



3 May 2012

Ms Gabrielle Kibble AO
Chair, Western Region Panel
Joint Regional Planning Panels
Panel Secretariat
GPO Box 39
SYDNEY NSW 2001



Dear Ms Kibble,

Submission to the Public Exhibition of Mid-Western Regional Council's Planning Proposal on Temporary Workers' Accommodation – PP_2012_MIDWR_001_00

Please find enclosed our submission to the public exhibition of Mid-Western Regional Council's Planning Proposal on Temporary Workers' Accommodation, prepared by Urbis on behalf of The MAC Services Group ('The MAC').

We have forwarded you a copy of this submission given your Panel's forthcoming determination of The MAC's development application for a workers' accommodation facility at Gulgong (2012WES003).

The MAC is a leading provider of integrated accommodation, specialising in quality living facilities for people in key resource regions. The MAC develops, owns and operates temporary workers' accommodation facilities for people that work in regional areas of economic significance across Australia.

In December 2011 The MAC lodged a development application for a 400-bed workers' accommodation facility on the fringe of Gulgong.

It would appear that the commencement of this planning proposal is in direct response to The MAC's development application.

On behalf of The MAC, this submission strongly objects to the objectives and provisions of the planning proposal. The concerns raised in this submission relate to three key issues:

- The relationship between the planning proposal and NSW planning policies;
- The poor application of planning technique and practice; and
- The assertions raised in the planning proposals relating to perceived impacts of workers' accommodation facilities.

It is submitted that:

1. The planning proposal is contrary to the principles of the Standard Instrument Local Environmental Plan template, and broader NSW planning policy;
2. The planning proposal represents a poor use of an environmental planning instrument, incorporating controls and criteria that are better suited either to a development control plan or the development application and assessment process;

3. The planning proposal could create a precedent for planning policy on temporary workers' accommodation facilities across the State, pre-empting any attempt by the State to prepare a comprehensive strategic planning approach to this emerging issue;
4. The planning proposal creates a subzone, whereby additional land use controls are established outside the land use table with unusually and arbitrarily restrictive limitations. This contravenes Ministerial Direction 6.3 under the *Environmental Planning and Assessment Act 1979*;
5. The planning proposal creates a new land use definition outside the Dictionary that does not apply to the land use table, contrary to Standard Instrument practice;
6. The planning proposal is not the result of a strategic planning process or empirical evidence, representing a haphazard response to a single proposal rather than a considered and evidence-based planning method;
7. The planning proposal will not alleviate stress on the Mid-Western Regional housing market, as is implied by the report, but rather further heighten housing demand relative to supply, creating severe housing market implications for both local residents and mine workers;
8. The planning proposal does not provide substantive evidence or argument that workers' accommodation facilities lead to negative social and economic impacts on the local community (and how, in any case, these impacts would or should be mitigated through an environmental planning instrument);
9. The planning proposal argues that an indifference to integration with the local community is sufficient grounds to create a prohibition on a land use, when The MAC's experience and preferred model is to use local employees and suppliers, as well as engage with local community events;
10. The planning proposal argues that traffic impact is sufficient grounds to create a prohibition on a land use, when this should be addressed via DCP controls, negotiation, and assessment of an individual proposal; and
11. The planning proposal argues that infrastructure servicing requirements are sufficient grounds to create a prohibition on a land use, when rather a proposal should be assessed on its merits regarding site servicing. In addition, impacts can be alleviated via necessary service amplification, and any workers' accommodation facility will leave behind legacy infrastructure for use in future urban expansion.

This submission argues that, based on the multiplicity of reasons outlined, this planning proposal should be discontinued by either Council or the Department of Planning and Infrastructure.

We have concurrently lodged this submission to Council, and have also forwarded copies to other public officers and agencies with interests in the matter, including the Department of Planning and Infrastructure and the Department of Primary Industries.

Should you have any further queries, please do not hesitate to contact me.

Yours sincerely,



Helen Deegan
Director



Mid-Western Regional Council Temporary Workers' Accommodation Planning Proposal

Submission on behalf of The MAC Services Group

May 2012



URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Helen Deegan
Consultant	Michael Bishop
Job Code	SA4655
Report Number	Final

Urbis Pty Ltd
ABN 50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission. While we have tried to ensure the accuracy of the information in this publication, the Publisher accepts no responsibility or liability for any errors, omissions or resultant consequences including any loss or damage arising from reliance in information in this publication.

URBIS
Australia Asia Middle East
urbis.com.au

TABLE OF CONTENTS

1	Introduction	1
2	The MAC's Background and the Planning Proposal	3
3	The Planning Proposal.....	5
4	NSW Planning Policy Interests and Concerns.....	7
4.1	Relationship with the Standard Instrument LEP Template and NSW Planning Policy.....	7
4.2	Inappropriate Use of an Environmental Planning Instrument	7
4.3	Creation of a Policy Precedence for Workers' Accommodation Facilities	8
5	Planning Technique and Practice.....	9
5.1	Contradiction of Ministerial Direction	9
5.2	Creation of an Auxiliary Definition	9
5.3	Absence of a Strategic Planning Process or Empirical Evidence	10
6	Perceived Impacts of Workers' Accommodation Facilities.....	13
6.1	Implications for the Housing Market	13
6.2	Socioeconomic Impact.....	14
6.3	Relationship with the Local Community.....	15
6.4	Traffic Impact and Management.....	16
6.5	Infrastructure Servicing	16
7	Conclusion	18
Appendix A	Summary of Versions of the Mid-Western Regional Development Control Plan – Temporary Workers' Accommodation	21
Appendix B	Correspondence from the Mayors of Narrabri and Blayney	23
Appendix C	Socio-Economic Report (Western Research Institute) and Peer Review (Urbis)	25
Appendix D	Submission by The MAC Services Group to the House of Representatives Standing Committee on Regional Australia.....	27
 FIGURES:		
	Figure 1 – Impact of 5km Radius on Ulan	12
 TABLES:		
	Table 1 – Timeline of The MAC's Activities in the Mid-Western Regional LGA.....	3

1 Introduction

This submission has been prepared by Urbis on behalf of The MAC Services Group ('The MAC') to the public exhibition of the planning proposal by Mid-Western Regional Council ('Council') for controls on temporary workers' accommodation facilities under the *Mid-Western Regional Interim Local Environmental Plan 2008* (2008 LEP) and the Draft Mid-Western Regional Local Environmental Plan 2011 (Draft LEP). The MAC welcomes the opportunity to comment on the exhibited planning proposal.

The MAC is a leading provider of integrated accommodation, specialising in quality living facilities for people in key resource regions. The MAC develops, owns and operates temporary workers' accommodation facilities for people that work in regional areas of economic significance across Australia. By resolving the challenges of workforce accommodation, as well as other health and wellbeing consideration, The MAC frees clients, typically major mining and construction companies, to focus on their core business.

The MAC currently operates seven workers' accommodation facilities across NSW, Queensland, and Western Australia, with more than 7,200 permanent rooms under its management and 600 staff members in its workforce.

On 21 December 2012, The MAC lodged a development application (DA02172012) with Mid-Western Regional Council for the construction of a workers' accommodation facility including 400 rooms at Black Lead Lane, Gulgong. The development application was placed on public exhibition 27 February-19 March 2012. The proposal is currently under assessment, and is due to be determined by the Western Joint Regional Planning Panel in the coming months. It would appear that the commencement of this planning proposal is in direct response to The MAC's development application.

On behalf of The MAC, this submission strongly objects to the objectives and intent of the planning proposal. The concerns raised in this submission relate to three key issues:

- The relationship between the planning proposal and NSW planning policies;
- The poor application of planning technique and practice; and
- The assertions raised in the planning proposals relating to perceived impacts of workers' accommodation facilities.

It is submitted that:

NSW planning policy

1. The planning proposal is contrary to the principles of the Standard Instrument Local Environmental Plan template, and broader NSW planning policy;
2. The planning proposal represents a poor use of an environmental planning instrument, incorporating controls and criteria that are better suited either to a development control plan or the development application and assessment process;
3. The planning proposal could create a precedent for planning policy on temporary workers' accommodation facilities across the State, pre-empting any attempt by the State to prepare a comprehensive strategic planning approach to this emerging issue;

Planning technique and practice

4. The planning proposal creates a subzone, whereby additional land use controls are established outside the land use table with unusually and arbitrarily restrictive limitations. This contravenes Ministerial Direction 6.3 under the *Environmental Planning and Assessment Act 1979*;
5. The planning proposal creates a new land use definition outside the Dictionary that does not apply to the land use table, contrary to Standard Instrument practice;

6. The planning proposal is not the result of a strategic planning process or empirical evidence, representing a haphazard response to a single proposal rather than a considered and evidence-based planning method;

Perceived impacts of workers' accommodation facilities

7. The planning proposal will not alleviate stress on the Mid-Western Regional housing market, as is implied by the report, but rather further heighten housing demand relative to supply, creating severe housing market implications for both local residents and mine workers;
8. The planning proposal does not provide substantive evidence or argument that workers' accommodation facilities lead to negative social and economic impacts on the local community (and how, in any case, these impacts would or should be mitigated through an environmental planning instrument);
9. The planning proposal argues that an indifference to integration with the local community is sufficient grounds to create a prohibition on a land use, when The MAC's experience and preferred model is to use local employees and suppliers, as well as engage with local community events;
10. The planning proposal argues that traffic impact is sufficient grounds to create a prohibition on a land use, when this should be addressed via DCP controls, negotiation, and assessment of an individual proposal; and
11. The planning proposal argues that infrastructure servicing requirements are sufficient grounds to create a prohibition on a land use, when rather a proposal should be assessed on its merits regarding site servicing. In addition, impacts can be alleviated via necessary service amplification, and any workers' accommodation facility will leave behind legacy infrastructure for use in future urban expansion.

The MAC does not object to the development and establishment of planning controls relating to workers' accommodation facilities *per se*, however such controls should be supported by strong strategic and evidence-based investigations. Unlike other states such as Western Australia and Queensland, New South Wales has not had major experience with planning for workers' accommodation facilities, and the imposition of this planning proposal is not the best approach to commence implementing such controls.

This submission provides information on the planning proposal and the background to The MAC's operations in the Mid-Western Regional local government area (LGA), and addresses each of the above contentions in detail supported by evidence.

This submission argues that, based on the multiplicity of reasons outlined, this planning proposal should be discontinued by either Council or the Department of Planning and Infrastructure (DP&I).

2 The MAC's Background and the Planning Proposal

As detailed in the introduction, The MAC has lodged a development application (DA02172012) to construct a workers' accommodation facility at Black Lead Lane, Gulgong, on the outskirts of the Gulgong urban area. Table 1 provides an outline of key dates and issues that have occurred since The MAC's first entry into the Mid-Western Regional LGA.

As evidenced by Table 1, there is a close correlation between the commencement of the DA for The MAC's Gulgong proposal and the planning proposal process. Further, the planning proposal only applies to the *Mid-Western Regional Interim Local Environmental Plan 2008* and the Draft Mid-Western Regional Local Environmental Plan 2011, and not to other local environmental plans that apply to the Mid-Western Regional LGA.

These factors would imply that the planning proposal is a reactionary move by Council, reflecting an immediate concern without proper regard for the strategic implications of its decision.

TABLE 1 – TIMELINE OF THE MAC'S ACTIVITIES IN THE MID-WESTERN REGIONAL LGA

DATE	EVENT
Mid-2011	The MAC identifies and purchases 60 hectares of land at 2 Black Lead Lane Gulgong, on the fringe of the town. Several meetings were held between The MAC and Council, during which Council stated that 2008 LEP and the Draft LEP do not recognise workers' accommodation facilities as a land use and hence considered defining the proposal as innominate in both LEPs, making it permissible with consent.
7 September 2011	Council resolves to place the Draft Development Control Plan – Temporary Workers Accommodation on public exhibition from 20 September to 30 October. The Draft DCP recognises workers' accommodation facilities as an innominate use in all of Council's LEPs, however it also places locational controls (close to towns, villages or mine sites, at least 20km between facilities) and bed limits (maximum 1,200 beds across the LGA, maximum 400 beds in any workers' accommodation facility).
13 October 2011	The MAC holds a meeting at the Gulgong Chamber of Commerce to discuss the proposal, which leads to significant negative media commentary.
22 November 2011	Council sends a letter to The MAC advising that the Gulgong proposal will now be considered as 'tourist and visitor accommodation' under the 2008 LEP. This would make the proposal prohibited in the Agriculture Zone.
24 November 2011	A pre-DA meeting is held between The MAC and Council, focusing on concept and design issues rather than permissibility. Council raises concerns relating to social impact, location, and anti-mining sentiment in the community.
28 November 2011	An extraordinary meeting of Council is held to consider the Draft DCP. 340 submissions were made, including three petitions with 163 signatures. The report details that WAFs will now be recognised as 'tourist and visitor accommodation' under the 2008 LEP, bed limits will be removed, and proposal will be required to link their feasibility to nearby projects that it claims to be servicing. Council resolved to adopt the amended Draft DCP, which will require re-exhibition until 13 January 2012.
7 December 2011	Council resolves to submit the Draft LEP to the Department of Planning and Infrastructure (DP&I) for gazettal. At the same Council meeting, it is resolved to prepare a planning proposal to amend the 2008 and Draft LEPs that defines 'temporary workers' accommodation' as a land use and places controls on the location of any such proposal.

