



**Queensland Parliament
Finance and Administration Committee
Inquiry into the North Stradbroke Island
Protection and Sustainability (Renewal of
Mining Leases) Amendment Bill and the
North Stradbroke Island Protection and
Sustainability and Other Acts Amendment
Bill**

**Additional Submission – Draft economic
transition strategy and the workers
assistance scheme**

April 2016

AMMA is Australia's national resource industry employer group, a unified voice driving effective workforce outcomes. Having actively served resource employers for more than 97 years, AMMA's membership spans the entire resource industry value chain: exploration, construction, commercial blasting, mining, hydrocarbons, maritime, smelting and refining, transport and energy, as well as suppliers to those industries.

AMMA works to ensure Australia's resource industry is an attractive and competitive place to invest and do business, employ people and contribute to our national well-being and living standards.

The resource industry is and will remain a major pillar of the national economy, and its success will be critical to what Australia can achieve as a society in the 21st Century and beyond.

The Australian resource industry currently directly generates over 8% of Australia's GDP. In 2014-15 the value of Australian resource exports were \$171.9 billion. This is projected to increase to \$256 billion in 2019-20. It is forecast that Australian resources will comprise the nation's top three exports by 2018-19. Over 50% of the value of all Australian exports are from the resource industry.

Australia is ranked number one in the world for iron ore, uranium, gold, zinc and nickel reserves, second for copper and bauxite reserves, fifth for thermal coal reserves, sixth for shale oil reserves and seventh for shale gas reserve.

AMMA members across the resource industry are responsible for significant level of employment in Australia. The resources extraction and services industry directly employs 219,800 people. Adding resource-related construction and manufacturing, the industry directly accounts for 4 per cent of total employment in Australia.

Considering the significant flow-on benefits of the sector, an estimated 10 per cent of our national workforce, or 1.1 million Australians, are employed as a result of the resource industry.

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INTRODUCTION

1. AMMA provided a written submission to the Committee's inquiry into the above mentioned Bills on 4 March 2016¹, and subsequently appeared before the Committee on North Stradbroke Island on 8 March 2016.
2. This additional submission responds to the subsequent extension of scope of the inquiry.² AMMA notes that following the Legislative Assembly's resolution of 17 March, the "Committee will now consider the Department of State Development's draft economic transition strategy and Queensland Treasury's worker assistance scheme".
3. This additional submission should to be read in conjunction with AMMA's original submission, which is re-attached to assist the Committee.
4. The points included in AMMA's original submission and oral evidence remain relevant notwithstanding the revised and extended scope of this inquiry. We invite the Committee to particularly note points 16 to 25, and points 34 to 43.

NORTH STRADBROKE ISLAND SAND MINING WORKERS ASSISTANCE SCHEME

5. It is welcome that the Queensland Government recognises that where it is forcing a significant economic, employment and structural change on a community, particularly an economy that is largely reliant on a single activity/employer, the state has an obligation to support the community and its people in making that transition. In this respect the proposed North Stradbroke Island Sand Mining Workers Scheme (the Scheme) is broadly welcome.
6. However, AMMA is concerned that the \$5 million North Stradbroke Island Sand Mining Workers Scheme (Scheme) will be materially underfunded and unable to deliver on either its nominal aims or what the island workforce needs to make an effective and just transition.
7. The Scheme has not been adequately and practically designed, assessed and costed, and as such we are very sceptical that the Scheme could work efficacy and deliver the desired outcomes.
8. Of concern, the Scheme would not adequately extend support to the great number of workers that will be affected by the sand mining closure – there are too many qualifications and conditions on the support offered which will disqualify or limit access to support for those in need.
9. As we have made clear, AMMA and the resource industry does not support an abrupt and damaging end to sand mining in 2019, and instead supports a more realistic and just timetable for transition away from sand mining on the island.

¹ Submission [#216](#)

² On 17 March 2016, the Legislative Assembly [resolved](#) to extend the Committee's inquiry to include consideration of the Department of State Development's [draft economic transition strategy](#) and worker transition plans.

