

**STRONGER
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6 April 2016

Mr Peter Russo MP
Chair
Finance and Administration Committee
Parliament House
George Street
Brisbane Qld 4000

Via email: fac@parliament.qld.gov.au

Dear Mr Russo

Re: Inquiry into the North Stradbroke Island Protection and Sustainability (Renewal of Mining Leases) Amendment Bill 2015 and North Stradbroke Island Protection and Sustainability and Other Acts Amendment Bill 2015 – extension of scope

Thank you for the opportunity to provide a further submission in relation to the Finance and Administration Committee's inquiry as it relates to the extended scope of the Department of State Development's Draft Economic Transition Strategy (ETS) and Queensland Treasury's Workers Assistance Scheme (WTS).

As raised in both our letter to the Committee (dated 13 February 2016) and our Submission (dated 26 February 2016), the Australian Workers' Union (AWU) was concerned at the narrow focus of the Committee's work which at the time did not include scrutiny of the adequacy and appropriateness of the Government's transition packages.

We are pleased the Queensland Parliament has now seen fit to extend this focus.

Draft NSI Economic Transition Strategy

The draft NSI Economic Transition Strategy relies on a belief that North Stradbroke Island is already a diversified island economy and that "*expanding the island's existing industries...ensure a strong, sustainable economy for all who live and work there*"¹

What this fails to recognise is that North Stradbroke Island is reliant on a major foundation industry in sand mining which contributes significant employment and economic activity. Once removed, there are significant risks to the long term sustainability of the island's economy, if the secondary industries are not "ready" to take over.

The sand mining industry currently underpins the local economy – providing jobs for residents, a major customer for local businesses and subsidising key transport, power and community services.

¹ Draft North Stradbroke Island Economic Transition Strategy, Page 3

Secretary: Ben Swan

The AWU believes that there are substantial risks in not supporting a longer economic transition period. The cessation of sand mining by 2019 will put an immeasurable strain on the local economy in the short to medium term and does not allow for alternative industries to be “ready”, both from an investment and employment perspective.

There is insufficient time for private investment of a substantial nature to be identified, assessed and constructed. This will have the unintended consequence of further eroding what is a mildly diversified island economy into one that is heavily reliant on low-end tourism.

We also believe there are other implications if the Queensland Government proceeds with a short term economic transition. This includes a decrease in the island population as workers abandon the island to find employment, increase in the levels of unemployment and reliance on social welfare, decrease in incomes (mining salaries are significantly higher than those in non-mining sectors) and higher cost of living once Sibelco withdraws current subsidies around transport, power and fuel.

The draft NSI Economic Transition Strategy focusses on three key themes which are:

1. Diversification and expansion of the current tourism industry
2. Expansion of the education and training sector – with a focus on educational tourism
3. Inspiring business development and growth

1. Diversify and expand the current tourism industry

Tourism currently represents 20% of the island’s workforce² and there is merit for expanding the current tourism offering on North Stradbroke Island. However, there are some critical challenges to this approach:

- Tourism remains one of the lowest paying sectors in the Australian economy – represented by low wages, seasonal workforces and unskilled employment. This is likely to have a significant impact on the local island economy transitioning from highly paid mining jobs to lower income tourism opportunities;
- Whilst tourism is currently experiencing growth (*as a result of the low Australian dollar*), the patterns of Australian tourism continue to be uncertain and unpredictable. This has a direct impact on employment opportunities in the tourism industry as uncertainty in demand for Australian tourism might affect the sustainability of employment in the tourism sector;
- Tourism that also utilises natural resources (such as NSI) is also exposed to the additional unpredictability of natural changes and activities;
- Whilst there is an established tourism sector in NSI, it lacks critical mass to be self-sustaining in the medium – long term. The draft ETS relies on significant private investment to be “ready” within the next two years in order to drive tourism developments, infrastructure and product;
- Without a significant improvement regarding access to the Island through dedicated transport infrastructure and services we will see integration with wider SEQ tourism opportunities a continuing challenge for both tourists and investors.

2. Expand the education and training sector

Currently, the education and training sector employs 6% of island residents.³ It is envisaged through the draft ETS, that future employment in this sector will amount to approximately seven (7) ongoing jobs.

² Draft North Stradbroke Island Economic Transition Strategy, page 21

³ Draft North Stradbroke Island Economic Transition Strategy, Page 27

Establishing education as a source of income and employment is unlikely to be of any significance in transitioning the island economy in the short, medium or long term.

A focus on educational tourism shares the same inherent challenges that the general tourism sector faces around unpredictability, low wages and the need for critical private investment in infrastructure and services.

3. Inspire Business Development and Growth

Further development on North Stradbroke Island is seen as a potential panacea to economic activity and employment growth. It is envisaged that “*development on the island to create construction jobs for locals and bring workers to the island...creating additional economic activity*”.⁴

As the AWU expressed at the recent public hearing into the North Stradbroke Island legislation inquiry, there is a concern in relation to what is perceived as transferability of skills. Sand mining is a specialised skill set that is separate and distinct and the assertion that current sand mining workers will be able to easily transition to construction jobs is ill conceived and illogical.

