



Ms Siobhan Leyne
Secretary
Standing Committee on Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Ms Leyne,

As the inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia nears its conclusion, I write to place my submission to the House of Representatives Standing Committee on Regional Australia.

Please treat this as a personal submission.

I have an understanding and appreciation for the competing (and often complementary) needs of mining, tourism, and local government administration, and I hope the suggestions made herein can foster some positive and mutually beneficial policy development.

After serving in local government for 5 terms, I represented the Federal electorate of Herbert from 1996 to 2010, including Townsville, Magnetic Island and other towns dependent on tourism. I have a deep appreciation for the tourism and hospitality sector that employs just short of one million Australians nationwide. The seat of Herbert includes¹:

- 783 Tourism Characteristic Businesses (7.8% of all businesses); and
- 2,519 Tourism Connected Businesses (25.1% of all businesses)

I share with my successor, Mr Ewen Jones MP, a deep concern for the future of the tourist industry across regional Australia.

My role as Chairman of an ASX listed Coal company has galvanised my already firm understanding of the economic and social importance of a profitable resources sector that is committed to principles of Corporate Social Responsibility and an underappreciated contributor of Corporate Social Investment. Of most note:

- Royalties and Payroll Tax to State Governments;
- Company tax to the Federal Government;
- Employment generation²;
- Training and skills development; and
- Construction of (multi-use) ports, rail, road and other infrastructure.

¹ "Federal Electorate Tourism Business Counts" (Tourism and Transport Forum:
<http://www.ttf.org.au/DisplayFile.aspx?FileID=837>)

² In particular addressing disadvantage amongst rural and remote, and Indigenous, Australians.

The mining boom, and superior economic management, allowed the Howard Government to pay off \$96 billion in net debt left by its predecessors and to build a healthy surplus. It remains one of the chief reasons for Australia's second placement in all countries measured in the UN Human Development Index³.

I attended the Coalition's second Tourism Roundtable in Canberra on 11 October 2012 and was heartened and impressed with the industry's positive attitude towards the tourism industry's many challenges. These are, that are in a variety of ways, borne of Australia's "two speed economy". Individuals like Chairman of the Australian Tourism Export Council John King (AM) are focused on delivering positive outcomes for his sector, in the face of extraneous factors:

- Financial distress of potential tourists in key source markets;
- A high Australian dollar; and
- Natural disasters.

However, untimely and avoidable extra pressure is applied by federal government policy:

- \$750m in accumulated travel taxes and charges (over the next 4 years) were added in the May 2012 budget⁴
- \$500m in further visa hikes announced in MYEFO including:
 - 457 visas now cost \$450 (up from \$350 per applicant)
 - working holidaymaker visas (WHV) now cost \$360 (up from \$280 per applicant)
- successive cuts to customs staffing lengthened customer processing times;
- 'passing on' the costs of AFP security to airports (which are passed to airlines, and on to passengers)
- Cutting regional aviation grants; and
- Imposing multi-million dollar costs of aviation security upgrades to regional airports.

The tourism industry deserves high praise for its approach to its competitive challenges, to which there are no easy answers.

Noting the importance of a profitable resources sector and a vibrant services sector for Australia's future, and recognising there is no foreseeable end to growth for Australian coal exports (notwithstanding some recent softening of demand from China), the tourism and hospitality sector is taking the mature and sensible policy approach of looking for synergies and areas for mutual benefit.

The resources sector stands ready to work with the services sector.

Government intervention to "spread the benefits of the mining boom" has so far not delivered any financial support for the tourism sector. In fact, the Minerals Resources Rent Tax has so far failed to deliver even one dollar to the Regional Development Australia Fund. This has not stopped the government spending the imagined proceeds – a contributor to Australia's \$150 billion net debt.

The handful of positive measures introduced by the federal government have been paid for by the tourism industry itself – through new or increased tourism taxes and charges. The most notable of these include:

- Asia Marketing Fund (\$48.5m)

³ <http://www.abc.net.au/news/2011-11-03/australia-is-second-best-place3a-un/3620398>

⁴ https://www.atec.net.au/budget_airports_100512_final.pdf

- Tourism Infrastructure Regional Fund (also \$48.5m)
- A \$1m investment into tourism website translation into foreign languages; and
- Smaller 'Strategic Tourism investment Grants' (STiG) to develop useful 'products' for industry such as – such as practical guides for 'China readiness'.

