



9 April 2010

The Secretary of the Committee
House Standing Committee on
Employment and Workplace Relations
House of Representatives
Parliament House
CANBERRA ACT 2600

INQUIRY INTO REGIONAL SKILLS RELOCATION

This submission is made on behalf of Advance Cairns in order to inform you of the significant problems which we continue to face in Tropical North Queensland and issues relevant to employment and regional economic development in this region, in order that they may be taken into account in your Committee's inquiry into regional skills relocation.

Advance Cairns

Advance Cairns is the peak economic development agency for Tropical North Queensland and represents a wide ranging coalition including Local Governments, Tourism Tropical North Queensland, Cairns Chamber of Commerce, Cairns Airport, Ports North (which runs the Queensland seaports north of Lucinda) and James Cook University.

We have noted the Terms of Reference for the enquiry, namely:

To inquire into and report on the applicability of government employment policies to address the skills shortages in regional Australia focusing on opportunities to support the relocation of unemployed workers from areas of high unemployment to areas experiencing skills shortages

and now make this submission in response.

Our Concerns

We are concerned that unless there is a proper understanding of the issues being faced by this region that the findings of your inquiry could have the potential to cause our most skilled and employable residents to leave our region, and thereby severely impact upon our recovery from our current economic and unemployment woes, and cripple our intended return to an acceptable and sustainable level of ongoing economic development. Those concerns are shared by our key stakeholder organisations. We consider that these issues are very relevant at this time given the economic crisis which is affecting our region. In the Cairns statistical division unemployment has been in the range of 12-14% over the last 6 months, far and away the highest in Australia, and that figure is much higher on Cape York and generally among our indigenous population. However, we do not consider that the solution to those problems lies with sending our workers away and turning Cairns and our

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surrounding communities into either or both ghost towns or welfare towns.

Our main concerns and the issues we wish to raise can be summarised thus:

1. The Depth and Breadth of the Issues Affecting the Cairns' Regional Economy

While it is likely that Committee members have a general awareness of the difficulties this region is facing, it is important that members have a true appreciation of the depth and breadth of those issues.

While the record unemployment rates referred to above – which actually peaked at 13.8% late last year – are one indicator of our problems, it is necessary to understand the underlying reasons for that. The “perfect storm” whipped up by the Global Financial Crisis and the resultant credit crunch, the collapse in our construction and some mining services industries, a high Australian dollar, a loss of airline capacity and a collapse in international tourist numbers, and our reliance on a narrow industry base has brought the Cairns region economy virtually to its knees.

2. What We and Government Are Doing To Address That

That situation caused business and other leaders in the region to unite late last year to deal with our problems, with the manifestation of that unity being reflected with the “New Deal” campaign. The attached “A New Deal For Cairns” document details that campaign.

The campaign broadly set out a 3 stage process – those stages being Relief, Recovery and Reform – which the region’s leaders saw as the way in which, with significant Government help, we could lead the region back to prosperity.

We were delighted by the Government response which was both swift and positive, and the feedback we got from all levels of Government was that they were impressed both with our unity as a region and consistency of theme as well as with our desire to work with Government to solve our problems.

Cairns Regional Council was part of the New Deal team from day one. The Queensland Government quickly came on board and Premier Anna Bligh developed and in November 2009 released her Government’s “Cairns Economic Future: A plan for jobs and the economy 2009-2011” document in response. A copy of that document is attached.

In December 2009 Prime Minister Kevin Rudd visited Cairns on the day a Centrelink Jobs Expo was being run and announced various positive Federal initiatives and policy changes to help the situation – see the “Rudd Government Is Keeping Cairns Working” document attached. We have also had extensive dialogue and meetings with other Federal Ministers and Parliamentary Secretaries progressing various initiatives over the last few months.

The result of all of that activity is that while things remain very tough, we hope that the bleeding has been stemmed and the tide has started turning. Although hard to measure, anecdotal evidence suggests that despite a lack of work we have not lost as many skilled workers from the region as had been feared. There seems to now be a sense that it is worth “hanging on”, as it is seen that opportunities are likely to again arise for employment in the region. With the traditionally slow wet season nearing its end and a significant uplift in airline seat capacity about to be brought on line there is an expectation of an improved tourist season, which will in turn cause money to flow into other sectors of our economy.

Despite all that, things remain tough, and many businesses are thought to be barely hanging on and are relying on those anticipated better trading conditions over coming months, and if there are any further significant hits to our local economy that could be disastrous.

3. The Need To Keep Skilled Workers In Or Contributing To Our Region

In many ways this is the key to this submission. If any concerted effort were made to move workers from Tropical North Queensland to other areas of high employment opportunity, then those most likely to move are our most skilled and therefore employable workers.