The ability to acquire new skills in the construction industry is not something that happens overnight and a substantial period of time is required for workers to acquire those skills. Even if those skills could be acquired in the short term, there is currently an available workforce of construction workers who are also transitioning from other projects such as the Bechtel projects on Curtis Island who will be available and already skilled to take these positions.

The ETS is particularly focussed on two key development opportunities – Dunwich Harbour redevelopment and Toondah Harbour.

The Dunwich Harbour redevelopment is clearly in its infancy and still has to undergo a master planning process which is likely to be two years (based on the Toondah Harbour experience). Once a master plan has been approved, and subject to the project not being referred to the Commonwealth Environment Minister for consideration under the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC), the project will rely on partnerships with the private sector to be viable. This is clearly years away from being developed.

The Toondah Harbour Development is anticipated to provide 1000 construction jobs and 500 ongoing jobs. From a construction perspective, it is important to acknowledge that like all civil and building construction projects – this is a project. It will be a transient measure with a beginning and an end – it will not offer a long term solution for jobs in the region.

In terms of the proposed 500 ongoing jobs, it is difficult to see how these will be created given the majority of the Toondah Harbour Development is designated for residential development with only a “proposed” hotel/ function facility and convenience and boutique retail slated for ongoing employment opportunities.⁵

Pursuant to section 23 of the *Right to Information Act 2009*, the AWU also sought information from the Queensland Government in relation to any documents including economic and financial modelling and cost benefit analysis related to the medium and long-term future of the NSI economy and community following

⁴ Ibid, Page 31

⁵ <http://www.toondah-harbour.com.au/>

the proposed cessation of mining operations in 2019 and any consideration and/or decision made by the department or the Minister as a result of such modelling and /or analysis.

We have received information that shows an independent analysis of the economic impact of the cessation of sand mining on North Stradbroke Island was commissioned by the Department of State Development, however the AWU has been refused access to the analysis on the grounds that its disclosure would reveal any consideration of Cabinet or would otherwise prejudice the confidentiality of Cabinet considerations or operations.

As a result, we are unable to fully understand what modelling or analysis has been done in reaching the conclusions within the ETS including whether \$20 million committed by the Queensland Government will provide enough funding to drive key initiatives, actions and investments in the medium to long term.

Workers Assistance Scheme (WTS)

The AWU is concerned that the NSI Workers Assistance Scheme does not have sufficient detail around it at this time to provide meaningful guidance on how the Scheme will actually work.

There is reference to the appointment of an Employment Services Manager (ESM) who will provide delivery of services under the Scheme. We would be interested to know whether this role will be a Government position or an external person (contractor).

We believe there is insufficient detail around the following forms of assistance:

- *Relocation assistance* – there are no details as to what this will cover;
- *Housing assistance* – what is the quantum proposed;
- *Commuting assistance* – there are no details as to what this will cover and what the \$ quantum or % of the concession will be;

We are concerned that the definition of an “Eligible Worker” does not seem very clear. We would also like a better understanding of what the eligibility criteria will be for “eligible casual workers”.

The WTS references up to 45 full-time equivalent jobs are expected to be supported by the NSI Economic Transition Strategy during peak construction, predominantly in the construction industry. As already advised, the AWU has concerns as to how sand mining workers will be transitioned into construction positions in the short term without the requisite skills or experience.

In relation to income supplementation, we would like an understanding of what is defined as “employment” – for example, does one (1) hour per week qualify as “employment”?

We question why income supplementation is based on ordinary time wages when regular overtime forms a significant part of mining industry wage profiles. We would like to understand what “temporarily unable to be placed in alternative employment or approved training” means in this context.

The *Sibelco Australia Limited North Stradbroke Island Mineral Sands Enterprise Agreement 2011* is currently being negotiated and redundancy provisions are a key point of dispute between the company and the unions representing workers.

If redundancy provisions are changed in the new (2016) Agreement, will the WTS reflect the new provisions as they relate to income supplementation and dislocation assistance?

We would like to know what, if any appeal mechanisms have been contemplated for workers who may dispute a decision under the Scheme.

The WTS envisages the Scheme will be available for five (5) years following the date of commencement for the expected *North Stradbroke Island Protection and Sustainability and Other Acts Amendment Bill 2015*. This would see a cessation date of 2019 – has the Government prepared an implementation plan or specific timeframes that it will adhere to?

We would also like to know if there will be continuing consultation with the representative unions on the WTS and the implementation of the Scheme.

We understand through our members that there may be older workers who may seek assistance with transitioning to retirement – the WTS does not seem to contemplate supporting workers with this as an outcome.

Finally, we seek to understand how the Queensland Government came to the decision to commit \$5 million for the WTS – prior to identifying and engaging with “eligible workers”.

As indicated in our previous Submission, we do not believe the Government’s proposed Economic Transition Strategy or Workers Assistance Scheme can transform an entire island economy and community by 2019.

Maintaining sand mining operations beyond 2019 is critical as it will continue to provide much needed local employment and sustain incomes on North Stradbroke Island until alternative industries and private investment “ramp up” over the medium to long term.

Only by providing a realistic and long term economic transition, will we see a truly diversified island economy on North Stradbroke Island.

If you require any further information in relation to our submission, please contact our office on phone: (07) 3221 8844 or email: secretary@awu.org.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ben Swan', written over a light blue circular stamp.

BEN SWAN
SECRETARY