Policy ideas for consideration

There are several options to foster greater cooperation between mining and tourism. These include:

1. Better utilisation of Aboriginal Cultural Surveys done by minerals explorers to create Indigenous tourism projects at conclusion of mining activity⁵. Such surveys are already a requirement for companies before they are granted extraction licenses. It is a shame that potential further value is not generated from these surveys to help Aboriginal Australian communities.
2. Minerals extractors to be encouraged to create tourism stock (either accommodation⁶ or attractions) from rehabilitated mine sites (where safe from subsidence etc);
3. Undertake a study to properly map the economy's total skills needs across all sectors. This would assist the immigration minister in deciding granting skilled/semi skilled visas, and would also help the training minister in planning to train Australians over the mid to longer term in both mining and tourism sectors – ie a holistic and long term planned approach to Australia's skills needs⁷;
4. Undertake a thoroughgoing audit of Australia's accommodation capacity to include the private rentals market, and encourage state governments to include regional accommodation capacity in their requirements for extraction permits (as happens with Aboriginal cultural surveys, and environmental impact studies).⁸

⁵ Part of the planning process for mining involves engaging with Aboriginal communities and identifying evidence of early occupation (for example identifying scar trees, collating stone tools, middens and so forth.

Rio Tinto's approach is to engage Aboriginal groups in this initial survey work, then employ Aboriginal people in minerals extraction, and also to encourage Aboriginal companies to tender for work rehabilitating former mine sites. In the Hunter area, an Aboriginal company has been established to provide plant nursery and landscaping services which is now self-sustaining. It now also provides these services outside the mining sector.

We know that 81% of inbound tourists want an authentic Aboriginal experience. Businesses like the Tjapukai Aboriginal Cultural Park in Cairns do this remarkably well and show what can be achieved. It is conceivable for the work being done to assess sites of Aboriginal cultural significance in the Hunter to form the basis for something similar here. In doing so, mining companies can return land to a state that is more profitable after mining concludes.

⁶ <http://www.economist.com/blogs/gulliver/2012/04/chinese-hotels>

⁷ <http://www.theaustralian.com.au/business/mining-energy/every-government-tax-labour-royalty-decision-impacts-investment-kloppers/story-e6frg9df-1226385835439>

⁸ increased rentals in mining towns beyond price range of hotel workers; and hotel vacancies are fluctuating between zero and 100% due to mining activity (depending on whether extractors build worker camps or not);

5. Provide seed funding for the creation of a regional aviation bookings website⁹. Oftentimes, smaller aviation companies contracted to provide a certain number of flights per week for FIFO miners do have extra capacity that is unutilised by tourists because it is hard for individuals or travel agents to find it. This project should be led by the Regional Aviation Association of Australia (RAAA), utilising the knowledge and expertise of individuals like Jayson Westbury (CEO of Australian Federation of Travel Agents) and Hon John Sharpe (former Transport Minister and current Chairman of REX Airlines).
6. Where mining companies can be more flexible with their scheduled use of shared resources, they should consider the less flexible needs of tourist businesses.
7. The mining sector contributes much besides their tax payments. The MCA and AMEC should maintain a register to quantify the industry's under-appreciated additional Corporate Social Investment (CSI).¹⁰
8. Creation of Geological Tourism opportunities. John Fitzgerald (the new CEO of Tourism Tasmania) began to research this work towards the end of his time with Tourism NT in 2012. Such 'industrial tourism' has appeal for inbound visitors to whom Australia sells its minerals, to geology students at secondary and tertiary level, and to the general Australian public. Mine sites like the Cadia gold mine in country NSW do arrange the occasional visit, but it could schedule a program of visits to allow tourists to observe a working mine from safe viewing platforms, at times that don't interfere with the mine's operation.
9. Encourage state governments to follow the lead of Brendan Grills in WA to ensure more "royalties to the regions" which ameliorates community angst about pressures brought by mining, and further generates infrastructure for the long term viability of rural, regional and remote Australia once mining has concluded in those areas.

Thank you for the opportunity to make this selection.

Hon Peter Lindsay

⁹ Flights are increasingly geared towards mining (price and seat availability issue). This, along with other factors, seriously handicaps regional tourism. Aviation should remain free from government-set quotas for non-mining related travellers as this would create inefficiency in the market.

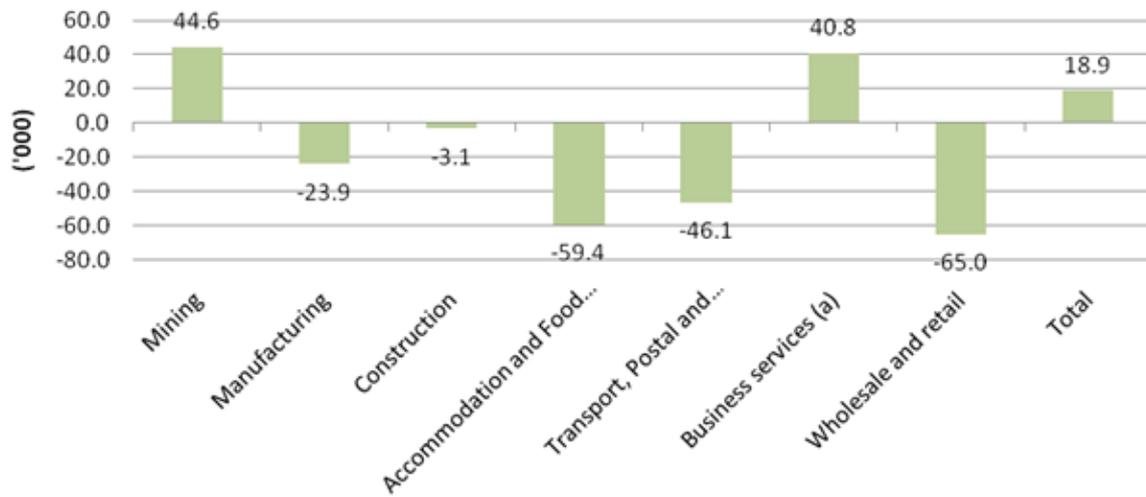
¹⁰ Such as the construction of dual use public infrastructure (roads, rail and ports) by mining companies around Australia, or those pieces of infrastructure previously built for mining purposes that were gifted to local government when mining ceased. A CSI database would also point to potential opportunities for mining companies looking for worthy projects in which to invest that also deliver benefit to the mining sector.