The reality is that the “rump” of low or no skilled long term unemployed persons in this region are now chronically unemployed or underemployed either because they are low or no skilled, probably because of lack of real opportunity in the past, and/or because for their own reasons they choose not to work or choose only to work part time or in seasonal roles.

Therefore if Government policies are set to encourage workers to move from this region to other regions it follows that the persons most likely to leave are our most skilled and productive workers. The brain and productivity drain that that would create would be catastrophic for our region. Our efforts and those of all levels of Government to date in dealing with our economic crisis have been directed towards keeping those people in the region. A Government policy which reversed that would have crippling and far reaching effects on our economy, future prospects and critically, confidence in the region.

As a largely small business and enterprise driven city and region we have always been driven by our “can do” attitude and entrepreneurial drive. If that is destroyed by having the heart ripped from our workforce the consequences would be drastic and traumatic, and as alluded to above Cairns and its surrounding communities would become part ghost town, part welfare town, and ultimately all but entirely dependant on Government assistance to survive going forward. That is not the future we want and it cannot be what any Government wants for Cairns or the greater Tropical North.

4. The Need To Continue To Stimulate and Diversify the Cairns Region Economy

Consistent with that, and consistent with what we and all levels of Government have been doing to date, what we need to do is to continue to work together to improve the activity in and prospects for our region. That will require ongoing stimulus in the short term and economic diversification in the medium and long term.

Examples of what is being done in those areas include:

- Fast tracking of various Local, State and Federal Government projects.
- Promoting and investing in new and expanded areas complementary to our areas of core business including education, health services and health exports, value added agriculture and food services and food processing, marine industries and maritime training.
- Taking advantage of the enormous economic opportunities on our doorstep arising from the extensive mineral and gas exploration and extraction activity occurring in Papua New Guinea and northern and western Australia.

- Diversifying into new tourist markets such as China, Korea and Russia and the Middle East.
- Utilising the entrepreneurial spirit of the new private owners of the Cairns Airport to further promote the region and attract further airline seat capacity from both within Australia and overseas.
- Consolidating and capitalising on the opportunities in the convention, cultural and entertainment sectors with the key plank to that being the proposal to develop as a major attraction and iconic development the Cairns Cultural present and indigenous museum.

None of those plans are consistent with losing our key skilled employees to our region. Rather we need to ensure that they remain and continue to drive our economy to enable better opportunities to be provided in the future for both them and the next generation in Tropical North Australia.

5. Promoting FIFO Services Rather Than Sending Workers Out Of the Region

The attached letter from Advance Cairns to the Honourable Gary Gray, the Parliamentary Secretary for Northern and Western Australia, sets out some of the opportunities which we have identified for this region if we are able to properly take advantage of the potential fly in fly out market in mines within one flight distance from Cairns Airport.

We and others in our region are actively promoting Cairns as a FIFO centre and are in active discussions with players in that sector, including specialist airlines, employment service providers and mine operators.

We submit that filling the employment needs of areas with high employment needs by flying workers in and out as required is a much more appropriate and socially acceptable means of dealing with this issue than the wholesale relocation of workers and their families.

6. The Tyranny of Distance

This is an issue which needs to be considered in relation to any proposal to move workers from one part of Australia to another. We are a large country. Our urban centres and other areas of high workforce concentration such as mines are spread out.

It is not as easy in Australia to move workers like pieces on a chessboard as it would be in places like, say, the Scandinavian countries or Great Britain, where the distances between urban centres are normally not great and where comparatively sophisticated, speedy and cheap public transport systems make travel easier. We understand that moving workforces in those places has had some limited success, but we submit that the Australian circumstances are very different from those in those countries.

We would also wonder about the capacity of some of the areas which are or which are likely to experience skills shortages to cope with an influx of not just workers but of workers' families. Inevitably that would put pressure on housing, health, education, transport, water and other infrastructure in those areas, while potentially leaving those areas over serviced in areas where those workers have left.

7. High Levels of Home Ownership In Australia Compared To Other Countries

This follows on from the previous point. As Committee members would be aware Australia has very high levels of home ownership compared to most countries, and certainly compared to those countries where workforces have been able to be successfully relocated.

That attachment to the family home, and all that goes with it, militates against Australian workers being prepared to “up stumps” and move themselves and their families.

8. Specific Issues With Indigenous Australians and With Their Attachment To Their Land

This is an issue which cannot be ignored in the context of this inquiry. Tropical North Queensland has a high level of indigenous persons as part of our population, far higher than the Australia average, and that proportion becomes very high in the Cape York and western areas.