10. We remain very sceptical regarding the capacity of alternative industries to generate sufficient replacement jobs (and adequate replacement incomes) for existing sand miners. These concerns multiply exponentially on a 2019 closure timetable for sand mining.
11. The damage set to be wrought by the highly political decision of the Queensland Government to end sand mining in 2019, if successful, demands an assistance and transition support package that:
 - a. Is genuine, rather than for show, and addresses the genuine current and future needs of those impacted on by the closure of sand mining.
 - b. Takes a holistic approach to coverage and access, extending to the full range of direct and indirect job losses following a cessation of sand mining. This means not restricting access to just the sand mining operations workforce, and thinking more realistically and comprehensively about the range of people whose jobs will be impacted.
 - c. Provides adequate support for the needs of job losers on the island.
 - d. Is not discounted for any redundancy payments received by ex-employees which will be needed to cover costs of living, accommodation etc. for some period given the lack of alternative employment opportunities on the island, and the long lead time to ramping up alternative industries.
 - e. Is developed in consultation with industry on the Island and its community, not imposed from Brisbane without proper consultation.
12. The government has the broad dimensions or topics of the scheme broadly right, encompassing:
 - a. Job search.
 - b. Training, employment and relocation assistance.
 - c. Housing assistance.
 - d. Commuting assistance / subsidy.
 - e. Income supplementation.
 - f. Dislocation assistance.
13. However key issues of access, adequacy and consultation need to be addressed if the proposed Scheme is to constructively assist the actual transition the island will be called on to make; whether in 2019, 2027, 2035 or on any other timetable. To do otherwise risks wasting taxpayer money and fundamentally letting down North Stradbroke Islanders.
14. We also stress that the government is making the decision to cease sand mining,

and in particular to end it prematurely and abruptly.

15. The government must provide an assistance and transition package for the Island and its people that is adequately funded and effective, and that assists in the actual human, employment, economic and social transitions that will need to be made on the Island.

ACCESS TO SUPPORT UNDER THE SCHEME

16. All employees, direct and indirect, and regardless of whether they receive a redundancy payment from any business, should be entitled to, and able to access to the North Stradbroke Island Sand Mining Workers Assistance Scheme.
17. For example, when sand mining ceases, those indirect workers reliant on the sand mining industry, such as those working on the ferries, in land transport, those providing services to the mine, in the local club, fish and chip shop etc. may also lose their jobs. They are also job losers at the direct instigation of the Palaszczuk Government, and should be no less entitled to support than those directly employed in sand mining.
18. We note that those indirect workers, those not employed by Sibelco, are likely to be at the lower end of the distribution of any redundancy payments. It is well recognised that miners are typically in a higher remuneration occupation compared to a number of other industry categories – refer to point 22e. for details).
19. AMMA's position is that:
 - a. The transition of all job losing employees must be supported by the government, both directly and indirectly impacted upon.
 - b. With the Scheme (for example, access and availability to income supplementation) being closed or restricted to those receiving redundancy payments from Sibelco, then with respect as articulated, the Scheme verges on a scam, or at very least a political sham.
 - i. The scheme is said to be directed "in the main to the permanent workforce of sand mining operations".
 - ii. However, the scheme is then limited by any redundancy payments made under the Sibelco's enterprise agreement.
 - iii. Who then would receive the payments under the Scheme as presented? Not ex-Sibelco employees who will overwhelmingly receive redundancy pay outs under the Enterprise Agreement, and not employees who are not the "permanent workforce of and mining operations". AMMA's view is that such conditions paint this legislation as attempt to create a saleable scheme of support but one which severely and inappropriately limits who can access it.
20. According to the Scheme, if an affected worker receives a redundancy

payment they are not eligible for income supplementation. This poses a raft of issues and questions. For example:

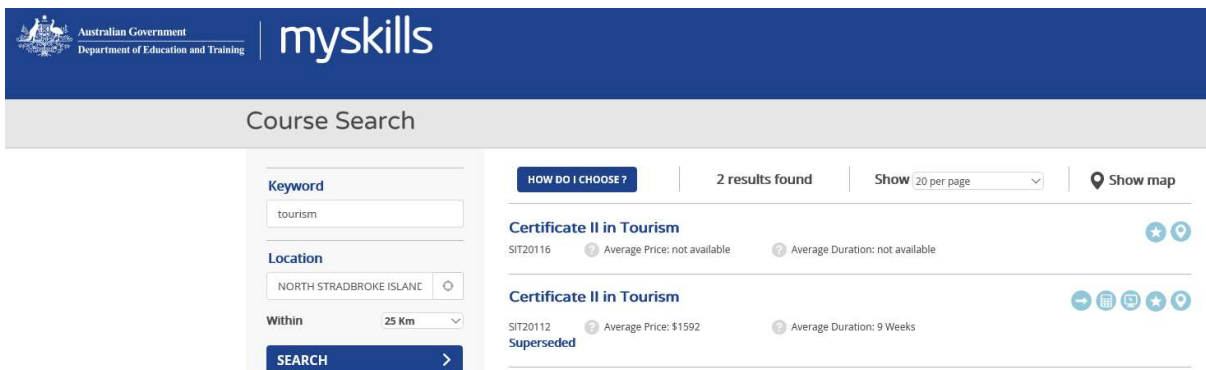
- a. If the affected workers' redundancy is less than what they would have otherwise received from 'income supplementation', this may limit or prohibit the ability of the affected worker to undertake funded education (which defeats the whole point of the Scheme); thereby limiting the affected workers future employability potential.
 - b. Why are Sibelco workers being discriminated against for lawfully and rightfully receiving redundancy payments that they are entitled to, yet being precluded from receiving income supplementation, which is designed to promote education and increase their future employability?
 - c. Isn't the whole point of this Scheme meant to assist the affected workforce and to transition the local economy?
 - d. At this point, it is vital to mention that it is the government itself that is prematurely ending sand mining which without government intervention would have provided employment, above average living standards and incomes to workers for decades to come.
 - e. Federal government data shows the average 'tourism' weekly full time earnings are 'below average' at \$961 (compared to the all occupations average at \$1,152) and significantly below the average mining weekly full time earnings at \$2,523. Therefore, it is highly likely that all workers affected by the closure of sand mining on the island will require income supplementation and many will require housing assistance.
21. As worded in the Assistance Scheme document the scheme seems boxed into doing little work, and to preclude payments to those who will need them most – which is all job losers regardless of who their employer was, and regardless of the level of redundancy payment they may have received. This may save government money, but if maintained would render the scheme a sham, and misleading of employees and the Island community. In the longer-term, it also jeopardises the success of the transitional strategy as well.
22. The scheme documentation is also negligently silent on those whose employment is conditional on sand mining, but not employed by Sibelco. There will be numerous immediate and flow on job losses from the cessation of sand mining, beyond direct sand mining employees, and to fail to include them in the Assistance Scheme would fail these employees, their families and the wider Island community.

³ ABS – Cat 6302.0, Table 10G.

23. There should be proper economic modelling in conjunction with local area research into the likely scope of indirect and flow on job losses before proceeding with any decisions on either a closure timetable for sand mining, or a support scheme.

TRAINING AND SKILLS

24. The objective of the 'training and skills' component of the Scheme, is for eligible affected workers to undertake certificate III or higher level skills such as certificate IV, diploma, advanced diploma or transitions to tertiary study qualifications.
25. With the Queensland Government's North Stradbroke Island strategy steadfastly geared towards transitioning the local economy towards tourism, it is logical that many of the 'affected workers' will consider undertaking some form of tourism-related course. Particularly if they plan to remain on the Island and given that tourism appears to be the key long-term pillar industry from which residents will derive their income and livelihood.
26. Ironically however, and according to the Australian Government's *myskills* website⁴, there are no tourism qualifications above certificate II, being offered within reasonable proximity of North Stradbroke Island.⁵



The screenshot shows the 'myskills' website interface. At the top, it says 'Australian Government Department of Education and Training'. Below that is the 'myskills' logo. The main heading is 'Course Search'. On the left, there is a search form with 'Keyword' set to 'tourism' and 'Location' set to 'NORTH STRADBROKE ISLAND'. The 'Within' distance is set to '25 Km'. A 'SEARCH' button is at the bottom of the form. On the right, there are filters: 'HOW DO I CHOOSE?', '2 results found', 'Show 20 per page', and 'Show map'. The search results list two 'Certificate II in Tourism' courses. The first is SIT20116 with 'Average Price: not available' and 'Average Duration: not available'. The second is SIT20112 with 'Average Price: \$1592' and 'Average Duration: 9 Weeks', and it is marked as 'Superseded'.