DATE	EVENT
16 December 2011	Council's planning proposal is lodged with DP&I for gateway determination,
21 December 2011	The MAC's DA for its proposal at Gulgong is lodged to Council.
3 January 2012	Council acknowledges the DA is received. Council later requests that The MAC submits further information as part of the DA, including assessments relating to potable water, service extensions, and heritage impact. The application will not be placed on public exhibition until this information is supplied.
1 February 2012	A final version of the Draft DCP is adopted by Council, and is scheduled to commence on 10 February.
3 February 2012	DP&I Gateway process determines that Council's planning proposal should proceed, subject to conditions. The approval states that Council should aim to have the planning proposal on public exhibition within four weeks.
27 February 2012	The MAC's DA is placed on public exhibition by council until 19 March 2012.
2 April 2012	The Director General of the DP&I advises Council that it has revised its gateway determination to alter the definition of temporary workers' accommodation.
16 April 2012	The planning proposal is placed on public exhibition until 14 May 2012.

3 The Planning Proposal

The planning proposal was adopted by Council at its meeting on 7 December 2011. It was then lodged with the DP&I on 16 December 2011 for a gateway determination (PP_2012_MIDWR_001_00). This determination was made on 3 February 2012, however council requested a revision to the proposed definition and this was granted by the Director General of the DP&I in a revised gateway determination on 2 April 2012. The exhibited draft amendment to the 2008 LEP and the Draft LEP is as follows:

Temporary workers' accommodation

(1) *The objectives of this clause are as follows:*

- (a) To enable development for temporary workers' accommodation if there is a demonstrated need to accommodate employees due to the nature of the work or location of the land,*
- (b) To ensure that temporary workers' accommodation is appropriately located,*
- (c) To ensure that the erection of temporary workers' accommodation is not likely to have a detrimental impact on the future use of the land or conflict with an existing land use,*
- (d) To minimise the impact of temporary workers' accommodation on local roads or infrastructure.*

(2) *Development consent must not be granted to development for the purposes of temporary workers' accommodation for works unless the Consent authority is satisfied of the following:*

- (a) The development is to be located within 5 kilometres of the site on which the work is being carried out,*
- (b) There is a demonstrated necessity to provide temporary workers' accommodation due either to the nature of the industry that the workers are employed in or because of the remote or isolated location of the work site,*
- (c) The development will not prejudice the subsequent carrying out of development on the land in accordance with this Plan or any other applicable environmental planning instrument,*
- (d) Water and sewerage infrastructure will be provided to adequately meet the requirements of the development,*
- (e) When the development is no longer in use, the land will, as far as practicable, be restored to the condition in which it was before the commencement of the development.*

(3) *In this clause:*

temporary workers' accommodation means any habitable buildings and associated amenities erected on a temporary basis for the purpose of providing a place of temporary accommodation for persons employed for the purpose of carrying out works associated with a large-scale infrastructure project, including development for the purposes of an extractive industry, mining, renewable energy or electricity transmission or distribution works.

A planning proposal under DP&I guidelines and responses to relevant Section 117 Ministerial Directions are included in the exhibited material.

We would note the following grammatical and phrasing anomalies in the proposed clause that would require further clarification:

- Subclause 1(a) refers to the 'location of the land' – this phrase should be reviewed;

- Subclause 1(d) refers to 'the impact of temporary workers' accommodation on local roads or infrastructure' – why temporary workers' accommodation facilities have a traffic impact distinct to other residential or tourist accommodation developments is unclear; and
- Subclause 2(e) requires a proponent to restore land 'as far as practicable' – an environmental planning instrument should not include such an ambiguous or equivocal phrase.

4 NSW Planning Policy Interests and Concerns

4.1 RELATIONSHIP WITH THE STANDARD INSTRUMENT LEP TEMPLATE AND NSW PLANNING POLICY

The planning proposal is contrary to the principles of the Standard Instrument Local Environmental Plan template, and broader NSW planning policy.

In March 2006 the NSW Minister for Planning gazetted the *Standard Instrument (Local Environmental Plans) Order*, which provides a mandatory structure, zones, clauses, and definitions for all principal local environmental plans across NSW. The purpose of the Standard Instrument was to overcome the complexity that had been created by individual planning hierarchies in each LGA. The Standard Instrument is designed to ensure the making and interpreting of planning controls is made simpler, irrespective of the relevant council.

Although the Interim 2008 LEP is not prepared in the template, the current Draft LEP for the Mid-Western Regional LGA is in the Standard Instrument format, and any planning proposal should be considered in terms of current and relevant policy.

The format and content of the planning proposal is contrary to the purpose and objectives of the Standard Instrument. The proposal creates an additional land use definition (within the body of the LEP, as opposed to the dictionary), and places additional land use controls outside the land use table or other recognised avenues for additional controls in the Standard Instrument LEP. As mandated by DP&I (emphasis added):

The key objective is that a particular land use should usually be categorised the same way in every LEP...The standard definitions must be used wherever a land use would fall within an existing land use definition. This includes where terms are within any of the broad land use groups, eg retail premises, business premises, office premises, industry, agriculture, tourist and visitor accommodation, residential accommodation etc.¹

The planning proposal includes a unique clause that does not fit into the Standard Instrument format, nor achieve the objectives of the Standard Instrument. It creates an additional land use definition outside the Dictionary, as well as a land use external to the regular land use categories in the Standard Instrument.

These characteristics create a clause that does not reflect the nature and intent of the Standard Instrument template, or NSW planning policy that advocates simplification and clarity of land use standards.

4.2 INAPPROPRIATE USE OF AN ENVIRONMENTAL PLANNING INSTRUMENT

The planning proposal represents a poor use of an environmental planning instrument, incorporating controls and criteria that are better suited either to a development control plan or the development application and assessment process.

The criteria for considering the permissibility of a workers' accommodation facility under Subclause 2 of the planning proposal are that:

(a) The development is to be located within 5 kilometres of the site on which the work is being carried out,

¹ NSW Department of Planning. 2007, 'Standard instrument for LEPs – frequently asked questions', LEP Practice Note PN 007-01, pp.5-6,
<http://www.planning.nsw.gov.au/planningsystem/pdf/pn07_001_slep_faqs.pdf>

(b) There is a demonstrated necessity to provide temporary workers' accommodation due either to the nature of the industry that the workers are employed in or because of the remote or isolated location of the work site,

(c) The development will not prejudice the subsequent carrying out of development on the land in accordance with this Plan or any other applicable environmental planning instrument,

(d) Water and sewerage infrastructure will be provided to adequately meet the requirements of the development,

(e) When the development is no longer in use, the land will, as far as practicable, be restored to the condition in which it was before the commencement of the development.

The types of planning issues that are put forward in these criteria (location, economic and social demand, preservation of land for future uses, provision of infrastructure, and restoration of land) are considerations and controls that do not belong in an environmental planning instrument, particularly in regard to a single development site.

These matters are considerations best taken outside of an environmental planning instrument, and placed either in policy documents, such as a development control plan, or in the conditions of consent for a development application, which should be the result of an assessment of the proposal in relation to an individual site and its surrounds.

4.3 CREATION OF A POLICY PRECEDENCE FOR WORKERS' ACCOMMODATION FACILITIES

The planning proposal could create a precedent for planning policy on temporary workers' accommodation facilities across the State, pre-empting any attempt by the State to prepare a comprehensive strategic planning approach to this emerging issue.

Unlike other states more experienced in planning for the supplementary impacts of mining, such as Western Australia and Queensland, NSW lacks experience and a cohesive strategic planning approach to managing the housing demands of mining projects. For instance, the Queensland Government has prepared comprehensive cross-Department guidelines² on identifying the housing impacts of mining projects, and developing mitigation and management strategies.

As acknowledged by the planning proposal (p. 3), proposals for temporary workers' accommodation are defined and assessed in vastly different manners depending on the relevant LEP. As an example, development applications lodged by The MAC in NSW have variously been defined as:

- 'Tourist and visitor accommodation' (Mid-Western Regional Council);
- 'Motel' (Narrabri Shire Council); and
- 'Innominate use' (Liverpool Plains Shire Council).

Such variation in approach to workers' accommodation facility would suggest that planning systems in NSW lack a clear understanding of defining and assessing such proposals. Our concern is that, despite this planning proposal not being the result of any apparent strategic policy or considered research, it could act as a precedence for other regional or rural councils considering planning policies on workers' accommodation facilities.

In the event that council proceeds with adopting the exhibited planning proposal and DP&I approves its gazettal, other councils would presume that this was an acceptable and appropriate planning instrument. This would represent a poor precedent for planning policy in NSW, and therefore the planning proposal should be refused.

² Queensland Government. 2011, *Major Resource Projects Housing Policy*,
<<http://www.deedi.qld.gov.au/cg/resources/Major-Resource-Projects-Housing-Policy.pdf>>

5 Planning Technique and Practice

5.1 CONTRADICTION OF MINISTERIAL DIRECTION

The planning proposal creates a subzone, whereby additional land use controls are established outside the land use table with unusually and arbitrarily restrictive limitations. This contravenes Ministerial Direction 6.3 under Section 117 of the *Environmental Planning and Assessment Act 1979*.

Ministerial Direction 6.3 under Section 117 of the *Environmental Planning and Assessment Act 1979* requires a proponent to ensure that their planning proposal discourages 'unnecessarily restrictive planning controls'. By establishing an arbitrary radius around mine sites, the planning proposal will create additional land use controls outside land use zones, any other map under the 2008 or Draft LEPs.

However temporary workers' accommodation facilities may be defined under either LEP, the clause would mean that they would be made prohibited in zones in which otherwise they may, otherwise, be permissible.

The consequences of the creation of subzone is to create uncertainty in the minds of landholders, meaning that rather than their permissible land uses being defined by an LEP and its zoning, potential development is controlled by what is developed around their holding, completely extraneous to the planning controls. It is for this reason that the creation of subzones is not endorsed – it reduces the certainty and transparency of the planning system, and undermines the purpose and implementation of land use zoning.

5.2 CREATION OF AN AUXILIARY DEFINITION

The planning proposal creates a new land use definition outside the Dictionary that does not apply to the land use table, contrary to Standard Instrument practice.

The Dictionary is a mandatory provision for all Standard Instrument LEPs which provides definition for land use and other explanatory terms that are used in the body of the LEP. The Dictionary is a key feature of the application and the consistency of the Standard Instrument to ensure that its planning language is common across NSW.

The planning proposal intends to create a new land use type that is not included in the Standard Instrument, and external to the Dictionary section of the 2008 and Draft LEPs. This is contrary to Standard Instrument practice and instruction.

DP&I provides instructions to councils on using definitions under the Standard Instrument³. According to this Practice Note (p. 1):

The Dictionary is a mandatory provision and will be included in its entirety in all LEPs. To maintain consistency in planning language across the State, councils are not able to alter the standard definitions or directly add definitions to the Dictionary.

Definitions are divided into terms that describe land uses or activities that may be included in Land Use Tables ('land use terms'), and 'explanatory terms' which describe technical, administrative or other land uses that are important to the interpretation of LEPs, but which are not to be included in the Land Use Tables.

However all definitions will appear together in alphabetical order as part of a single Dictionary in each council's LEP.

³ NSW Department of Planning. 2011, 'Preparing LEPs using the Standard Instrument: definitions', LEP Practice Note PN 11-003,
<<http://planning.nsw.gov.au/LinkClick.aspx?fileticket=BbIRfpABjPM%3d&tabid=247&language=en-US>>

These instructions highlight three problems with the way council has prepared its planning proposal:

- The proposed land use definition is not included in the Standard Instrument template;
- The proposed land use definition has been placed in the body of the LEPs, and not in the Dictionary; and
- The proposed land use definition is not for a term used in a land use table, but instead creates a land use classification external to the zoning table.