While it is hard to distil precise data from the available Commonwealth statistics, it is clear that unemployment levels in our indigenous communities are very high and that that is a chronic problem. In many of those communities there is virtually no opportunity for employment, particularly given that the former CDEP programmes have now been closed down.

Even if some industry with high employment needs could miraculously be created in a community, the reality is that in most of these communities in Tropical North Queensland there is no culture of going to work. It is not uncommon in such a community for a 45 year old man to be a great grandfather, with his 30 year old son a grandfather and his 15 year old son a father. It is highly likely that none of those men have ever worked, and it should come as no surprise to any of us that the infant son of the 15 year old will be unlikely to ever become a worker in the way we understand that term, with no real work opportunity or role model likely to present itself to him. That analysis does not take into account the serious health, alcohol and substance abuse issues in those communities, which of course only complicate the issue of solving the chronic unemployment issues faced by our indigenous Australians.

In those circumstances it is seen as unrealistic to think that their problems and the problems of areas of Australia with skills shortages can be solved by moving indigenous people from Tropical North Queensland communities to, say, a mine site or a minerals processing facility. To successfully deal with this issue and to give the indigenous people of this region the opportunities they deserve and which they have been thus far denied under successive Australian Governments, specific programmes will need to be put in place to deal with their issues, and those programmes in the first instance would need to be focused on some very basic almost “lifestyle” skill training rather than vocational training in the normal sense of that term.

Another issue which is relevant to any proposal to move indigenous Australians to areas far from their homes is their very strong attachment to their lands. Arguably part of the reason for the troubles currently faced by many indigenous Australians is that many of them and their forebears were earlier forcibly removed from their traditional lands with often tragic results.

Issues specific to the indigenous peoples of this region are complex and wide ranging and cannot be dealt with in any substantive way in this submission – indeed, they are truly deserving of their own inquiry – but the point needs to be made strongly that a

simplistic approach, whereby the high level of unemployment in our region is overlaid onto a high level of employment opportunity in another remote place, say Karratha in Western Australia, with the obvious and easy answer being “let’s just move these people to there – problem solved”, just wont work.

9. Other Matters

- Earlier in this submission we alluded to the difficulties in usefully interpreting and drilling down into the available reported Federal unemployment data, and the danger in making policy and other decisions based on it. There is a clear need for more accurate and robust data to be compiled in respect of and made available for regional economies. Current employment data is based on a very small sample of the population and accordingly suffers large fluctuations between monthly surveys. While our region has clearly been suffering from unacceptably high levels of unemployment the actual level of that unemployment is questionable due to this issue.
- While important, employment data should not be the only indicator of how an economy is performing. Historically growth in Cairns has been comparatively high for many years, which tends to be forgotten when times are tough as they currently are. However, our population continues to grow – people do want to live here - and that population growth will require new infrastructure and place a greater demand on services which in turn will require a strong and stable workforce in the medium term.
- Towards the end of recessions businesses tend to enter into a 'holding pattern' mode, i.e. while they may in fact require more staff for expansion they are reluctant to take on any new workers, and rather wait to see how quickly the economy recovers. This can produce a lag effect, and as the global economy recovers, with signs of that already showing, this will undoubtedly have a rebound effect for Cairns. Given the dynamics of the Cairns economy with its normal seasonal fluctuations and its strong reliance on a stable global economy, the recent loss of workers to outside of the region to other sectors such as construction, mining and minerals processing, when combined with a significant and ongoing Government stimulus suggest that the recovery will likely result in skills shortages for our region within a number of sectors, particularly construction.
- We also need to consider where our skills shortages actually lie and whether or not targeted education and training, for example in mining FIFO services, could help to absorb some of our unemployed in the short term. Recessions are not just a threat, rather they are also an opportunity to upskill and reskill redundant workforces and regional economies.
- Finally, relocations, particularly forced relocations, can cause very severe social problems for families and the communities in which they live, particularly within minority groups. This can place increasing pressure on public services in the long run.

Summary

In summary we submit that from a Tropical North Queensland perspective for the reasons set out above it would be inappropriate for Government employment policies designed to address the skills shortages in regional Australia to support the relocation of unemployed

workers from areas of high unemployment to areas experiencing skills shortages. Rather, those policies should be directed towards better stimulating and assisting with the diversification of the economies of areas where there are high levels of unemployment, while assisting periodic relocation of workers while their families remain “at home” and supporting regional economies as occurs with FIFO services.

On behalf of Advance Cairns and our member bodies I respectfully request that these issues be taken into account by the Committee in their deliberations throughout this inquiry.

Yours faithfully,
Advance Cairns

Russell Beer
Chairman