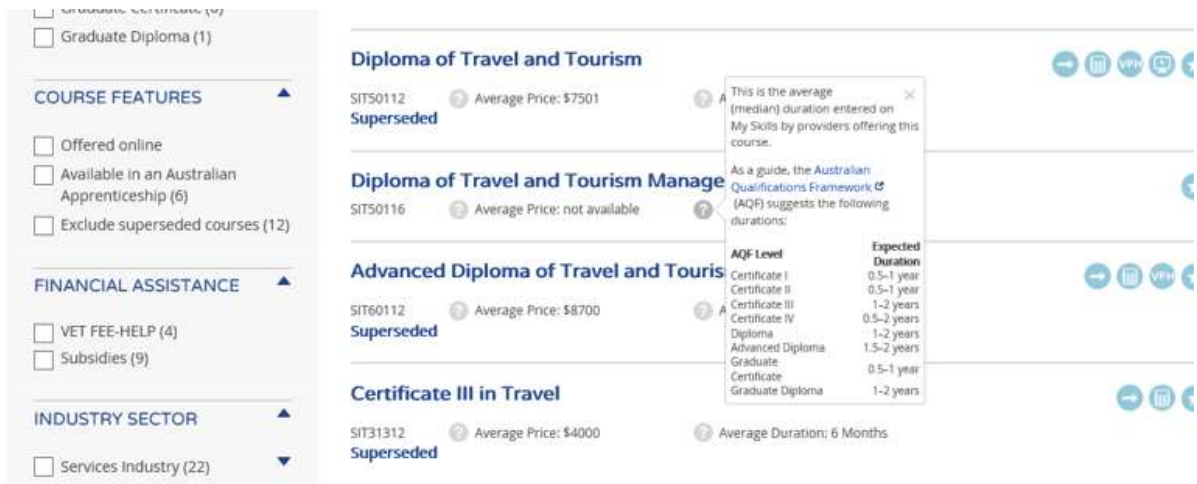
27. Note, higher qualifications will be needed to work in the type of tourism and hospitality being envisaged for the Island, and a former sand miner or other displaced employee may need to secure a series of qualifications / certificates to get a job in the new economy envisaged for the Island. Again, these are simply not available in close proximity to the Island.
28. If the 'affected worker' is willing to travel to Brisbane to complete a Diploma in Tourism and Travel management, the average qualification length is one to two years (which is the same length as a certificate III qualification⁶) at a course cost likely to be in excess of \$5,000.

⁴ www.myskills.gov.au

⁵ <https://www.myskills.gov.au/Courses/Search?keywords=tourism&locationID=8471&Distance=25>

⁶ <https://www.myskills.gov.au/Courses/Search?keywords=tourism&locationID=8186&Distance=25>

29. Thus:
- a. The period of support (e.g. income supplementation) does not match the available (in fact probably mandatory) qualifications that will be necessary to work in envisaged future labour market of the island, which will take two years or more.



AQF Level	Expected Duration
Certificate I	0.5-1 year
Certificate II	0.5-1 year
Certificate III	1-2 years
Certificate IV	0.5-2 years
Diploma	1-2 years
Advanced Diploma	1.5-2 years
Graduate	0.5-1 year
Certificate	0.5-1 year
Graduate Diploma	1-2 years

- b. The package is silent on travel costs (commuting subsidy) for those re-qualifying rather than working on the mainland (but living on the Island).
 - i. The Committee should take into account a possible rise in ferry fares when the effective subsidy sand mining provides is removed (i.e. without all the Sibelco generated business, the ferries may become more expensive and less frequent).
 - ii. This is going to make already expensive study, more expensive for Island residents.
30. If the 'affected worker' is willing to travel to Brisbane to complete a Diploma in Tourism and Travel management, the average qualification length is one to two years (which is the same length as a certificate III qualification⁷) at a course cost likely to be in excess of \$5,000.
31. Government should not start with an amount of money and determine what is possible. Rather, government should start with the likely needs of current employees and seek to deliver on them.
32. Experience: None of this can redress the problem of newly minted hospitality and tourism graduates not having any experience, nor the fact that hospitality and tourism student residents on the mainland will have more opportunities to gain experience than island residents. There is every chance that government will fund retraining and islanders undertake it, only to see any new tourism jobs on the Island go to experienced, mobile workers already in the Industry who will be

⁷ <https://www.myskills.gov.au/Courses/Search?keywords=tourism&locationID=8186&Distance=25>

resident on the Island only in periods of seasonal demand.

INCOME SUPPLEMENTATION

33. The length of the income supplementation component of the Scheme (52 weeks) is insufficient, it does not provide enough cover, and does not extend to all the affected workers of the sand mining close down, which will require income supplementation support.

