has led to an increasing reliance on long-distance commuting.

"It must also be recognised that FIFO provides opportunities for jobseekers living in non-mining communities where there are few local employment opportunities, thus contributing to the economy of those communities as well as the communities at the mine sites".

It concludes:

"FIFO will continue to be a response to local skills shortages and the systemic lack of investment in infrastructure and service delivery in remote and regional communities."

⁹ <http://www.miningaustralia.com.au/news/bhp-tips-jobs-bonanza>

¹⁰ <http://www.qldreconstruction.org.au/news-media/123>



Section 5

OPTIMISING OPPORTUNITIES AND CHOICES FOR RESIDENTIAL AND NON-RESIDENTIAL WORKERS

There is an overwhelming need to optimise the opportunities and choices for both residential and non-residential workforces. Both options must be available and supported in order to realise the full potential of projected resource sector growth.

QRC supports strong local resource communities. Our member companies spend tens of millions of dollars annually supplying new housing stock for those communities and complementing government initiatives to boost the supply of affordable housing there..

There is a breadth and diversity of residential and non-residential workforce policies in practice across resource sector activities in Queensland.

Companies source local operational workers as well as using non-residential workforce arrangements. In terms of residential arrangements, Gladstone is a case in point.

LNG companies have policies designed to attract high proportions of local workers for their operational requirements, reflecting a general sector trend.

In Gladstone, LNG companies are supporting a housing partnership with local and state governments to ensure housing is available for operational staff.. This is one example of resource companies encouraging people to settle in a region but not at the expense of existing residents. LNG companies are also working in partnership with governments and the private sector to improve housing supply through stimulating land availability, private investment and building activity, as well as taking a planned approach to improve liveability and lifestyle amenities to attract and retain skilled workers and meld mining communities into sustainable regions.

Despite common misconceptions, non-residential arrangements provide many benefits to workers, companies and communities.

These include:

- spreading employment and economic benefits beyond mining regions through accessing workers from areas with high labour availability and often higher unemployment
- reducing impacts on the local community, especially infrastructure and services
- providing supply opportunities for local businesses from new resource projects.

Benefits for workers

A key attraction/benefit for workers taking up NRW arrangements is the freedom to choose where to live and where to work.

While only 15 percent of central Queensland's Bowen Basin mine workforce is non-resident (up from 12 percent in 2006, according to 2011 Queensland Government data¹¹), there is an increasing number of new employees who choose to maintain family and social networks in their home communities.

Queensland is the most highly decentralised state in Australia, with a string of large provincial cities along its coastline. A number of coastal areas are areas of labour availability, while other regional areas are areas of labour demand for the resources sector, so there is a major task in aligning the two. This will require arrangements that optimise both residential and, increasingly, non-residential arrangements.

¹¹ <http://www.oesr.qld.gov.au/products/publications/bowen-basin-pop-report/index.php>



Anecdotal evidence suggests NRW options hold strong appeal for younger people and the so-called 'empty-nesters' for whom lifestyle is an important consideration. People with young families have different priorities and that's why resource companies need to understand the demographics of their workforces and to provide as much flexibility as possible in striking a work/life balance for employees.

It is evident from our members' experiences that families put a high value on educational and other social services, which they perceive as more attractive in a number of coastal centres. In particular, matters raised consistently in community perception and workforce surveys across the Bowen Basin/central Queensland include educational and social service facilities, education standards and curriculum choice. Also rated highly are experienced teachers and social services, particularly special needs such as paediatric care, autism, disability services, speech pathologists etc. The issue is often about connectivity to hubs that provide these services (e.g. Mackay and Rockhampton) and how this can be made easier and more affordable for families. FIFO and DIDO arrangements provide an important option for families seeking these types of services.

NRW arrangements are well established interstate and offshore. Queenslanders are happy to live here and work in locations as far afield as Western Australia, Papua New Guinea and beyond. Commuter flights between Brisbane and the Pilbara and Cairns and PNG are commonplace.

As mentioned previously, it is important to differentiate between construction and operational workforces. Major construction is by its nature heavily focused on one project in one area for a relatively short space of time. The operational phase, however, stretches out over many years and attracts people committed to work style and career choices over projects.