In combination, these factors mean that the planning proposal is entirely contrary to the permitted use of definitions in a Standard Instrument LEP. Such an approach to land use definition would create immense uncertainty in interpretation and application. For instance, it could be argued that a definition for workers' accommodation facilities could fall under a 'group term' such as 'residential accommodation' or 'tourist and visitor accommodation'. The Practice Note includes provisions for councils to propose new or altered definitions under the Standard Instrument; however this planning proposal does not reflect the correct avenue or procedure for Council to undertake these investigations.

The planning proposal should not be permitted as its application would be contrary to the clarity and order expected under the Standard Instrument.

5.3 ABSENCE OF A STRATEGIC PLANNING PROCESS OR EMPIRICAL EVIDENCE

The planning proposal is not the result of a strategic planning process or empirical evidence, representing a haphazard response to a single proposal rather than a considered and evidence-based planning method.

5.3.1 LACK OF STRATEGIC PLANNING

Part 3 Section A of the planning proposal guidelines⁴ requires the proposal to state whether the planning proposal is the result of any strategic study or report. Council's response to this question refers to the 'need to specifically define temporary workers accommodation in the LEP', and refers to the public response to Council's Draft DCP on Temporary Workers' Accommodation which saw 300 submissions made to the Council, principally opposing The MAC's proposal at Gulgong.

Although public concern with the development proposal is a valid basis for considering amendments to planning controls, it cannot substitute strategic planning investigations and studies as a way of preparing planning standards and controls. The DCP referred to above was prepared by Council largely in response to The MAC's Gulgong proposal, as opposed to the result of a strategic planning investigation. The DCP went through three draft stages, and as shown in Appendix A and discussed in Section 3, the different versions were, in respect to some issues (especially locational requirements), almost contradictory in their controls. Incredibly, the first version of the Draft DCP (released in August 2011) required a workers' accommodation facility to either be on a mine site or within 1.5km of a town or 500m of a village, representing quite a remarkable policy reversal by Council in the course of less than four months.

Such indecision about the form of planning controls shows that Council has not undertaken the necessary strategic research to make a well-informed DCP, let alone this planning proposal. It is unreasonable to accept that a hastily-prepared DCP without basis in evidence or research is sufficient grounds to prepare a planning proposal.

⁴ NSW Department of Planning. 2009, 'A guide to planning proposals', p. 5,
<http://planning.nsw.gov.au/lep/pdf/guide_preparing_preparing_planning_proposals.pdf>

5.3.2 MISREPRESENTATION OF EVIDENCE

The planning proposal refers to a report prepared by KPMG⁵ and commissioned by Isaac Regional Council (IRC) in Queensland on the impacts of fly-in/fly-out (FIFO) and drive-in/drive-out (DIDO) mining employment on small regional and rural communities. In reference to this report, the planning proposal states that (p. 4):

Evidence from Queensland...indicates that a proliferation of temporary workers accommodation has had a negative social and economic impact on existing smaller communities where the temporary population/beds outnumber the permanent resident population.

This is a disingenuous representation of the objective and findings of the KPMG report.

Leaving aside the fact that the resident population at The MAC's proposal would not outnumber the existing population of Gulgong, the purpose of the report, according to the KPMG report itself (p. 8), is:

In order for IRC to meet the desired level of infrastructure and service provision for local residents and non-residents, the IRC commissioned KPMG to develop an Infrastructure and Services Model (ISM)...The objective of the ISM is to assist Council in measuring the accumulative impact stemming from local mining activity. The ISM aims to help Council to work with mining companies to deliver sustainable communities.

In essence, the purpose of the KPMG report is to create a tool for IRC to identify and manage its infrastructure needs to respond to the growth of the mining industry. IRC has acknowledged that it is facing enormous population growth, and has requested KPMG's assistance to better identify and procure the necessary infrastructure upgrades to support such population growth. The report has no objective to analyse or evaluate the impact of FIFO or DIDO workers on the communities in IRC.

A comprehensive review of the KPMG reports finds no reference to the assertion contained in the planning proposal's summary. The report details the approach and function of the tool as a mathematical method of estimating impact on infrastructure'. As the report importantly notes, FIFO and DIDO workers are not counted as residents in Australian Bureau of Statistics figures, and hence important decisions about infrastructure provision, such as roads and hospitals, are made without reference to their presence in the community. This is an important issue that should be addressed by government, but this planning proposal has little to do with overcoming this problem.

In fact, another study participated in by IRC⁶ emphasises the need for a more informed and collaborative approach to managing workers' accommodation facilities is necessary, as opposed to policy being made by perception and a lack of information. This submission discusses a body of academic and industry evidence in Section 6.2 of this report.

The planning proposal's misrepresentation of its only source of empirical evidence shows that this amendment to the 2008 LEP and Draft LEP is unfounded in proper strategic planning or appropriate research. Planning standards and controls require appropriate strategic consideration and research, and this planning proposal has provided neither.

5.3.3 CONSEQUENCE OF DEFICIENCIES IN STRATEGIC PLANNING AND RESEARCH

One such example of the planning proposal's arbitrary and haphazard reasoning is the 5km radius control, which asserts that workers' accommodation facilities can only be constructed within 5km of a

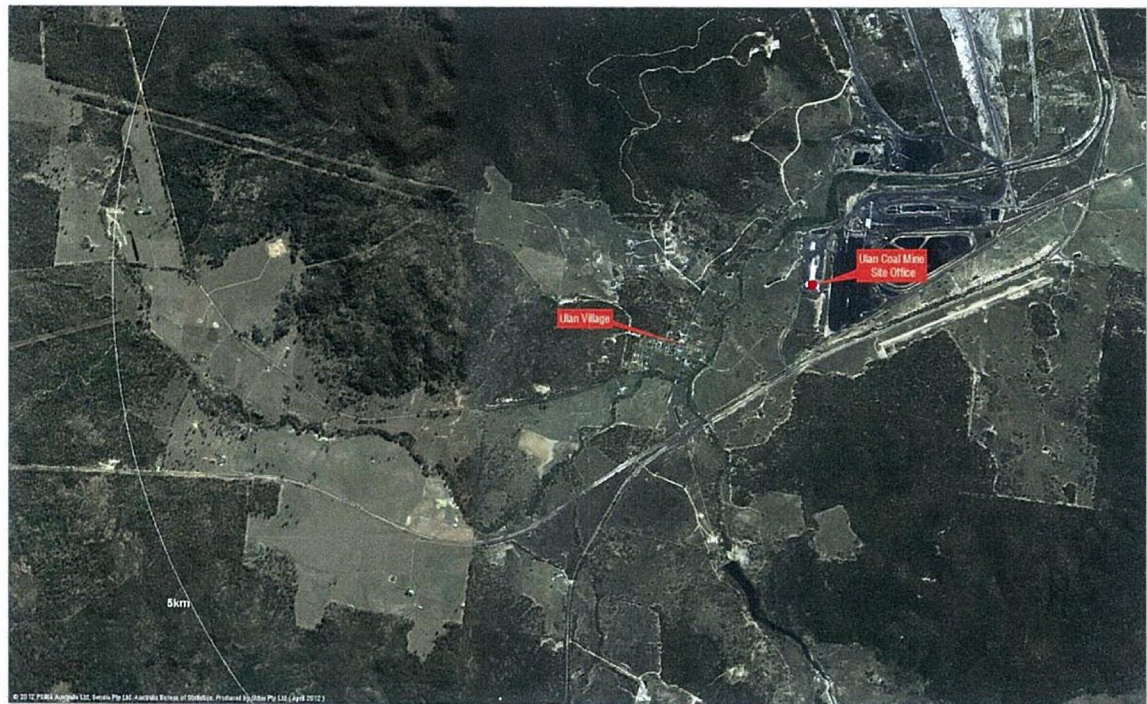
⁵ KPMG. 2011, 'Redefining regional planning: managing change, measuring growth – abridged version', commissioned by Isaac Regional Council, <<http://www.isaac.qld.gov.au/web/guest/social-and-economic-data>>

⁶ Regional Social Development Centre. 2011, 'Social issues relating to permanent and non-permanent residents in the Moranbah mining community', commissioned by Isaac Regional Council, <<http://www.adaptivecommunities.com.au/wp-content/uploads/2011/04/RSDC-FINAL-DRAFT-REPORT-29-Mar-11.pdf>>

mine site. It would appear (though the planning proposal does not make it clear) that the purpose of this clause is keep mining workers away from Mid-Western Regional towns and firmly at the mine site.

The reasoning and justification for the 5km control is never explained in the planning proposal. One is left to presume that this is because it is a randomly selected figure to quarantine mining workers away from local communities. The weakness of this control is particularly evident in its potential impact on the village of Ulan. As shown in Figure 1, the 5km radius from the Ulan Coal mine site office envelops the Ulan village.

FIGURE 1 – IMPACT OF 5KM RADIUS ON ULAN



Ulan, NSW
IMPACT OF 5KM RADIUS CONTROL ON ULAN



The planning proposal would also have similar implications for the following towns and villages in the Mid-Western Regional LGA located nearby to existing and proposed mine sites:

- **Wollar** – operations commenced at the Wilpinjong Coal Mine in October 2006, and an application is currently under assessment by DP&I to increase its coal export. The edge of the mining lease is approximately 3.5km from the centre of Wollar;
- **Bylong** – explorations have confirmed sizeable coal deposits at Mount Penny, and Director-General's Requirements for environmental assessment have been requested from DP&I. The edge of the open cut mine proposed in the Preliminary Environmental Assessment is 3km northwest of the Bylong village; and
- **Lue** – the proposed expansion of the Kingsgate (formerly Bowdens) Silver Mine would bring mining activity within 2km of the Lue village.

Under the ambiguous framework of the planning proposal, it would be possible for workers' accommodation facilities to be constructed in the middle of these villages. This would be an extremely poor urban planning outcome, and indicates that the proposed clause is an ill-considered and inappropriate statutory control.

6 Perceived Impacts of Workers' Accommodation Facilities

The planning proposal raises a number of perceived impacts of unregulated workers' accommodation facilities, including:

- Implications for the housing market;
- Socioeconomic impact;
- Suspected isolation from the local community;
- Traffic impact and management; and
- Infrastructure servicing.

These issues, and our submissions regarding these issues, are discussed below.

6.1 IMPLICATIONS FOR THE HOUSING MARKET

The planning proposal will not alleviate stress on the Mid-Western Regional housing market, as is implied by the report, but rather further heighten housing demand relative to supply, creating severe housing market implications for both local residents and mine workers.

According to the planning proposal (p. 7):

The housing market within the region is undergoing an increasing level of stress due to the high demand and ability to pay being generated from the mining sector. Core community workers (nurses, police, teachers) are competing for housing in an inflated rental market. Further, the tourism sector is also feeling the strain as a result of a decrease in the number of hotel/motel beds available for tourists as the mining workforce absorb these as a short term option for accommodation through permanent bookings.

Therefore (p. 11):

The proposal serves the public interest through reducing the pressure on the existing housing stock as well as tourist and visitor accommodation, stress on Council's infrastructure services and traffic and transport through the locational factors.

The planning proposal asserts that the area's housing market is undergoing housing stress, and that the proposed clause will alleviate this stress. This causation is neither logical nor explained in the proposal.

By restricting the areas in which workers' accommodation facilities can be constructed to certain subzones, the planning proposal reduces the opportunity and likelihood of such facilities being constructed in the area. The proposed clause will restrict (through regulation) the supply of housing for mining workers, even as demand continues to escalate.

The 5km control represents an expectation on the part of Council that mining companies are willing to design, build, and operate workers' accommodation facilities close to their operation sites for their employees. However, in the case of The MAC, they have been responding to a market demand for a service – mining companies are generally not interested in being in the business of operating accommodation facilities. Given that mine operators may not be willing for companies such as The MAC to construct close to their sites, the deficit in supply of workers' accommodation facilities would likely be replaced by existing permanent housing stock in towns and villages.

As mining projects are typically treated as state significant development under the *State Environmental Planning Policy (State and Regional Development) 2011*, the provisions of a local environmental planning instrument are given less weight in the assessment of a mining proposal. Environmental assessments for

mining projects have to respond to Director-General's Requirements as issued by DP&I, and these typically do not require proposals to consider implications for housing. Where they are assessed, estimates of housing availability will count existing rental and hotel/motel accommodations, which in themselves can be double-counted by several mining proposals within the vicinity of a single town. As a result, the planning proposal will have negligible impact on alleviating housing market stress in the Mid-Western Regional LGA, an issue which is only likely to become more severe as nearby mining operations continue to expand.