INCOME SUPPLEMENTATION, TRAINING AND SKILLS

34. The overall design of the 'Scheme' is structurally flawed when you walk through how the Scheme will work in practice. For example:
- a. If an affected worker undertakes an approved (i.e. tourism) course which has a course length greater than a year, which is by implication recommended by the government as it applies the Investment Plan Program criteria, the affected worker will only receive income supplementation for a year, and therefore will be 'out-of-pocket' for the remainder of the course.
 - b. Due to financial and personal circumstances of the affected worker, and as income supplementation is not reconciled to course length, this will likely result in affected workers undertaking shorter courses/qualifications (equal to or less than 12 months), and typically shorter courses lead to lower level qualifications, and less chance of translating this into an actual job.
 - c. As a result, the impact of the current Scheme is that lower level qualifications will likely limit future job opportunities and future income capacity, noting the positive correlation between education attainment and remuneration.
 - d. It is unfortunately foreseeable that islanders could undertake qualifications for tourism jobs, only to find that when new opportunities come on line, they go to those with higher qualifications and relevant hospitality industry experience.

LABOUR MARKET INFORMATION

Travel Consultant (ANZSCO code 451612)

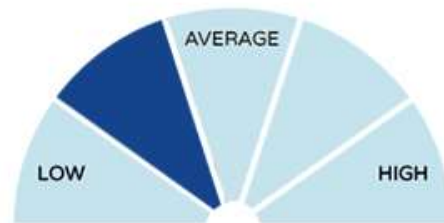
Expected job openings



Average

23,900 persons were employed as Tourism and Travel Advisers in 2014. Job openings over the next 5 years are expected to be between 10,001 and 25,000.

Average weekly full time earnings



Below average

Average weekly full time earnings before tax for Tourism and Travel Advisers are: \$961. Average earnings for all occupations are: \$1,152

Source: Department of Employment. For full details on Tourism and Travel Advisers visit [Job Outlook](#)

HOUSING ASSISTANCE

35. The lack of detail around point 7 of the Scheme. "housing assistance" is also of concern. It requires further clarity and needs to be fully costed. Undoubtedly there will be 'mortgage and repayment' stress for those workers directly and indirectly impacted by the closure of sand mining, and will likely to extend for many years to come post the cessation of sand mining on North Stradbroke Island. As we stress, even assuming a successful replacement of sand mining with tourism, it cannot be assumed that:
- a. All sand mining employees (and those indirectly employed due to the current economy and labour market) will find jobs in a new, tourism based economy.
 - b. That newly employed hospitality employees will gain the same or comparable incomes to those they presently enjoy.
36. Additionally, for home owners and investors, the Scheme fails to provide compensation or a strategy (i.e. a government buy-back) as a result of foreseeable falls in house prices, caused by government intervention (in prematurely ceasing mining operations). It is likely that local housing prices will depreciate at least in the short to medium term and this may cause significant economic harm to many individuals and families.
- a. We also strongly caution against any blithe or uniform assumption that every sand miner will be fine as they can offer their house as part of a burgeoning tourist trade.
 - b. That does not seem to stand up to scrutiny, and not everyone on the island has housing that is suitable for temporary holiday rental, nor could you assume they have somewhere else to stay when letting their house.

- c. Giving up one's house to holiday renters would also seem incompatible with having a hospitality job on the island to serve said tourists.
37. In order to alleviate some of the economic harm and social stresses that is certainly going to be caused by the cessation of sand mining operations, AMMA strongly encourages government that the most appropriate date to end Sibelco's North Stradbroke Island sand mining operations is at the very earliest, year-end 2027.
38. This would provide some time for individuals to prepare, assess and financially position themselves to life after sand mining. The more sudden the cessation of sand mining (particularly 2019), the more damaging and severe the consequences will be to those affected by sand mining operations, and the larger the government assistance package must be.
39. Beyond that, Island residents should be entitled to Housing and Mortgage Assistance based on their actual needs and solid economic forecasting of the impact of closure on the island's economy and housing markets. We call on the government to:
- a. Commission independent economic research into the impact of closure on the housing market / values on the island.
 - b. Based on this research work with the island community to design an adequate housing assistance / compensation package.

DRAFT NORTH STRADBROKE ISLAND ECONOMIC TRANSITION STRATEGY

40. The economic and social benefits of getting this right through consultation, collaboration and agreement will far outweigh any strategy that forgoes an industry that the community relies upon.
41. The government has a real opportunity to simultaneously maintain sand mining and promote and encourage tourism on North Stradbroke Island - these industries are not mutually exclusive.
42. The government's "Draft North Stradbroke Island Economic Transition Strategy" (Strategy) is very risky. With no guarantee of success, the government is jeopardising hundreds of jobs and millions of dollars in lost taxes and royalties for a long-term initiative vision of "construct[ing] a world-class whale interpretation facility, including a high quality natural museum with audio-visual facilities" and "investigat[ing] the expansion of the existing aged care facilities on the island to double the existing capacity and create opportunities for employment in the aged care field".
- a. Note, with potentially fewer ferry services in the absence of sand mining we are not sure families are going to want their elderly relatives on the island where they cannot visit them easily.