Hypothetically, for example, Sovereign Hill (a tourist theme park celebrating the Ballarat Goldfields) could use CSI investment from the mining sector, and this would deepen the appreciation for mining amongst Australians and other tourists visiting the attraction. A similar approach could be taken to develop Sofala in regional NSW – which has a very similar history but which has not developed this at all.

ANNEXURES

1. Trends in sectoral growth and decline
2. ATEC Media release; 3 May 2012; "Tourism industry must address mining pressures"

Australia Growth in employment February 2011 to February 2012



3 May 2012

TOURISM INDUSTRY MUST ADDRESS MINING PRESSURES

The Australian Tourism Export Council (ATEC) today said it would look to provide industry leadership in dealing with pressures and opportunities offered by Australia's mining boom through the establishment of an industry advisory panel on mining and tourism.

ATEC Managing Director, Felicia Mariani, said the tourism industry needed a way to better engage with the mining sector in order to address some of the pressure points and find common ground on key issues for both sectors.

"The rapid growth in Australia's mining sector has drawn significant resources away from other sectors – resources in investment and labour and skills have been diverted to feed the demands of the mining sector. ATEC wants to bring our industries together to identify some of the common goals and opportunities, broadening the advantages offered by the mining boom to the benefit of the wider tourism economy," Ms Mariani said.

"While there is a great deal of lament over the two speed nature of our economy, ATEC believes there is a real opportunity to grab hold of the tail of the mining boom and help tourism businesses share in some of the benefits.

The issue of mining and tourism was a hot topic of debate during a panel session at today's Symposium Conference on the Sunshine Coast. The panel brought together representatives from the mining sector, tour operators, state tourism bodies and distributors along with the Federal Minister for Tourism, Martin Ferguson.

Ms Mariani said the panel actively debated some of the pressure point issues for the tourism industry including access to labour and skills, transport pressures, accommodation and mining's impact on local tourism economies.

"These issues are certainly causing significant pressures on tourism businesses, particularly in mining states, but we believe the mining and tourism industries can connect to bridge the challenges and maximise the opportunities and ATEC must take a leading role in achieving this connection.

"We need to identify what advantages can be gained for the broader Australian economy, and tourism in particular, through the opportunities offered by the mining boom."

Ms Mariani said while the pressures flowing from the mining boom onto the tourism industry were immediately apparent, there were also long term issues which needed to be considered and ATEC would be raising the issue with the Federal Minister in the near future.

"We will be seeking the help and guidance of the Federal Government in order for ATEC to provide strong leadership for its members on this industry challenge.

"We now have a situation in many regional mining towns where accommodation providers are leasing over their properties to the mining sector for months and years at a time, leaving tourists unable to find affordable, or even any, accommodation in these locations.

“While the immediate financial benefit might be significant for the accommodation provider, other businesses which rely on tourism trade are suffering and their businesses will become unsustainable.

“In the same way, air and road transport to some of these locations is also being consumed by Fly-In-Fly-Out (FIFO) workers, leaving very little access for leisure tourists.

“The long-term impact of this shift in local economies must be considered along with the community and environmental impacts mining brings to regional areas.”

Ms Mariani said Australia also had a real opportunity to leverage the new and growing market for ‘technical/industrial tourism’.

“There is a strong case for the development of tourism businesses in Australia that can work off the back of the mining industry. The increase in demand for technical and industrial tours can bring the mining industry into an arena that can work alongside tourism in a productive way.

“The tourism industry can also work to connect with the opportunities offered by the FIFO worker who has the time to take short breaks in some of Australia’s regional destinations – this is where tourism businesses can really tap into a new and expanding domestic market.

“ATEC believes there is a great opportunity for our industry to benefit from and tackle some of the challenges brought about by the mining boom. Now is the time to seek out some of these solutions.”

[ENDS]