Council has raised that mining companies should consider building new permanent urban dwellings to alleviate their impact on the local housing argument; however this is a short-sighted and flawed planning consideration that would do more harm than good to towns such as Gulgong. Some outside workers will come to Gulgong, decide that they like the local area and choose to move. However, only a small portion of incoming workforce is likely to take this option, and the outcome would be vast areas of empty houses once the mines shut, causing a debilitating deflation of housing markets in 20 years⁷. Workers' accommodation facilities are an appropriate housing response to absorb a large spike in resident population, as well as give incoming workers an opportunity to get to know the local community, and choose to move permanently if they so desire.

6.2 SOCIOECONOMIC IMPACT

The planning proposal does not provide substantive evidence or argument that workers' accommodation facilities lead to negative social and economic impacts on the local community (and how, in any case, these impacts would or should be mitigated through an environmental planning instrument).

The planning proposal asserts that temporary workers' accommodation has staunchly negative social and economic impacts on the towns they operate in and that, therefore, they need to be located away from existing urban areas and close to the mining projects themselves. The problems with this assertion are threefold:

- The MAC's other facilities have not experienced the greatly negative impacts that the planning proposal asserts;
- An arbitrary land use exclusion is not an appropriate way to mitigate these concerns; and
- The social and economic impacts of workers' accommodation facilities would be far worse if they are confined to within 5km of the mine site office.

The MAC's experiences in other regional and rural communities it operates in has not been as negative as is postulated by this planning proposal. Attached in Appendix B is correspondence from the Mayor of Narrabri Robyn Faber commenting on the positive economic and social impact the workers' accommodation facility has had there since opening. The socio-economic report attached in Appendix C, prepared by the Western Research Institute at Charles Sturt University, and peer-reviewed by Urbis Social Policy, shows that much of the negative anticipated impacts may be based on perception rather than reality. The Urbis peer review provides some suggestions for mitigating measures that can be instituted to minimise this perception. Further, The MAC advises that as part of its agreements with mining companies to provide accommodation, it provides many of the occupational health and safety frameworks associated with adequate rest between shifts, as well as transport and health requirements. It is unlikely that such facilities would be provided if mining employees were accommodated in rented private dwellings, or that adequate rest and recovery could be attained so close to a mine site.

A substantive body of Australian and international evidence shows⁸⁹¹⁰¹¹¹² that there is not a direct correlation between growth in incoming mining workers and negative social and economic outcomes.

⁷ Petkova, V., Lockie, S., Rolfe, J. & Ivanova, G. 2009, 'Mining developments and social impacts on communities: Bowen Basin case studies', *Rural Society*, 19(3), 211-28.

⁸ Freudenburg, W.R. & Wilson, L.J. 2002, 'Mining the data: analysing the economic implications of mining for non-metropolitan regions', *Sociological Inquiry*, 72, 549-575.

Rather, a situation of negative social and economic relations depends on a far broader array of factors than the simple presence of FIFO and DIDO workers, such as the provision of infrastructure, the relationship of miners with the community, the perception of social and economic inequality, and the existence of a stressed housing market arising from insufficient supply. As Hajkowicz et al (2011, p. 37) conclude in their assessment of the socio-economic impact of mining, 'we do not find evidence of a "resource curse" in Australia's mining regions at the whole of local government scale'. All research on the issue argues that the response to any arising problems requires considered and well-informed policy development: not, it can be deducted, the imposition of an arbitrarily-drawn land use barrier.

Irrespective of the merits of locating workers' accommodation facilities close to existing towns, it is certain that a far worse socio-economic outcome would be to locate such facilities on the mine sites. For instance, The MAC has been advised by councils in Queensland that they have an active policy of excluding accommodation facilities from within 8km of mine sites, particularly in relation to environmental (noise and dust) impacts on residential facilities. Such concerns were raised by Ulan Coal Mines Ltd in a submission to the recently-approved proposal (DA0135/2012) for workers' accommodation at 94 Main Street, Ulan.

6.3 RELATIONSHIP WITH THE LOCAL COMMUNITY

The planning proposal argues that an indifference to integration with the local community is sufficient grounds to create a prohibition on a land use, when The MAC's experience and preferred model is to use local employees and suppliers, as well as engage with local community events.

According to the planning proposal (p. 6):

These facilities on the edge of small communities are fully self-sufficient in terms of catering and recreation while placing pressure on physical infrastructure – water, sewer, roads and soft infrastructure in particular health related services.

The MAC's experience with constructing and operating their facilities across Australia show that the opposite is true. The MAC made a submission to the Inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia by the House of Representatives Standing Committee on Rural Australia, and is included in Appendix D as a good summary of The MAC's efforts to integrate and work with their local communities. In brief, The MAC has:

- Contributed to the amplification of local infrastructure services, including water and sewer, as part of their development applications;
- Worked with local businesses and suppliers to ensure it does not duplicate goods and services already offered in the town;
- Provided sponsorship to sporting clubs and events, business events and committees, major tourist events and festivals, and local school and community groups; and
- Estimated its contribution to the Narrabri economy through its development and operation at \$4,717,450 through to September 2011.

It should be noted that The MAC has already been contacted by local food and services suppliers who are interested in working with the proposal currently under assessment, in line with The MAC's policy on

⁹ Stedman, R., Parkins, J., & Beckley, T. 2004, 'Resource dependence and community well-being in rural Canada', *Rural Sociology*, 69(2), 213-234.

¹⁰ Petkova, V., Lockie, S., Rolfe, J. & Ivanova, G. 2009, 'Mining developments and social impacts on communities: Bowen Basin case studies', *Rural Society*, 19(3), 211-28.

¹¹ Hajkowicz, S., Heyenga, S. & Moffat, K. 2011, 'The relationship between mining and socio-economic wellbeing in Australia's regions', *Resources Policy*, 36(1), 30-38.

¹² Tonts, M., Plummer, P. & Lawrie, M. 2011, 'Socio-economic wellbeing in Australian mining towns: A comparative analysis', *Journal of Rural Studies*, future publication.

avoiding service duplication. Equally, The MAC also makes some of the operations in their facilities, such as gymnasiums, restaurants, and conference facilities, available to the local community where they are not already provided in the town.

By locating the facility on a mine site, it would make it far more difficult for local businesses to operate with the workers' accommodation facilities, and impossible for local residents to make use of services not provided in towns like Gulgong.

We have included correspondence from the mayors of Narrabri and Blayney in Appendix B as evidence that strong economic partnerships are made between The MAC and their local communities, relating to the provision of jobs and the creation of trade. If workers' accommodation facilities were restrained to mining sites, such opportunity would not be made available to the Mid-Western Regional community.

6.4 TRAFFIC IMPACT AND MANAGEMENT

The planning proposal argues that traffic impact is sufficient grounds to create a prohibition on a land use, when this should be addressed via DCP controls, negotiation, and assessment of an individual proposal.

According to the planning proposal (p. 11):

One of the biggest impacts is likely to be traffic and transport and locating the facilities adjacent to mine sites will mitigate this impact.

Irrespective of the existence or location of workers' accommodation facilities, the expansion of mines and the increase of employees in mining operations will have an impact on the road networks in Mid-Western Regional LGA, particularly to and from the mine sites. The advantage of workers' accommodation facilities is that they provide a focal point outside the mine, from which mass transport can be utilised to minimise the number of vehicles travelling directly to the mine site. The statement of environmental effects for the Gulgong DA stated that bus services would operate, as required in response to shift times and other factors, between the facility, the mine sites, Gulgong town centre, and Mudgee Airport.

Above these considerations, however, is the fact that such grounds should not be used to justify the proposed clause. Traffic impact assessment should be considered in development control plans, development application, development assessment, and determination. However, it should not be a factor that determines the permissibility or otherwise of a land use.

6.5 INFRASTRUCTURE SERVICING

The planning proposal argues that infrastructure servicing requirements are sufficient grounds to create a prohibition on a land use, when rather a proposal should be assessed on its merits regarding site servicing. In addition, impacts can be alleviated via necessary service amplification, and any workers' accommodation facility will leave behind legacy infrastructure for use in future urban expansion.

According to the planning proposal (p. 9):

In terms of the location of these facilities, the Council is the water and sewer authority and while strategic asset planning has been undertaken for these services based on urban expansion, there is a real concern that situating temporary workers accommodation adjacent to towns will place undue stress on infrastructure and impact on the ability of Council to service residential subdivision in the short to medium term without significant costs associated in bringing upgrades forward and increasing the cost of development.

The MAC does not deny that its development would not place additional demand on the operation of local infrastructure, including water and sewer. Therefore, as part of the Gulgong DA, The MAC has proposed an extension and amplification of utilities in line with Council's design and operation requirements. As earlier discussed, in other towns where The MAC operates, it contributes to the development of local infrastructure services.

The current state of Council's services should not be sufficient grounds to enforce a land use prohibition on a particular form of development. As with the above issues, this is a matter best addressed through policy controls such as development control plans, and through the development application, assessment, and determination phases.

Subclause 2(d) of the planning proposal states that consent could not be granted to the development of a workers' accommodation facility unless:

water and sewerage infrastructure will be provided to adequately meet the requirements of the development

The planning proposal is therefore requiring proposals to design, construct, and operate an independent water and sewer system operating in isolation close to the mine site. Such an unconsidered control does not acknowledge that:

- There are significant environmental constraints surrounding the operation of such infrastructure within close proximity to a mine site; and
- Stemming from such environmental impacts, there are considerable additional planning and building controls relating to building infrastructure and associated development, unlike the planning proposal's assertion that it 'will deliver a better, more efficient outcome in terms of the development approval process' (p. 4).

The proposed locational requirements also negates any potential for infrastructure created as part of a workers' accommodation facility to be transferred as legacy infrastructure for future urban development. Instead, infrastructure would have to be decommissioned and removed at the conclusion of the accommodation facility's use, representing both a significant expense to the facility operator and a massive waste of infrastructure to the local community and council.

7 Conclusion

This submission has shown that the planning proposal to define and curtail the development of workers' accommodation facilities under the 2008 and Draft LEPs is an ill-conceived and poorly executed attempt to control such development. The proposal contravenes NSW planning policy, including the Standard Instrument template, and it represents a poor application of planning method and controls. The content and criteria of planning proposal are not appropriate for an environmental planning instrument, and the planning proposal does not provide adequate justification for the identified policy issues to be included as part of amendments to the 2008 and Draft LEPs.

To iterate, it is submitted that:

1. The planning proposal is contrary to the principles of the Standard Instrument Local Environmental Plan template, and broader NSW planning policy;
2. The planning proposal represents a poor use of an environmental planning instrument, incorporating controls and criteria that are better suited either to a development control plan or the development application and assessment process;
3. The planning proposal could create a precedent for planning policy on temporary workers' accommodation facilities across the State, pre-empting any attempt by the State to prepare a comprehensive strategic planning approach to this emerging issue;
4. The planning proposal creates a subzone, whereby additional land use controls are established outside the land use table with unusually and arbitrarily restrictive limitations. This contravenes Ministerial Direction 6.3 under the *Environmental Planning and Assessment Act 1979*;
5. The planning proposal creates a new land use definition outside the Dictionary that does not apply to the land use table, contrary to Standard Instrument practice;
6. The planning proposal is not the result of a strategic planning process or empirical evidence, representing a haphazard response to a single proposal rather than a considered and evidence-based planning method;
7. The planning proposal will not alleviate stress on the Mid-Western Regional housing market, as is implied by the report, but rather further heighten housing demand relative to supply, creating severe housing market implications for both local residents and mine workers;
8. The planning proposal does not provide substantive evidence or argument that workers' accommodation facilities lead to negative social and economic impacts on the local community (and how, in any case, these impacts would or should be mitigated through an environmental planning instrument);
9. The planning proposal argues that an indifference to integration with the local community is sufficient grounds to create a prohibition on a land use, when The MAC's experience and preferred model is to use local employees and suppliers, as well as engage with local community events;
10. The planning proposal argues that traffic impact is sufficient grounds to create a prohibition on a land use, when this should be addressed via DCP controls, negotiation, and assessment of an individual proposal; and
11. The planning proposal argues that infrastructure servicing requirements are sufficient grounds to create a prohibition on a land use, when rather a proposal should be assessed on its merits regarding site servicing. In addition, impacts can be alleviated via necessary service amplification, and any workers' accommodation facility will leave behind legacy infrastructure for use in future urban expansion.