There is also research contrary to speculative commentary that confirms the positive effects for workers and their families in participating in NRW arrangements. Susan Clifford from the University of Western Australia¹² found many positive aspects of FIFO arrangements including that workers were at least as healthy, if not healthier than daily commute workers. The long and short term stress levels of FIFO workers were comparable with other workers and the community. Dr A.M. Sibbel's 2010¹³ research concluded that FIFO 'does not lead to family dysfunction. Children from fly-in fly-out families do not experience significantly higher levels of depression, anxiety and family dysfunction than non fly-in fly-out children.' Hubinger¹⁴ summarises the benefits as 'spouses do not have to give up their own existing careers, friends or activities; children do not have their education disrupted; a worker losing his job does not have to automatically move house; and wives do not have to put up with boredom and loneliness of remote locations.' Finally, as noted by Fresle¹⁵, a major advantage of FIFO operations is that workers' families are no longer required to relocate to isolated communities, which have been found to disrupt support networks, increase social isolation and parental mental health problems.

¹² Clifford, Susan (2009) The effects of fly-in fly-out commute arrangements and extended working hours on the stress, lifestyle, relationship and health characteristics of Western Australian mining employees and their partners: preliminary report of research finding, School of Anatomy and Human Biology, The University of Western Australia.

¹³ Sibbel, A.M. (2010) Living FIFO: The Experiences and Psychosocial Wellbeing of Western Australian Fly-in/fly-out Employees and Partners – PhD Thesis Edith Cowan University.

¹⁴ Hubinger L, Parker AW, Clavarino A. (2002), The Intermittent Husband – Impact of Home and Away Occupations on Wives/Partners; Queensland Mining Industry Health and Safety Conference, 81-90.

¹⁵ Fresle N (2010) The Role of Social Support Systems in Reducing Loneliness and Social Isolation for Parents Whose Partner Work Fly-in/Fly-out: A report submitted in Partial Fulfilment of the Requirements for the Award of Bachelor of Arts (Psychology) Honours Edith Cowan University.



Benefits for companies

Non-resident workforces are a fact of life with remote area operations in the west and north of Queensland. For cities such as Townsville, Cairns and Brisbane, the sight of men and women going to work via the airport is typical. Most of BHP Billiton's Cannington Mine workforce (around 620 employees and 200 contractors) have FIFO arrangements in place from Cairns, Townsville and Brisbane.

In central Queensland's Bowen Basin, the Queensland Government estimates the non-resident workforce at 15 percent, through a mix of FIFO and DIDO participation because of increased construction activity and the coalfields' proximity to adjoining coastal regions. The Bowen Basin's population mix in 2010 comprised 83,839 residents and 14,613 non-resident workers. The adjoining Mackay local government area is home to just over 3,000 full-time resource sector staff. The 'local' Isaac LGA centred on Moranbah hosts 7,000 and Central Highlands based in Emerald is home to 5,000 resource sector workers¹⁶. While these figures point to a continuing strong residential workforce, resource companies are facing major recruitment challenges in a tight labour market and need to widen their employment options. Non-resident workforce arrangements provide an important additional flexibility to enable companies to meet their labour requirements.

Companies are looking at regions of potential labour supply – often areas of higher than average unemployment. Statistically, these include Cairns and in southern Queensland regions such as the Sunshine Coast, Gold Coast and Wide Bay where local industries and economies face structural change from reduced demand. Through wider sourcing, economic and employment benefits will be spread across the state.

Importantly, the utilisation of non-resident workforce arrangements is considered by companies on a site-by-site basis. In no way does trend growth indicate companies are moving to abandon residential workforce arrangements.

A powerful illustration of this are recently released Queensland Treasury¹⁷ figures for the Surat Basin, west of Brisbane. This is the location of burgeoning coal-seam gas and coal mining developments yet non-resident workers represent only 1.2 percent of the region's population (i.e. 2,540 non-resident workers at June 2010). Surat Basin projections indicate that the number of non-resident workers is expected to peak at 4,930 in 2013, still only accounting for 3 percent of the population.

Benefits for all communities

In 2009/10 QRC member companies spent more than \$17 billion on goods and services in Queensland. In the Bowen Basin local government areas of Isaac and Central Highlands the coal industry's direct and indirect contribution to employment in the local economies is 92 per cent and 87 per cent respectively¹⁸. These areas also make the list of the top five fastest-growing local government areas in Queensland.