- b. We are also not sure the medical facilities and infrastructure etc. on the island are adequate to complement an expanded aged care facility.
 - c. Again these concerns are best met by developing the future transitions for the Island in consultation with the people of the Island.
43. This submission is not aimed at downgrading or discouraging initiatives to drive new industry on the island.
44. Rather, AMMA is concerned that a viable sand mining industry that has a track record of generating income for the state, providing intergenerational jobs for the local community and surrounding region as well as providing raw materials for the products that world requires, will be sacrificed for the upscaling of a tourism focussed industry that has no guarantee of success.
45. As we said in oral evidence to the Committee, sand mining will cease, the question is when and with what support for a just transition for the island and its people.
46. Further, tourism is an industry that is inherently variable, due to seasonality and economic volatility – e.g. through exchange rate movements and changes in monetary policy – impacting disposable incomes). This will impact employment and income streams for individuals.
47. This strengthens the argument and imperative to have diversified industries and a diversified local economy – and delivering this to replace the foundation of the islands economy for the past six decades will not be easy.
48. The strategy is also silent on how, or if, the government will compensate the Indigenous community for loss of ex gratia payments. Of note, \$8 million in future Indigenous Land Use Agreement revenues will be lost by the Quandamooka Common Law Holders if mine operations end in 2019 opposed to 2027.

SUMMARY

49. As set out above:
- a. Income supplementation for workers completing 'training and skills' should be extended and reconciled to the length of the course.
 - b. The Scheme must provide greater prescription on 'housing assistance'.
 - c. The Scheme must develop a strategy and compensate individuals for the likely loss of housing prices if there is going to be premature cessation (before 2035) of mining operations.
50. AMMA again strongly stresses to the government that the most appropriate date to end Sibelco's North Stradbroke Island sand mining operations is at the very earliest, year-end 2027.
51. The Scheme and short, medium and long term initiatives from the Strategy

require further analysis, consultation and needs to be appropriately costed. A key part of this should be working with Sibelco, the Chamber of Commerce on the Island, and as appropriate with the wider Island community.

52. The more sudden the cessation of sand mining (particularly in 2019), the more damaging and severe the consequences will be to those affected by sand mining operations, and the larger the government assistance package must be.
53. Sand mining and tourism can co-habitat on North Stradbroke Island, and the Island can transition to a more tourism based economy, however this will take decades and it will take money.
54. This cannot be done on the cheap. If the government believes it is in the interests of Queenslanders for mining on the island to cease, it will need to adequately fund a just transition that delivers a sustainable future for the island and its community.
55. AMMA strongly recommends that the Scheme and the Strategy be revised based on proper consultation with all stakeholders – presently this is under thought out and under resourced.
56. It is unfortunately difficult to escape the conclusion that the Scheme as proposed is an attempt to do this on the cheap, and to rush. Neither approach will serve the interests of the Island community nor the broader Queensland community.
57. This needs more time, it needs more consideration, and it needs more consultation. The Committee should recommend:
 - a. Sand mining cease on the 2027 timetable, not the abrupt and damaging 2019 timetable.
 - b. Against the passage of any further legislation at this time.
 - c. The preparation of a proper Regulatory Impact Assessment for both the closure legislation and the Scheme and Strategy before any further action or decisions are taken.
 - d. The government commission independent economic advice on the foreseeable scope of flow on job losses beyond those persons directly employed by Sibelco, that this form the basis of any assistance scheme and its costing, and that no decisions be taken on closure or assistance until this is completed, released to the community and consulted on.
 - e. The Scheme and Strategy be subject to consultation with in particular Sibelco and the Chamber of Commerce on the Island, and the wider Island community as appropriate.
 - f. Government commission independent economic advice on the likely impact of ending sand-mining on house prices before progressing any form of housing assistance.
 - g. The Scheme not be restricted to former sand miners / Sibelco employees.

- h. Any redundancy payouts not render any employee ineligible for assistance and support.
58. Once again, as AMMA argued in the initial tranche of this inquiry, this is all unduly rushed, and sound policy outcomes and a just transition are being threatened by the haste with which the government is approaching both ending sand mining and supporting transition.
59. It is welcome the government recognises the need to support job search retraining, housing, commuting etc., but it needs to take the time and do the work to get this right.