The MAC looks forward to the results of this submission and the exhibition period. Copies of this submission have also been forwarded to relevant public agencies:

- DP&I Gateway Panel;
- DP&I Western Region Office;
- Department of Primary Industries – Agriculture Division;
- Department of Primary Industries – Minerals and Petroleum Division; and
- Joint Regional Planning Panel Secretariat.

Appendix A

Summary of Versions of the Mid-Western Regional Development Control Plan – Temporary Workers' Accommodation

The table below provides a summary of the changes between the various versions of Mid-Western Regional Council's Development Control Plan – Temporary Workers' Accommodation as it progressed through drafts to a final adopted form.

ISSUE	DCP – AUGUST VERSION	DCP – DECEMBER VERSION	DCP – FINAL VERSION
Definition of temporary workers accommodation	Defined as <i>'development which remains in place on a temporary basis that provides accommodation for mine-related workers or those associated with large scale infrastructure projects and their dependents (usually employed on a drive in/drive out or fly in/fly out basis) and consists of accommodation units, and associated amenity building.'</i>	Amended to <i>'development which remains in place on a temporary basis that provides temporary accommodation for mine-related workers or those associated with large scale infrastructure projects and their dependents (usually employed on a drive in/drive out or fly in/fly out basis) and consists of accommodation units, and associated amenity building.'</i>	<p>Changed to <i>'development that provides accommodation and infrastructure for workers associated with mining or other large scale infrastructure projects (the Project) being accommodation of limited intended duration. The accommodation is not intended to be the principle place of residence but is typically of a temporary 'drive-in/drive-out' or 'fly-in/fly-out' basis.</i></p> <p><i>'The accommodation itself typically consists of individual accommodation units without individual kitchen facilities but with associated amenities including food, drink, laundry, and with infrastructure for the disposal of sewerage and other waste. The duration of the development is related to the life of the project.'</i></p>
Permissibility	Temporary workers' accommodation (TWA) is identified as an innominate use in the <i>Mid-Western Regional Interim Local Environmental Plan 2008</i> , hence requiring assessment by the objectives of the relevant zone, and whether the relevant zone is 'open' or 'closed' for innominate uses.	TWA is characterised as 'tourist and visitor accommodation' in the <i>Mid-Western Regional Interim Local Environmental Plan 2008</i> , which is only permissible in the village, business and light and general industrial zones.	<p>'Pursuant to the <i>Mid-Western Regional Interim Local Environmental Plan 2008</i>, Temporary Workers Accommodation by its characterisation falls within the definition of 'tourist and visitor accommodation'.</p> <p>This version also explicitly states that the DCP is to be read in conjunction with the three LEPs in the LGA.</p> <p>Further, 'where there is an inconsistency between this DCP and other DCP that currently apply to the</p>

ISSUE	DCP – AUGUST VERSION	DCP – DECEMBER VERSION	DCP – FINAL VERSION
			local government area than this DCP shall apply in so far as it relates to development for the purposes of temporary workers accommodation.'
Locational requirements	Within 1.5km of the edge of the urban zone of a town, 500m of the edge of a village zone of a village, or at the site of a major infrastructure project.	The distance requirements have been removed, though emphasis is placed on discouraging TWAs in areas of scenic value, adjacent to tourist routes, industrial zoned land, or far from mining areas.	Distance requirements maintained, however a clause has been added that requires the suitability of legacy infrastructure for later projects to be assessed at the initial DA stage.
Demand	<p>No more than 1,200 TWA beds across the LGA, with a maximum of 400 beds in any one facility and a minimum separation of 20km from any other TWA.</p> <p>Applicants are required to demonstrate the need for the facility.</p>	<p>Bed cap and distance requirements removed.</p> <p>Applicants must include in their statement of environmental effects an expected time of decommissioning for the TWA.</p>	Maintained.
Social impact	No requirement.	Applicants must include a social impact statement, identifying potential impacts and management plans for them, as well as detailing community consultation.	Broadly maintained, with minor alterations to note that GPs and dentists must be consulted in the SIS, and that an SIS should identify and implement provisions to address issues arising from social impacts.
Density	The site density must not exceed 100 beds per square hectare.	Maintained.	Maintained.
Facilities	<p>Facilities are to include:</p> <ul style="list-style-type: none"> ▪ Bathroom in each room; ▪ Communal laundry; 	Maintained.	Maintained.

ISSUE	DCP – AUGUST VERSION	DCP – DECEMBER VERSION	DCP – FINAL VERSION
	<ul style="list-style-type: none"> ▪ Covered entry for each building; ▪ Outdoor activity area; ▪ Secure storage spaces; ▪ Street and walkway lighting; and ▪ Paved internal walkways connecting all buildings and facilities. 		
Car parking	One parking space per room and one parking space per staff member.	Maintained.	Maintained.
Services	Potable water providing at least 140L/person/day. Where connecting to a reticulated system, it must be shown that there is sufficient capacity.	Maintained, with requirements for waste management and on-site first aid included.	Maintained.
Landscaping	Landscape plan is to retain remnant vegetation, provide a buffer to surrounding land, and at least 25% of site is to be open space.	Maintained.	Maintained.
Plan of management	Comprehensive plan of management to be included in DA, including matters such as waste, neighbours, transport, alcohol, medical facilities, emergency response, soil and groundwater management, and complaints.	Maintained.	Maintained.
Decommissioning plan	Decommissioning plan to detail timing, facilities to remain, site rehabilitation, proposed future uses, and the transfer to public ownership of legacy infrastructure.	Maintained.	Maintained.

ISSUE	DCP – AUGUST VERSION	DCP – DECEMBER VERSION	DCP – FINAL VERSION
Developer contributions	For proposals of 50 beds or greater, Council will seek to negotiate a voluntary planning agreement. Smaller proposals will be subject to Council's Section 94 Contributions Plan.	Maintained.	Maintained.

Appendix B

Correspondence from the Mayors of Narrabri and Blayney

Robyn Faber, Narrabri Mayor – Email 28 October 2011

Narrabri was experiencing a MAJOR accommodation crisis when the MAC proposal was suggested. All motels and hotels full, few rentals and rent price rises, tourists unable to gain accommodation on arrival in town and our traditional base of business reps no longer able to obtain rooms. Minimum 3 weeks notice needed for one overnight room! (Still pretty hard even with 264 rooms at THE MAC). Problem combination of mine and gas construction, new hospital construction, extension to Plan Breeding Institute, and 4 major BER projects. Majority of demand was from construction, mine worker demand is yet to really occur. Note close towns of Wee Waa and Boggabri similarly affected so a Shire wide problem. We have a 10 fold increase in homelessness in the Shire due to people no longer able to afford rents. No government support for new affordable housing and community housing reverting to higher rentals for miners.

The MAC operates and is classified as a Motel. it takes any type of person, is not exclusive to 'miners'. Our village has had ARTC workers, hospital construction contractors and stranded airline passengers!

Majority of construction for The MAC was done by local people (except for the units themselves): they used local plumbers, electricians, fabricators and powdercoaters, earthworks providers etc. The local Homemakers Store kitted out all the units. Local airconditioner firm provided the air conditioners.

Majority of daily needs are supplied locally: fruit and veg, meat from Cargill at Tamworth, all workers except Manager are local, two chefs in kitchen are training 8 locals in cookery and hospitality, with TAFE Tamworth providing on site training.

Initial concern from moteliers that their 100% occupancy would be impacted has not occurred. They recently commented that the MAC was full and they were all still full.

Secret to making it work is to ensure the village is as close as possible to town and integrated with the town. The MAC has no other stand alone services except for meal and laundry provision. The patrons use all other town facilities and they DO use them. This includes town pool, gyms, shops, restaurants and some sports.

We have had no social issues with patrons. The MAC undertakes random drug and alcohol control on the mines' behalf. Patrons are accommodated in grouped areas according to their shifts which are 12 hours to make the stay as pleasant as possible.

The MAC supports community functions and events (such as free catering for a childcare school fund raiser) and is so far a good community citizen. They are good operators. The village is well landscaped and maintained.

They presently have DA awaiting approval to expand to 900 rooms as a staged extension. We are expecting 2000 mine workers by 2014!

The real benefit to Narrabri apart from the patronage of local business, is the ability for the village to take the heat out of the rental market and enable us to once again promote our region to tourists. We couldn't do that lately as we had no room for them!

The key thing for communities is you need to be ahead of the demand; it is too late for action once the mines start: inaffordability of housing and inability to obtain trade services for daily needs will really stress your community if alternatives are not put in place.

MAC has not stopped other investment, we presently have 18 DAs awaiting a rezoning to enable medium density development in residential areas.

Mining village worth its metal

BY ERIN SOMERVILLE

28 Nov, 2011 03:00 AM

THE economic benefits from the mining village may not be obvious, but they're certainly there, Blayney mayor Bruce Kingham says.

Cr Kingham said the community had already benefited from the extra 200 residents, and would continue to do so for years to come.

Despite the mining village being self-catered, Cr Kingham said retailers were still benefiting.

"This is a major boost for the economy," he said.

"They buy all their food locally."

Blayney's economy is also receiving an injection from increased fuel, social and smallgoods purchases, said Cr Kingham.

Many Blayney residents have directly benefited from the residential development through the creation of new jobs at the village such as cooking, cleaning and administration.

The town is expected to reap these flow-on cash effects.

"These wages all come back through the town," Cr Kingham said.

Cadia Valley Operations is already getting its money's worth out of the \$5.5 million facility.

The village has been brimming with contractors since its opening in August.

With 350 employees heading to Cadia on Monday for a 10 day shutdown, general manager of Cadia Projects Leigh Cox is relieved to have the village operating for accommodation purposes.

"We are using it all the time, and those coming for the shutdown already have accommodation," Mr Cox said.

"We're very pleased in how it's come about."


[Share on Facebook](#)

[Tweet on Twitter](#)

[Email to a friend](#)

Allianz Travel Insurance

Get a Quick Quote for Insurance to Suit Your Travel Needs.

www.Allianz.com.au/Travel - AdChoices 

comments

No comments yet. Be the first to comment below.

post a comment

Appendix C

Socio-Economic Report (Western Research Institute) and Peer Review (Urbis)



Socio-Economic Report

For Land at 2 Black Lead Lane,

Gulgong, NSW



Prepared for The MAC

16th December 2011

Disclaimer

Any representation, statement, opinion or advice, expressed or implied, in this publication is made in good faith, but on the basis that the Western Research Institute (WRI) or its employees are not liable (whether by reason of negligence, lack of care or otherwise) to any person for any damage or loss whatsoever, which has occurred or may occur in relation to that person taking (as the case may be) action in respect of any representation, statement or advice referred to above.

Acknowledgements

WRI would like to acknowledge the assistance of Mid-Western Regional Council and local Mudgee and Gulgong community and business stakeholders.

Contact Details:

Western Research Institute
ABN 76 090 089 991
c/- Charles Sturt University
Research Station Drive
Bathurst NSW 2795
Telephone: (02) 6338 4435
Facsimile: (02) 6338 4699
Email: wri@csu.edu.au

CONTENTS



1. Introduction	05
1.1 Background	05
1.2 Methodology	05
1.3 Report Outline	05
2. Socio-Economic Profile	07
2.1 Population	07
2.2 Population Projections	07
2.3 Age Structure	08
2.4 Education Qualifications	08
2.5 Industry Structure	09
2.6 Occupation	10
2.7 Unemployment	11
2.8 Housing Affordability	11
2.9 Occupancy Rates	12
2.10 Crime Statistics	13
3. Competitor Analysis	15
3.1 Key Competitor/Related Industries	15
4. Community Impacts/Benefits	19
4.1 Economic Impact	19
4.2 Social Issues	20
5. Conclusion	23
Appendix 1: Literature Review	25
Appendix 2: Modelling Methodology	29
Western Research Institute	33

EXECUTIVE SUMMARY



The MAC is proposing to develop a parcel of land, at 2 Black Lead Lane Gulgong, as an accommodation facility to service the surrounding mine construction and operational workforces. Stage 1 of the development will comprise a 400 room facility. The facility could be extended to 1,500 rooms in the longer term.

Overall Conclusion

There appears to be some negative community perception about the proposed MAC facility at Gulgong. However, much of the negativity revolves around the influx of a large number of drive-in drive-out mine workers rather than being specifically related to The MAC facility. Thus The MAC development has attracted negative perceptions by association.

In summary:

- mining is a key part of the Mid-Western Regional LGA economy;
- the competitor/associated industry analysis shows minimal negative and some significant positive benefits to business;
- the economic impact is modest but significant for the Stage 1 400 room development whilst being larger for the 1,500 room facility;
- most of the anticipated negative impacts may be perception rather than reality or are specific to a large influx of mine workers rather than The MAC development itself; and
- in some instances The MAC development may mitigate some of the negative social impacts of the arrival of a significant number of mine workers.