As the Queensland Government's 2010 Bowen Basin Population Study¹⁹ concluded:

"Unlike many rural areas of Queensland, all local government areas in the Bowen Basin have experienced positive growth in their resident populations since 2006, due largely to the inflow

¹⁶ Postcode analysis of sector employee payroll destinations – www.queenslandeconomy.com.au

¹⁷ <http://www.oesr.qld.gov.au/products/publications/surat-basin-pop-report/index.php>

¹⁸ See www.queenslandeconomy.com.au

¹⁹ <http://www.oesr.qld.gov.au/products/publications/bowen-basin-pop-report/index.php>



of employment associated with mining and support industries. However, there is also a need to ensure that ongoing growth is manageable and that excessive pressure is not placed on local infrastructure and services and local housing. A balanced approach to the sustainable growth of resource communities therefore will require a mix of resident and non-resident workers where arrangements for both are optimised.”

Irrespective of workforce arrangements, resource companies contribute greatly to the long-term sustainability of their nearby communities. Over in some cases many decades, there has been a demonstrated willingness on the part of companies to work closely with government agencies and communities to ensure that local businesses have the opportunity to tender for work and contribute to the sustainability of regional communities.

Non-resident workforce arrangements can make an important contribution to moderating rapid population growth (and contraction across the mine life-cycle) in resource communities, and thus, the impact on local services and infrastructure, particularly housing.

More broadly, society's perceptions of living, working and commuting are changing.

City dwellers contend with increasingly longer daily commutes while more and more knowledge workers operate in virtual workplaces. NRW in the resources sector is simply another type of commuting. The real challenge is to look through this to the bigger picture and that is the major opportunity arising for Australia through the resources sector driven by the development of China and India.

Our mineral and energy resources do not guarantee success by virtue of having them in the ground. The state and nation must support our export resource industries to seize an historical moment. Growth means more people are employed in, or rely on, resource sector activities.

Any attempt to mandate local accommodation in proximity to resource workers' place of employment will prove to be outdated in the 21st Century given the level of resource sector demand and the demands of new employees. Where and how people choose to live and choose to work is a matter of personal freedom and choice.

The availability of NRW opportunities provides people in larger geographical areas with the ability to work in relatively high income jobs while maintaining a base in their preferred home region.



Section 6

CHALLENGES FOR COMMUNITIES AND SOCIAL INFRASTRUCTURE PROVISION

QRC is at the forefront of advocating to state and federal governments for an equitable return of royalties and taxes to the regions where resource wealth is generated.

To put that into perspective, Queensland resource sector companies pay in the order of \$7 billion a year in state royalties and federal corporate taxes and it is clear that not enough is being reinvested in the regions where that revenue originates.

QRC continues to make the point, alongside organisations such as the Local Government Association of Queensland, that if resource communities are seen to have facilities and services comparable to coastal centres, more people will be attracted to move there. The expectation of second-rate services only guarantees that people will stay away.

Ensuring adequate levels and standards of social services is essential to making and maintaining liveable, resilient resource communities. This requires well informed and considered planning, and coordination among the different levels of government and with industry.

Recent media coverage of the submission made by Moranbah doctors²⁰ to the Inquiry asserts that FIFO workers are having major impacts on the demand for GP services. In fact, contrary to media interpretation of the submission, the table on its page 3 indicates the great bulk of increased demand is from the resident population of Moranbah. What this means is that if all workers in the region lived locally, rather than a proportion utilising NRW arrangements, demand for local services would be much higher. What is also clear from the submission is that a major issue facing townships like Moranbah is the difficulty in attracting GPs to regional areas, which is unrelated to mining workforce arrangements. Rather than laying the responsibility for the shortfall in GP services at the feet of NRW arrangements, this issue is clearly one for government, and in particular, government planning and community service provision.

Social Infrastructure provision

Queensland is heavily dependent on the resources sector for income, investment and employment. In turn, resource companies recognise that they are heavily dependent on the regional and remote communities that host and support their operations.

Ultimately though, it is incumbent upon government to ensure that the provision of base levels of service in resource areas are no lower in resource communities than in other communities of comparable size.

It is actually the job of government to also consider non-resident workforce numbers, and that even though they have less impact on local communities than if all relevant workers resided locally, services must still be considered, planned for, and provided by government.