Socio-Economic Profile

A socio-economic profile shows that:

- At the 2006 census the resident population of Gulgong was 1,906 persons. Gulgong is part of the Mid-Western Regional LGA which had an estimated resident population of 22,860 at 30 June 2010. Between 2001 and 2010 the estimated resident population of Mid-Western Regional LGA grew at an average annual rate of 0.3 percent.
- In 2009-10 the Gross Regional Product (GRP) of Mid-Western Regional LGA was \$1,049 million with the largest contributor

to full time equivalent (FTE) employment, measured by place of employment, being mining. Mining contributed 14 percent of FTE and 30 percent of industry value added.

- At the 2006 Census, the largest industries by total employment (as opposed to FTE employment) of residents of Gulgong were retail trade, mining, accommodation & food services, health care & social assistance and manufacturing.
- In 2008-09 average income in Mid-Western Regional LGA (\$44,202) was higher than North Western Statistical Division (\$40,038) and Regional NSW (\$38,490).
- Median weekly rental as percentage of average weekly taxable income was slightly higher in 2008-09 in Mid-Western Regional LGA compared to Central Macquarie and Regional NSW. Anecdotal evidence suggests rents have risen significantly more recently.

Competitor Analysis

The key competitor analysis was based on face to face and telephone interviews with 15 businesses in Gulgong and Mudgee. Businesses interviewed included those that offer a similar service to the proposed MAC facility. Other businesses interviewed were those likely to be complementary or related to the facility. There were also additional interviews of businesses recommended as having a good overview of the Gulgong economy.

The overall assessment is that:

- the real estate sector would not be negatively impacted by The MAC development;
- licensed premises in Gulgong could benefit significantly;
- cafes/restaurants could also benefit;
- the impact on the accommodation sector is likely to be slightly negative for some but unaffected for others; and
- the fitness centre is likely to be unaffected.

Other concerns and issues raised by business in general included:

- a view that around 70 percent of businesses in Gulgong support The MAC development;
- The MAC facility would free up accommodation for tourists to return to Gulgong, potentially generating increased

expenditure in the town;

- busyness on roads making it difficult for farmers to move stock and machinery;
- scepticism about the amount residents at The MAC facility would spend in Gulgong;
- The MAC facility, on the gateway to Gulgong from the Hunter Valley, could ruin the heritage image of Gulgong;
- concern about the shortage of skilled labour;
- concern about the capability of Gulgong to step up and supply The Mac facility, although one business is prepared to upscale significantly; and
- a view that Council has constrained development in Gulgong.

The overall assessment is that there are some significant business concerns about the impact of mining in general, but few that relate specifically to the proposed MAC development.

On the positive side, The MAC development is expected to benefit some industry sectors and help alleviate the shortage of temporary accommodation in Gulgong, which is thought to be constraining tourism.

Community Impacts /Benefits-Economic

The proposed MAC development will have an economic impact on Mid-Western Regional LGA in both the construction phase and the operational phase. In the 400 room Stage 1 configuration the construction phase will contribute:

- An additional \$6.6 million in gross regional product
- An additional \$3.5 million in household income
- An additional 59 full-time equivalent jobs

In the 400 bed Stage 1 configuration the operational phase will contribute:

- An additional \$4 million in gross regional product
- An additional \$2.1 million in household income
- An additional 51 full-time equivalent jobs

For a 1,500 bed configuration the construction phase would contribute:

- An additional \$21.3 million in gross regional product
- An additional \$11.2 million in household income
- An additional 191 full-time equivalent jobs

For a 1,500 bed configuration the operational phase would contribute:

- An additional \$14.9 million in gross regional product

- An additional \$8.0 million in household income
- An additional 191 full-time equivalent jobs

It should be noted that the estimates for a 1,500 room facility are measured in total and not in addition to those for a 400 room facility.

Community Impacts /Benefits-Social Issues

The analysis of the social issues associated with The MAC facility was based on face to face and telephone interviews with local government, the police, health services and businesses in Mudgee and a literature review of the social impact of mining on rural and regional communities.

There is concern by some interviewees that a concentration of young men in The MAC facility close to Gulgong could lead to alcohol induced violence and vandalism. The zero tolerance of alcohol and drugs on mine sites, the experience of current accommodation providers, the view of the Mudgee Police Local Area Command and the literature review all indicate that this concern is unwarranted.

Many interviewees referred to the rich cultural heritage value of Gulgong, with some having the view that The MAC development would destroy this value for tourism. Others spoke of the current lack of accommodation constraining tourism in Gulgong and suggested that The MAC facility would alleviate this, thereby helping tourism. Related issues were the increasing busyness in Mudgee and Gulgong which, it was suggested, may result in current residents moving out of the area. The overall assessment is that the influx of mine workers is changing the character of Mudgee and Gulgong, independent of The MAC facility. By easing pressure on accommodation The MAC development may facilitate the return of tourism which, in turn, may help preserve the culture of heritage, arts and music.

The greatest concern for the Mudgee Police Local Area Command resulting from the increase in mine workers in the region is the impact on traffic accidents. Accidents and traffic offences typically rise as traffic volumes increase on 100 kilometre per hour two lane roads. This view was supported by the other interviews and the literature review. The assessment is that this is a problem associated with the increase in mine workers, rather than The MAC facility. However, The MAC facility, by concentrating workers in one place, could facilitate greater use of bus transport to and from the mines thereby reducing car travel by mine workers.

A number of interviewees expressed concern that high rents in the Mid-Western Regional LGA were creating hardship for lower socio-economic groups. Since The MAC development would ease

pressure on housing, rents should fall somewhat improving the situation for these groups.

Several interviewees expressed concern that The MAC development would drain already stretched essential services, particularly health and policing. Policing has been discussed above and the Western Health Local Health District (LHD) indicated that, as with most mining towns, the proposed development should not have a major effect on the health services that they provide in Gulgong. There could, however, be additional primary health care needs which the local GPs provide.

The legacy infrastructure left behind after The MAC has removed its buildings could be used for a future housing development on the 2 Black Lead Lane site. The MAC development could also prove to be a stepping stone for labour that is initially drive-in drive-out, but subsequently moves into the Mid-Western Regional LGA permanently.

The proposed MAC development will impact on the immediate neighbours by changing the character, and possibly value, of their properties. The MAC development will have bunds and landscaped gardens which will minimise noise and may mitigate the negative effects for the neighbours, at least to some extent.

1. INTRODUCTION

1.1 Background

The MAC Services Group Pty Ltd (The MAC) was established in 1998 and specialises in the provision and management of accommodation type facilities for the mining and construction industries.

The MAC is proposing to develop a parcel of land, at 2 Black Lead Lane Gulgong, as an accommodation facility to service the surrounding mine construction and operational workforces. The nature of the development is accommodation for "drive in drive out" or "fly in fly out" workers. On site facilities include:

- Laundry
- Gymnasium/Recreation room
- Outdoor recreation areas
- Cafeteria/Dining room
- Shop Kiosk
- Lap Pool

Other features of the development are:

- Only 30% of the available site is to be utilised.
- Rooms are en-suited with variations in size and features.
- Based upon the demand profile there is proposed to be a staged development of the site, with Stage 1 consisting of 400 rooms. The masterplan provides for a capacity of 1,500 rooms to be built if required.
- Large landscaped set back from both the road and property boundaries.
- The road design allows for future residential land subdivision lots.
- Reduced visual impact and physical separation from the township but close proximity for regular visitation.
- Safe road entry access and bus transport to and from the mine.

This report was prepared for The MAC by the Western Research Institute (WRI) in support of a DA pertaining to the above development. The report assesses the economic, social and competitive impacts of the development on the Gulgong community and, where appropriate, the wider Mid-Western Regional Council area.

The report does not constitute either a detailed economic or social impact assessment. Rather it provides a broad assessment of the

likely impacts and identifies and discusses some key issues pertinent to the development that were identified by members of the Mid-Western Regional community and in relevant literature.

1.2 Methodology

The methodology used to prepare this assessment includes:

- Desk research using Australian Bureau of Statistics (ABS) and other data to construct a socio-economic profile of the Mid-Western Regional and Gulgong community.
- Community consultation involving both individual and small group interviews.
- A literature review of research on the social and economic impact of mining and mining accommodation on regional communities (See Appendix 1 for the Literature Review).

1.3 Report Outline

Section 2 provides a socio-economic profile of the Mid-Western Regional LGA and the Gulgong Urban Locality. This material includes tables and graphs, comparing where appropriate between Mid-Western Regional LGA and Gulgong Urban Locality with the North Western Statistical Division and Regional New South Wales.

Section 3 provides a key competitor analysis to determine whether the business performance of any businesses in Mid-Western Regional LGA and Gulgong in particular, is likely to be adversely affected by The MAC development. This section reports the results of interviews with business owners or managers in industries that may compete with services provided by The MAC facility. An assessment of the likely impact of The MAC development for each industry group is included as are broader business concerns raised in the interviews.

Section 4 examines the possible Community Impacts/Benefits of the MAC development on Mid-Western Regional LGA and Gulgong. The first part estimates the economic contribution of The MAC development in terms of full-time equivalent jobs, household income and gross regional product, in both the construction phase and ongoing operational phase. The second part assesses social issues associated with The MAC development. Each identified social issue is examined with reference to interview results and relevant components of the literature review and finally an assessment is made.

A conclusion to the report is provided in Section 5.

2. SOCIO-ECONOMIC PROFILE

Gulgong is located within Mid-Western Regional Local Government Area (LGA) in the North Western region of New South Wales, approximately 270 kilometres from Sydney. As part of the overall socio-economic assessment of the proposed development, a profile of the key demographic and socio-economic characteristics of Gulgong and Mid-Western Regional LGA was undertaken.

As Gulgong is an urban locality within Mid-Western Regional LGA, there is little data outside of the Census provided at this level. Therefore, most of the analysis is provided at the Mid-Western Regional LGA level. A comparison was provided wherever possible with North Western Statistical Division and Regional NSW (NSW excluding Sydney, Hunter and Illawarra Statistical Divisions).

WRI utilised a number of data sources for the profile including the Australian Bureau of Statistics (ABS), the New South Wales Department of Planning and Infrastructure, the Department of Education, Employment and Workplace Relations (DEEWR), the Australian Taxation Office (ATO) and the Bureau of Crime Statistics and Research (BOCSAR).

2.1 Population

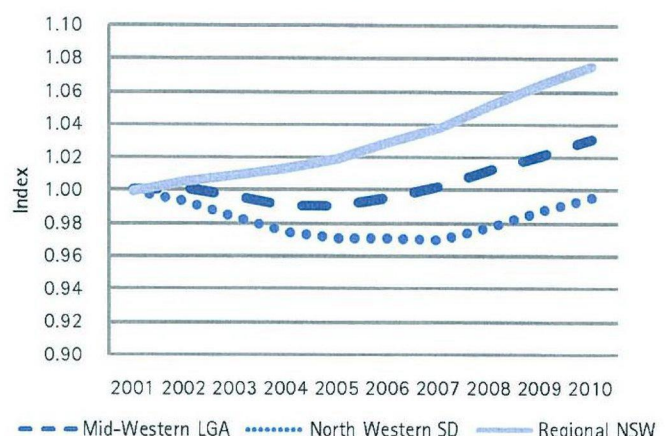
The estimated resident population of Mid-Western Regional LGA at 30 June 2010 was 22,860 persons (ABS Cat No 3218.0).

Between 2001 and 2010 the population of Mid Western LGA increased 3.0 percent at an average rate of 0.3 percent per annum. However, the rate of increase has not been consistent each year. The Index of Population (see Figure 2.1) shows that population levels declined between 2003 and 2005, however, have increased steadily since then.

Over the same time period, the North Western Statistical Division experienced population decline falling -0.4 percent between 2001 and 2010. For the North Western Statistical Division, the Index of Population shows that the population decreased between 2001 and 2007, however, has increased steadily since then.

Regional NSW population levels increased by 8 percent between 2001 and 2010 with population levels increasing steadily each year.

Figure 2.1: Index of population - base year 2001



Source: ABS 3218.0 Regional Population Growth, Australia

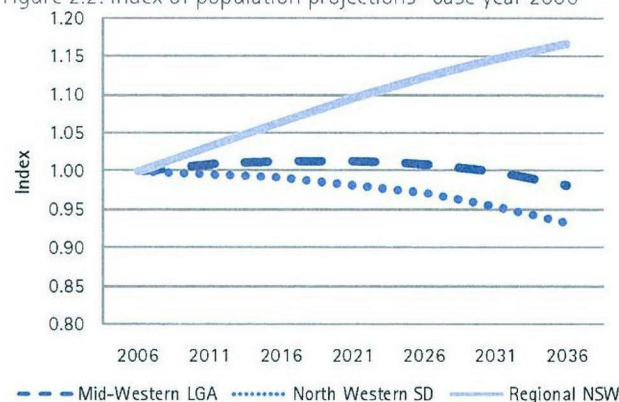
2.2 Population Projections

The New South Wales Department of Planning and Infrastructure released population projections at a local area level in April 2010.

Mid-Western Regional LGA is projected to decrease by -1.8 percent between 2006 and 2036. The Index of Population Projections (See Figure 2.2) shows that the population is projected to increase marginally until 2021, with levels declining after this.

The North Western Statistical Division is also projected to decline (-6.7 percent) between 2006 and 2036. The Index of Population Projections shows that the population is expected to decline from 2011. Regional NSW is expected to grow 16.6 percent between 2006 and 2036, and at a steady rate.

Figure 2.2: Index of population projections- base year 2006



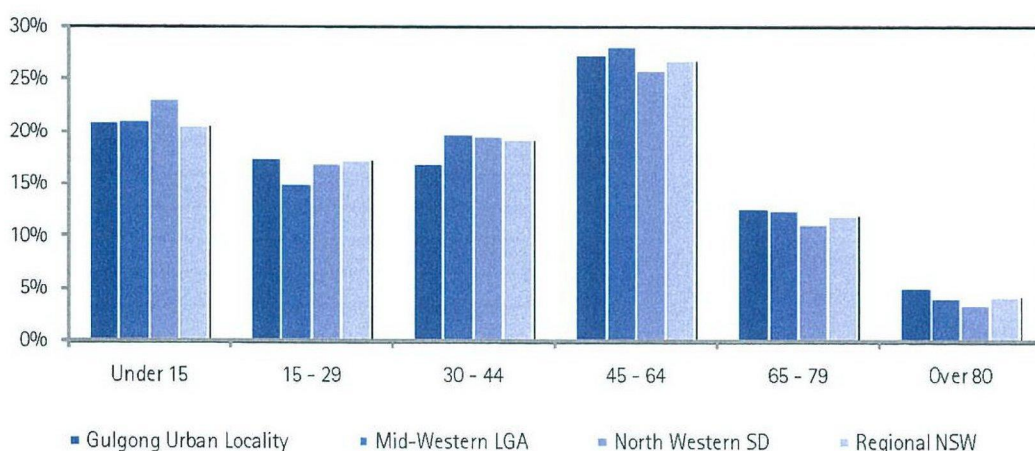
Source: Department of Planning and Infrastructure, NSW Statistical Local Area Population Projections, April 2010

2.3 Age Structure

The age structure of Gulgong Urban Locality and Mid-Western Regional LGA largely reflects the age structure across Regional NSW (see Figure 2.3). Overall, Gulgong and Mid-Western Regional LGA have a lower proportion of the population in the working age bracket and higher proportions in the dependent age brackets (Under 15 and over 65).

This breakdown is typical of many regional locations throughout Australia in which younger people leave the local community to seek employment or education options in larger centres.

Figure 2.3 Age structure



Source: ABS 2006 Census

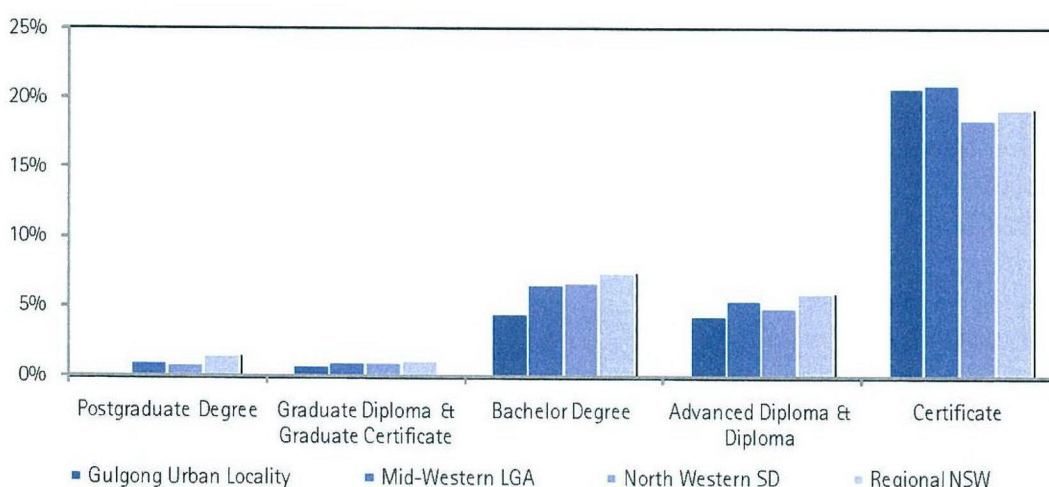
2.4 Education Qualifications

In Gulgong, 31 percent of the population aged over 15 years have a post-school qualification. This is lower than for Mid-Western Regional LGA (36 percent) and Regional NSW (35 percent).

However, both Gulgong and Mid-Western Regional LGA have a lower proportion of the population aged over 15 years with a Bachelor degree than Regional NSW. This may be attributed to the lack of a University located in either centre.

Gulgong and Mid-Western Regional LGA have a higher proportion of the population over 15 years with a Certificate level qualification than Regional NSW overall (see Figure 2.4).

Figure 2.4 Proportion of population over 15 years of age with post school qualifications



2.5 Industry Structure

In 2009-10 the Gross Regional Product (GRP) of Mid-Western Regional LGA was \$1,049 million, representing approximately \$135,000 per full-time equivalent (FTE) job in the region. This compares to \$145,000 per full-time equivalent for New South Wales.

In 2009-10, the top five contributors to FTE employment in the Mid-Western Regional LGA were:

- mining;
- retail trade;
- manufacturing;
- agriculture, forestry and fishing; and
- education and training.

Together, these sectors accounted for just over half (53 percent) of FTE employment. However, there are considerable variations in the contribution to employment and value added as shown in Figure 2.5.

Mining is the largest contributor to industry value added in Mid-Western Regional LGA representing 14 percent of FTE employment and 30 percent of industry value added. This sector is dominated largely by coal mining which represents almost 11 percent of FTE employment and 23 percent of industry value added in Mid-Western Regional LGA.

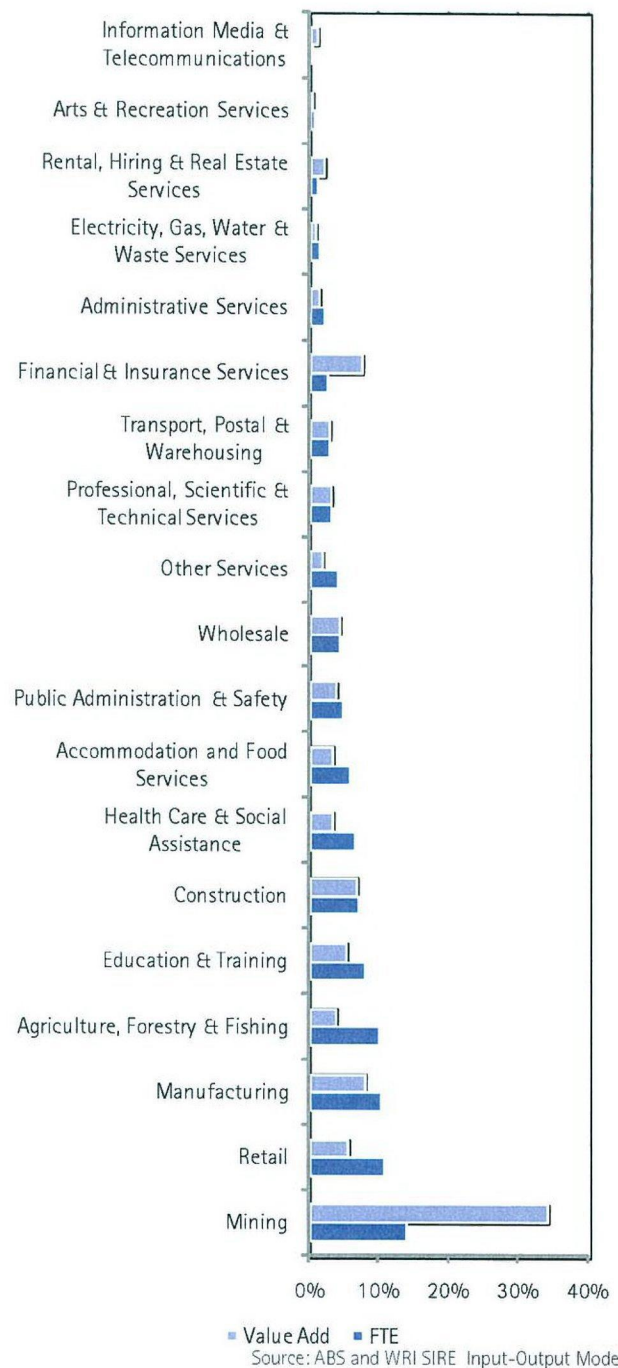
Manufacturing is the second largest contributor to industry value added in Mid-Western Regional LGA representing 7 percent of industry value added and 10 percent of FTE in 2009-2010. Within this sector, the largest contributors are food and beverage manufacturing and non-metallic mineral product manufacturing.

At the 2006 Census the largest industries by employment for Gulgong were:

- retail trade;
- mining;
- accommodation and food services;
- health care and social assistance; and
- manufacturing.

Note: WRI SIRE Input-Output model uses employment figures that are based on place of employment and full-time equivalent employment.

Figure 2.5 Percentage contribution to GRP and FTE employment by industry



2.6 Occupation

The largest occupation by employment in the Mid-Western Regional LGA is machine and stationary plant operators representing 6.4 percent of the workforce. Based on the 2006 Census, the majority of these are employed in the mining sector. This is significantly higher than for both North Western Statistical Division and Regional NSW (see Table 2.1). This occupation classification attracts the highest average income in the Mid-Western Regional LGA and also again, is significantly higher than for both North Western Statistical Division and Regional NSW overall (see Table 2.).

Education professionals is the second largest occupation classification in the Mid-Western Regional LGA, a lower proportion than for both the North Western Statistical Division and Regional NSW overall. However, this occupation classification attracts the tenth highest average income in Mid-Western Regional LGA.

Table 2.1 Top 20 occupations by employment

	Mid-Western LGA	North Western SD	Regional NSW
Machine and Stationary Plant Operators	6.4%	2.7%	1.4%
Education Professionals	5.3%	6.1%	5.7%
Sales Assistants and Salespersons	4.9%	4.5%	4.9%
Farm, Forestry and Garden Workers	4.6%	4.3%	2.9%
Automotive and Engineering Trades Workers	4.1%	3.1%	2.9%
Health Professionals	3.7%	4.2%	4.6%
Carers and Aides	3.6%	4.7%	4.3%
Construction and Mining Labourers	3.4%	2.8%	2.2%
Other Clerical and Administrative Workers	3.3%	3.7%	3.8%
General Clerical Workers	3.2%	4.0%	4.2%
Hospitality Workers	2.9%	2.4%	2.8%
Road and Rail Drivers	2.8%	3.4%	3.3%
Cleaners and Laundry Workers	2.7%	2.6%	2.6%
Chief Executives, General Managers and Legislators	2.6%	2.1%	2.6%
Hospitality, Retail and Service Managers	2.5%	2.5%	2.6%
Other Labourers	2.5%	2.7%	2.2%
Specialist Managers	2.3%	2.6%	3.4%
Design, Engineering, Science and Transport Professionals	2.3%	2.0%	2.2%
Office Managers and Program Administrators	2.2%	2.4%	2.9%
Skilled Animal and Horticultural Workers	2.0%	1.9%	1.4%
Numerical Clerks	2.0%	2.2%	2.2%

Source: ABS 5673055003_8A Wage and Salary Earner Statistics for Small Areas, Time Series, 2008–09

Overall, the average income in Mid-Western Regional LGA (\$44,202) was higher than North Western Statistical Division (\$40,038) and Regional NSW (\$38,490).

Nine of the ten highest average income occupation classification groups in Mid-Western Regional LGA are higher compared to the same occupation group in the North Western Statistical Division and Regional NSW overall (See Table 2.2).