Gladstone is a case in point of where pre-planning by state and local governments should have occurred to inform the level of services required associated with resource projects.

In this regard, the role of all levels of government needs to be farsighted and not short-sighted.

In terms of regionalisation, non-residential workforces can potentially play a profound role in spreading wealth to regions across Australia either in economic decline or vulnerable to downturns in other industries. Examples include the downturn of tourism in Cairns, and construction and tourism on the Gold and Sunshine Coasts.

²⁰ See <http://www.aph.gov.au/house/committee/ra/fifodido/subs.htm>



The wealth sharing impact created in Queensland can also extend to regional towns in other states. Governments also need to be very mindful in the policy debate about building populations in regional and mining communities that are not sustainable beyond mining or that may be vulnerable to mining life cycles.

The appeal of resource communities as places to live and raise families is greatly influenced by the level and standard of social services they offer. In recent years, most resource companies have experienced first-hand the difficulties in attracting and retaining skilled employees in regional and remote areas where social services are perceived to be inadequate. Companies are also consistently experiencing the abdication by government of the supply of this community infrastructure, and by sheer necessity having to pick up the slack.

This trend is of concern for a number of reasons.

Equity is the fundamental objective that must be pursued as a primary funding objective by all levels of government

In promoting equity, Governments provide services for the benefit of all citizens and because the market is unlikely to provide an adequate level of basic service.

Areas where Australian governments and indeed most governments globally have played the primary role in planning, funding and administering basic social services include:

- health – hospitals, medical centres and facilities for visiting primary and allied health service providers
- education – infrastructure to support primary, secondary and tertiary education, and trade training
- emergency services – including police, fire and rescue, and ambulance facilities and providers
- civic facilities – such as public spaces and libraries

To request that resource companies provide these services where they have no service delivery experience is fraught.

Resource companies, whilst well-equipped and geared for resource extraction, are not equipped to deliver efficient and effective community services. Doing so exposes companies to a myriad of legal obligations and uncertainties which all add to the risk profile of undertaking operations in Australia.

Furthermore, tensions in terms of who receives access to the services must also be managed.

The risk is that companies will be compromised in their ability to bring projects to market quickly and to engender the trust of the host community.

Government's role is to plan for infrastructure provision

The recent report by Queensland's Coordinator-General that government is unable to plan for social services to be advanced outside five-yearly census data reflects an antiquated approach that must be urgently modified. It is also an approach that appears to ignore a wealth of other publicly available information.

For example, Queensland Treasury's Office of Economic and Statistical Research have conducted a number of surveys over many years in relation to population growth and population projections in resource areas (including in relation to non-resident workers).



Government provision of amenity is needed to promote growth

State government has a number of regionalisation strategies in place. Most recently, government has supported policies such as increasing zone tax offsets as a means to promote skills development and the movement of labour to those resource regions and sectors where employment is urgently needed.

Industry would suggest that labour mobility to regional resource hubs is best promoted by improving the liveability of host communities compared to more popular and densely populated areas. Improving the provision of essential services is a core component of this.

The industry's future labour requirements will need to be addressed by a combination of solutions, including FIFO and regionalisation. Regionalisation will only occur if government begins to plan for decades of growth and begins to reinvest some of the industry's rich royalty and tax contributions into host communities.

Along these lines, the Queensland Resources Council supports the following principles for planning and provision of social infrastructure and services in resource communities on the basis that all stakeholders understand responsibilities in service provision.

1 Ensuring an adequate base level of social services in resource communities is a government responsibility, across all levels of government.

Governments are responsible for providing adequate levels of key social services and infrastructure in areas such as:

- health – hospitals, medical centres and facilities for visiting primary and allied health service providers
- education – infrastructure to support primary, secondary and tertiary education, and trade training
- emergency services – including police, fire and rescue, and ambulance facilities and providers
- civic facilities – such as public spaces and libraries

Government obligations are to provide base levels of service in these areas which are no lower in resource communities than in other communities of comparable size.

In other areas, governments have important roles to play when private providers are absent or require assistance to overcome commercial disadvantages from operating in regional and remote communities. These include services such as affordable accommodation (including for social service providers themselves), childcare and early childhood education, and communal sport and recreation facilities.

2 Encouraging cooperative and partnership approaches between governments and industry which recognise the distinct but complementary roles of stakeholders in the provision of social services in resource communities.

Resources companies recognise their role in the social life of host communities extends beyond providing employment and local trade. Companies may choose to be involved to varying degrees in the provision of community facilities and services. Further, in the interests of workforce attraction and retention in mining townships, there also may be occasions where companies choose to ensure a higher level of service provision through additional activities in areas of traditional government responsibility. In these areas there is clear scope, and established mechanisms, for direct



collaboration and partnership between industry and state, federal and local governments, and such approaches should be encouraged wherever feasible.

There is also a compelling case for cooperation and open communication between industry and government. Governments and industry have complementary roles to play in exchanging information, helping to identify community needs and sharing plans to address issues in their respective areas of influence.

3 Access to social infrastructure and services should reflect the substantial revenues generated in the form of royalties and taxes from these regions.

Resource regions generate substantial revenue for the state in the form of royalties and taxes, which should be factored into decisions about the allocation of social service funding to these regions.

Spending on social infrastructure in resource communities should be looked on as a form of re-investment of public 'profits' in maintaining the productive potential of the state's minerals and energy assets.

Establishing and sustaining a reliable regional employment base is essential to the operations of many resource companies and, therefore, to the continued development of the Queensland's energy and mineral resources.

4 Planning for social infrastructure and services should anticipate medium and long term resource community needs and be informed by the provision and rigorous analysis of accurate and reliable data.

Effective social service provision requires careful planning and good information. QRC believes there is a demonstrable need for:

- improved understanding of resource communities, particularly demographic characteristics and essential social infrastructure needs
- a credible source of reliable information, which is accessed for all planning activities to ensure consistency of baseline data. QRC supports the identification of one body, such as the Queensland Treasury Planning and Information Forecasting Unit, as the principal provider of such core information
- improved assessment of essential social services and facilities in resource communities, including the identification of gaps in capacity against current and future demand
- comprehensive and structured regional planning.

Achieving meaningful, early gains in these areas should be a priority for regional and local government planning process. Industry is keen to participate in these processes as appropriate, to support the work of government in planning and providing essential social services to resource communities in a targeted and timely manner.



Section 7

CURRENT GOVERNMENT POLICY AND ACTIVITIES IN RELATION TO NRW

The Queensland and Federal Governments have both recognised that the resource industry's unprecedented demand for tens of thousands of additional workers can only be filled through a combination of resident and non-resident workers. It can't be a case of one or the other.

The Federal Government is actively promoting the opportunities for FIFO roles in the resources sector through 'FIFO coordinators'. The Queensland Government is providing training courses and jobs expos to help people in Cairns, the Gold Coast and the Sunshine Coast get a resource sector job.

That is, the Queensland and Federal governments are now recognising the importance of policies to enhance choice, both in terms of policies to support community sustainability and also to support labour market flexibility. The range of initiatives discussed in this section represents a good start.

Overall there are enough policy statements/directions and the focus of governments' future efforts should be on:

- increased investment by governments in infrastructure and social services in resource regions that are or will soon experience rapid growth,
- reforms aimed at removing barriers to labour mobility, particularly measures which improve housing affordability), and
- sufficient long-term planning, including scenario planning.

In relation to planning, government should consider what the key regions will look like in 5, 10, 20 and 50 years time given low, medium and high growth scenarios. This may indicate that, for example, it is not a good idea from a sustainability perspective to encourage the large-scale development of traditional towns/cities and investment in permanent housing and associated infrastructure in some areas - and instead that the government should focus on assisting project developers develop efficient long / medium distance commute arrangements in these cases.

The general impediments to labour mobility caused by Australian policy settings should be a focus of reform efforts on the basis that they are acting to constrain efficiency and overall improvements in the welfare of Australians. As outlined in Section 6 of this submission, a long term view should be taken by government, particularly with respect to regionalisation and sustainable population growth.

Consideration of significant policy settings, such as stamp duty, which was discussed in Section 3 and widely recognised as an inefficient tax, acts to inhibit labour mobility (ie discourages the sale/purchase of property and therefore movement from one region to another).

Queensland

The Queensland government has recognised the challenges and opportunities relating to the need for non-resident workforces. Importantly, on 26 August, in launching the Queensland Government's Major Resource Projects Housing Policy, the Queensland Treasurer and Minister for State Development Andrew Fraser acknowledged that FIFO was a reality and was "*neither new nor temporary...*"²¹.

In the lead-up to the Queensland Government's Work for Queensland Summit held on 16 August 2011, Queensland Premier Anna Bligh²² stated as follows:

²¹ <http://www.dailymercury.com.au/story/2011/08/26/pro-choice-housing-at-odds-with-fifo/>

²² <http://www.cabinet.qld.gov.au/mms/StatementDisplaySingle.aspx?id=76120>



“I called this high level summit because we have significant numbers of Queenslanders, particularly in some regional areas, out of work and yet the mining industry is facing a skills shortage,” Ms Bligh said.

“We want to find solutions that mean all Queenslanders are given the chance to be involved in our State’s bright future.

“This is about going to the top and matching jobs with Queenslanders in areas that are facing higher levels of unemployment.

“Queensland is on the cusp of a huge resources boom with our new LNG industry and demand from China and India for our coal and other resources – we need to make sure that as many Queenslanders as possible can take these jobs.”

On the 22 September, Queensland Minister for Employment, Skills and Mining Stirling Hinchliffe²³ stated that the Bligh Government’s number one priority is to ensure all Queenslanders benefit from the resource sector boom. He said that the Government had taken strong steps to ensure local businesses and local workers benefited from the opportunities that were available and would become available as the resource sector expanded. The Minister said that the Bligh Government supported a fly-in fly-out policy for resources workers and that,

“The Bligh Government believes workers should have a say on where they live. People can live in Hervey Bay, Gympie or on the Gold Coast – pay rates, raise families, buy groceries at home – and work in the mining industry,”

A number of relevant initiatives from Queensland Government announcements or decisions in relation to NRW and regional development are as follows:

- **Sustainable Resource Communities Policy and Partnership**

The Sustainable Resource Communities (SRC) Policy²⁴ and Partnership was initiated in August 2008 in order to promote a shared approach to enhancing the sustainability of resource communities in the context of significant growth. The Partnership includes Queensland Government, Local Government and Industry. QRC has recently agreed to continue with the SRC Partnership Agreement on the basis that, while greater levels of collaboration and information sharing have been promoted under the partnership, much more decisive commitment is needed from government to plan for and deliver its share of community infrastructure and services in rapidly growing resource communities.

The SRC Partnership is an important step towards all stakeholders working together to understand the industry, its employment needs and how the best results can be obtained for all.

It will be imperative for government to fulfil their community service obligations in order to encourage those workers, who would choose to live locally if the social service and local amenity is supported, to do so.

- **Office of Economic and Statistical Research**

The Queensland Government’s Office of Economic and Statistical Research (OESR) have worked collaboratively with QRC under the SRC Partnership Agreement to develop and implement a process

²³ <http://www.cabinet.qld.gov.au/mms/StatementDisplaySingle.aspx?id=76763>

²⁴ http://www.qrc.org.au/_dbase_upl/FINAL%20SIA%20Policy.pdf



to improve population and workforce estimates for resource communities. This work has enabled the provision of accurate population information and predictions to inform community, industry and government planning. It is important that these population projections are used to inform decision makers and policy advisors about the consequences of population change and to assist in improved planning and provision of infrastructure, services and goods for all Queenslanders, particularly in areas of predicted, and on-going, resource sector growth.

In this regard, QRC is pleased to be informed that recently released Queensland, Statistical Division and Local Government Area resident population projections²⁵, as well as Bowen Basin and Surat Basin population reports (as discussed in Section 5 of this submission), have been informed by data collected via industry workforce surveys.

It is hoped that this information is being utilised in budget and planning processes for social infrastructure delivery, including incorporation into various government decision-making processes and individual departmental planning processes.

- **Queensland Regionalisation Strategy**

A specific action has been included in the draft Queensland Regionalisation Strategy²⁶ released on 12 July 2011 to 'address issues associated with FIFO/DIDO workforces in regional areas'. Part of the strategy designed to address these issues includes the Work for Queensland Summit (see further information following) held on 16 August 2011.

- **'Work for Queensland' Summit and Expos**

On 16 August, the Queensland Premier held a Work for Queensland (FIFO) Summit at the Gold Coast Institute of TAFE. The summit included the mayors of the Gold Coast City Council and Sunshine Coast, Whitsundays, Cairns and the Fraser Coast Regional Councils, key Queensland and Australian Government stakeholders and selected members of the resources industry.

A key action from the summit was agreement to host a series of Work for Queensland Mining and Gas Jobs Expos in October in Cairns, Gold Coast, Sunshine Coast, the Whitsunday region and Wide Bay Burnett. The jobs expos are intended to provide jobseekers with the opportunity to find out about the range of jobs and careers available in the resources sector in Queensland and the current job vacancies available. The expos are being held in these regions over the next two months.

Development by the Queensland Government of a Resource Employment and Skills Plan by November was a second outcome of the summit.

QRC informed the Premier's Summit that in 2009-10, resources employment by Local Government Areas included:

Whitsunday	6.6%	Gold Coast	0.7%	Isaac	92.2%
Rockhampton	11.7%	Sunshine Cst	2.2%	C. Highlands	87.3%
Mackay	39.7%	Cairns	1.5%	Hervey Bay	1.1%

It should be noted, in this regard, that while it is acknowledged that the Summit and Expos have the aim of supporting NRW arrangements, it is important that the message is not simply 'jobs for all' no matter what the skill set of the individual. Even though industry sees NRW as a clear part of the employment package, it is still related to specific skills shortages.

²⁵ See <http://www.oesr.qld.gov.au/products/publications/index.php>

²⁶ <http://www.dlqp.qld.gov.au/stronger-regions/queensland-regionalisation-strategy.html>



- **Urban Land Development Authority**

Formation, by the Queensland Government, of the Urban Land Development Authority (ULDA) has been a key initiative aimed at addressing critical housing issues across the State. This is one of the most significant factors in the livability of communities, particularly when it comes to attracting non-resource sector employees for support services. The ULDA has the ability and specific powers to free up land in areas of significant population growth, including mining regions. This has enabled 14 Urban Development Areas (UDA)s to be declared across Queensland, most in resource and mining areas. The declaration of UDAs enables housing development, specifically including affordable housing development, to progress more rapidly in resource communities.

The ULDA works with local councils, the resource industry, housing companies and Government Agencies to develop a range of new housing models that meet the needs of local communities in resource towns. The ULDA has commenced work on the Clinton UDA in Gladstone, which will deliver nearly 300 new dwellings, with 60% of these below the median house price for the area. The declaration in September of the Tannum Sands UDA has launched a second project in Gladstone that will provide a range of housing options for the local community. Construction will commence in Roma, Blackwater and Moranbah in the coming months. The pilot of the Priority Homebuyer Initiative (PHBI) in the Clinton UDA has been successful in targeting sales to low to moderate income households, many of whom will be key workers in the Gladstone community. The PHBI will be rolled out in other resource communities in 2012.

- **Gladstone Quarterly Housing Report**

As noted in Section 5, LNG companies are working in partnership with local and state governments to ensure that for those workers who are attracted to a region and then settle, their housing is being provided through the LNG companies so as to minimise the direct impact on the Gladstone housing market proper. This is one example of resource companies' commitment to the sustainability of the communities by encouraging people to settle but not at the expense of existing residents. Further LNG companies are working in partnership with governments and the private sector to improve the supply of housing through stimulating land availability, private investment or building activity; and taking a planned approach to improve liveability and lifestyle amenity to attract and retain skilled workers, and to develop mining communities into sustainable regions.

The first quarterly housing report for Gladstone²⁷ was released by the Queensland Government on 9 August. Whilst considered by industry to be unnecessarily prescriptive, the report aims to track LNG project proponents' progress in implementing these integrated housing strategies as well as housing market, population and development trends.

- **Major Resource Project Housing Policy**

On 25 August, the Major Resource Project Housing Policy²⁸ was released by the Queensland Government. While quite prescriptive in some respects, it does recognise that there will almost certainly be a percentage of non-resident employees, particularly for new projects. In this regard, the policy largely restates current Coordinator-General assessment considerations which include

²⁷ <http://www.deedi.qld.gov.au/cg/resources/Gladstone-Housing-Quarterly-Report.pdf>

²⁸ <http://www.deedi.qld.gov.au/cg/resources/Major-Resource-Projects-Housing-Policy.pdf>



requirements for the provision of housing in resource regions and recognition that there will be a percentage of non-resident employees.

Industry does not generally support such prescription as it has the serious potential to undermine the usual market dynamics with respect to housing prices and doesn't consider matters with respect to mining-life-cycles.

- **Coordinator-General change report on 100 per cent fly-in fly-out operations workforce**

On 2 September, the Coordinator-General released his change report on 100 per cent fly-in fly-out operations workforce for the Bowen Basin Coal Growth project – Caval Ridge Mine²⁹.

In granting BHP Billiton's request for flexibility to use 100 per cent fly-in fly-out arrangements, the Coordinator-General reflected Queensland Government's acknowledgement of the benefits of non-resident workforce arrangements. In particular, in making his decision, the Coordinator-General considered that there was a need to recruit outside the region and to recognise the FIFO arrangements already in place and that workers should be given choice of where they work.

National

The Federal government's recognition of the opportunities presented by non-residential workforce arrangements was illustrated, on 6 October, by Prime Minister Julia Gillard stating that the Government will not fill the skills shortage with immigration if there are Australian workers who can be trained or relocated to fill employment demand.

Ahead of the jobs forum held in Canberra on 6 October, Ms Gillard said fly-in/fly-out programs may have to be streamlined to help workers retrenched from steelworks find new skilled jobs in mining.

She said the Government is determined to ensure the unemployed can be trained to meet the demand for jobs in Western Australia's mines before skilled migrants are brought in³⁰.

A number of key initiatives have been instigated at a national level in relation to non-resident workforces:

- **FIFO Coordinator**

QRC is working with Skills DMC on the Federal Government-funded two year FIFO coordinator project in Cairns, arising from the National Resource Sector Employment Taskforce recommendations. It is intended to apply learnings from this for a roll-out across the nation. In late September, Minister Chris Evans announced a further four such coordinators would be funded around Australia.

- **Regional Development Australia**

Given a core focus of discussion regarding non-resident workforce issues centring on the impact of such arrangements on regionalisation and the wellbeing of regional communities. It will be important to have regard to the role and responsibilities of Regional Development Australia (RDA) and relevant RDA Committees.

²⁹ http://www.deedi.qld.gov.au/cg/resources/project/bma-bowen/caval-ridge/project_change_application_4.pdf

³⁰ <http://www.abc.net.au/news/2011-10-06/gillard-on-skills-shortage/3317442>



- **Infrastructure Australia**

A core consideration of communities and workers is the provision of infrastructure in regional resources areas. The role and responsibilities of Infrastructure Australia is also key as it brings with it the Commonwealth perspective and input.



Section 8

CONCLUSION

In conclusion, it is submitted that non-resident workforces are, and will be, an important element of the future prosperity of the resources industry, and thus Queensland and of the nation. It is important that this critical avenue is supported and not stymied. To do so, will limit workforce choice and with that the potential benefits from resource sector growth for Queensland regions, the state and the nation.

As noted in Section 2 of this submission, the key messages of this submission from QRC are that:

- (1) the industry is experiencing rapid growth and demand for workers – beyond what has been seen before.
- (2) there is the need to optimise the opportunities and choice for both residential and NRW workforces – ie it isn't one or the other.
- (3) the Queensland government has recognised the challenge of the need for NRW – and its opportunities.
- (4) The Australian Government has similarly recognised NRW through its responses to the National Resource Sector Employment Taskforce.

As noted in Section 3 of this submission, expanding Asian markets and the rise in global commodity prices has led to a structural shift in Australia's economy towards coal, iron ore and liquid natural gas (LNG) extraction. In the context of the resulting rapid resource sector growth, labour mobility, and policies supporting labour mobility, are important factors in the distribution of economic benefits and in providing access to a wider labour pool.

In this regard, there is a need to optimise the opportunities and choice for both residential and non-residential workforces. It is important to recognise that both options must be available, and supported, in order to provide choice for workers.

At this critical time, governments should be, and to some extent have been, recognising the importance of policies to enhance market flexibility, including labour market flexibility and also social infrastructure provision, to enable the generation and distribution of economic benefits across regions and across Australia.

QRC looks forward to ongoing consultation in relation to the Inquiry and would welcome the opportunity to appear before the Brisbane session of the Inquiry.