Table 2.2 Top 20 occupations by average income

	Mid-Western LGA	North Western SD	Regional NSW
Machine and Stationary Plant Operators	\$108,364	\$87,299	\$64,988
Design, Engineering, Science and Transport Professionals	\$84,218	\$69,786	\$64,708
Electrotechnology and Telecommunications Trades Workers	\$77,637	\$63,362	\$59,687
Engineering, ICT and Science Technicians	\$74,460	\$64,746	\$53,893
Specialist Managers	\$74,419	\$65,694	\$66,104
Automotive and Engineering Trades Workers	\$63,880	\$53,566	\$48,101
Mobile Plant Operators	\$62,098	\$49,145	\$46,575
Protective Service Workers	\$61,227	\$61,655	\$60,187
Construction and Mining Labourers	\$60,186	\$44,912	\$39,165
Education Professionals	\$50,833	\$52,477	\$51,686
Business, Human Resource and Marketing Professionals	\$50,793	\$49,015	\$52,779
Road and Rail Drivers	\$47,660	\$46,459	\$45,647
Health Professionals	\$46,915	\$54,426	\$53,880
ICT Professionals	\$46,820	\$59,900	\$65,885
Office Managers and Program Administrators	\$46,411	\$48,283	\$48,718
Chief Executives, General Managers and Legislators	\$46,333	\$52,796	\$61,465
All Occupations	\$44,202	\$40,038	\$38,940
Health and Welfare Support Workers	\$43,061	\$46,805	\$42,561
Hospitality, Retail and Service Managers	\$42,666	\$44,692	\$43,218
Legal, Social and Welfare Professionals	\$41,115	\$47,093	\$45,401
Storepersons	\$40,956	\$35,061	\$34,525
Total	\$44,202	\$40,038	\$38,940

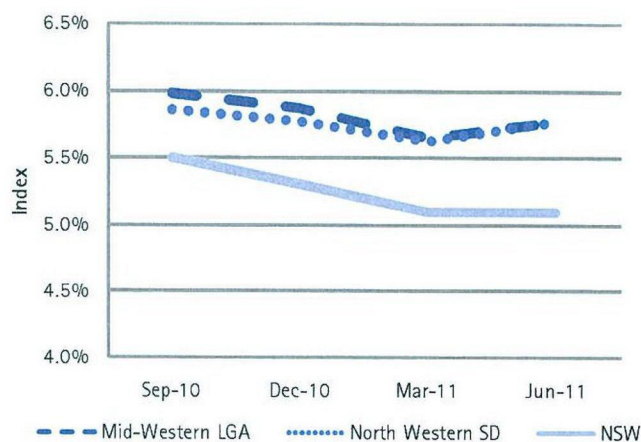
Source: ABS 5673055003_8A Wage and Salary Earner Statistics for Small Areas, Time Series, 2008–09

2.7 Unemployment

Over the last four quarters, both the Mid-Western Regional LGA and the North-Western Statistical Division have recorded higher unemployment rates than NSW overall (see Figure 2.6).

The unemployment rate for Mid-Western Regional LGA in the June quarter of 2011 was 5.8 percent, a similar figure to the North Western Statistical Division. However, this is a higher rate than for NSW overall at 5.1 percent.

Figure 2.6 Unemployment rates
September Quarter 2010 – June Quarter 2011



Source: DEWR Small Area Labour Markets

2.8 Housing Affordability

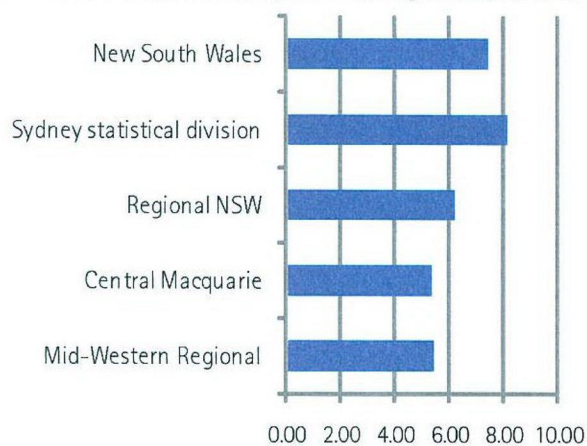
Housing affordability was examined using a ratio of median house prices to average annual taxable income and median weekly rental as a percentage of average weekly taxable income.

On average, housing is more affordable in the Mid-Western Regional LGA compared to Regional NSW, Sydney statistical division and NSW overall (see Figure 2.7). However, Mid-Western Regional LGA is less affordable on average than the Central Macquarie region.

Median weekly rental as a percentage of average weekly taxable income is slightly higher in Mid-Western Regional LGA compared to Central Macquarie, Regional NSW and NSW overall (see Figure 2.8).

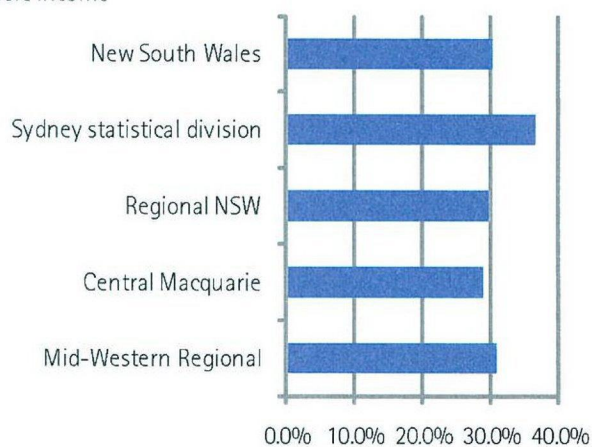
Note: data is not provided for North Western Statistical Division so the Central Macquarie region has been used as a comparison.

Figure 2.7 Ratio of median house price to average taxable income



Source: NSW Department of Housing June Qtr 2011 and ATO 2008/09

Figure 2.8 Median weekly rental as percentage of average weekly taxable income



Source: NSW Department of Housing June Qtr 2011 and ATO 2008/09

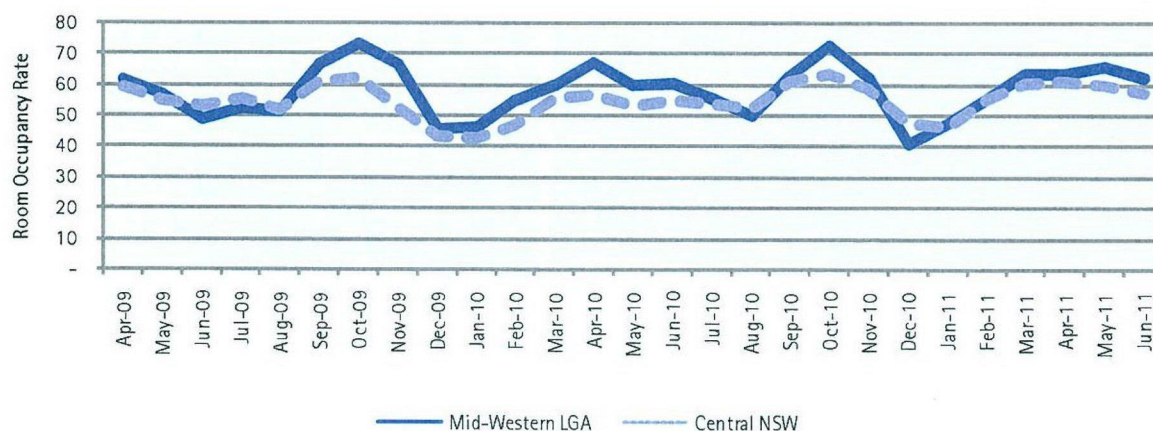
2.9 Occupancy Rates

The latest Tourist Accommodation data released by the ABS shows that Mid-Western Regional LGA has 11 hotels, motels and serviced apartments with 15 or more rooms. Central NSW Tourism Region (formerly Explorer Country) consists of 16 LGAs¹ in central NSW has 126 establishments with 15 rooms or more.

¹ LGAs - Orange, Cabonne, Blayney, Bathurst, Dubbo, Wellington, Narromine, Warrumbungles, Gilgandra, Coonamble, Lachlan, Parkes, Weddin, Forbes, Cowra, Mid-Western,

The room occupancy rate for Mid-Western Regional LGA over the last two years has mostly recorded a higher rate than for the Central NSW Tourism Region overall. The occupancy rate for the first half of 2011 was generally higher than for the same period in 2010. Peak occupancy rates are in April/May and October/November. The lowest occupancy rates are in December/January.

Figure 2.9 Room occupancy rate April 2009 - June 2011



Source: ABS: 8635155001D0001_201106 Tourist Accommodation, Small Area Data, NSW

Gulgong Urban Locality

Gulgong Urban Locality is located in Mid-Western Regional LGA approximately 30 kilometres north of Mudgee. At the 2006 Census, the following key characteristics were recorded.

Population

- The population of Gulgong was 1,906 persons.
- 51% of the population were female.
- 21% of the population were aged under 15 years and 18% over 65 years.

Education

- 31% of the population aged over 15 years had a post-school qualification.
- 22% of the population aged over 15 years had a certificate level qualification.

Employment

- Unemployment rate was 5.8%.
- Participation rate was 52.7%.

Occupation

- The largest occupation groups were:
 - technicians and trades workers;
 - labourers; and
 - machinery operators and drivers.

Industry

- The largest industries by employment were:
 - retail trade;
 - mining;
 - accommodation and food services;
 - health care and social assistance; and
 - manufacturing.

Income

- Median individual income was \$341 per week.
- Median family income was \$894 per week.
- Median household income \$661 per week.

2.10 Crime Statistics

Between 2006 and 2010 the most prevalent offence recorded within Mid-Western Regional LGA was a malicious damage to property (see Table 2.3). Additionally, the rate per 100,00 population for malicious damage to property in Mid-Western Regional LGA was higher than for NSW overall in 2010 (see Figure 2.10). However, the number of incidences in this category has fallen since 2008.

between 2009 and 2010.

Of the top 10 incidences for Mid-Western Regional LGA in 2010, six of the 10 recorded a higher rate per 100,000 population than for NSW overall (see Figure 2.10). The four highest rates of incidence in Mid-Western LGA had a higher rate per 100,000 per population than NSW overall.

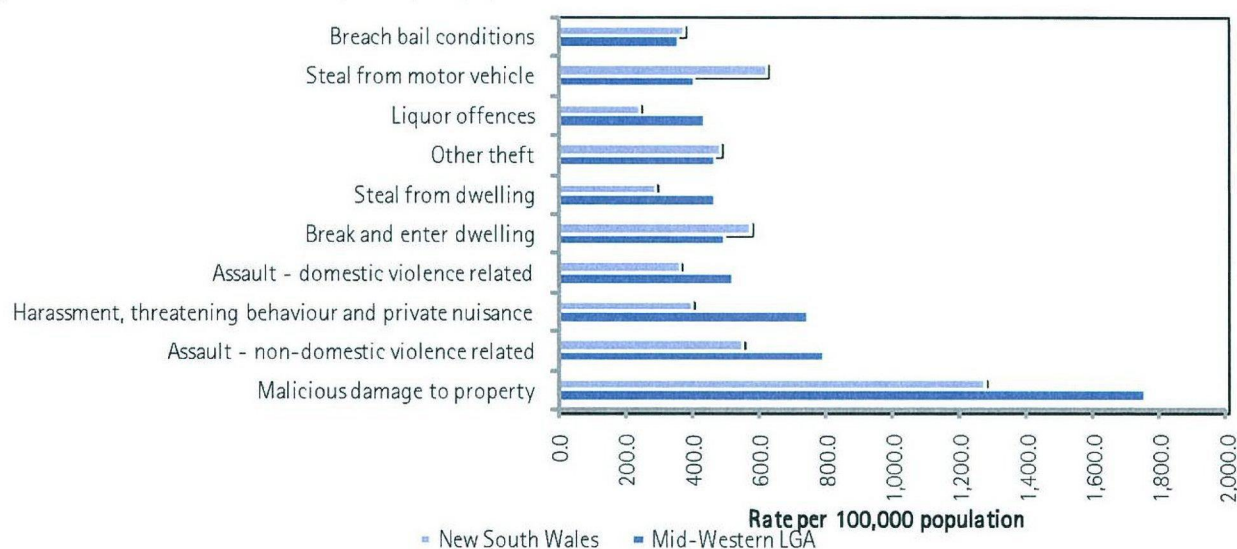
Of the top 10 recorded incidences in Mid-Western Regional LGA, breach bail conditions recorded the largest increase between 2006 and 2010. Half of the top 10 recorded incidences showed a fall

Table 2.3 Incidences of crime - Top 10 - Mid-Western LGA 2006-2010

Mid-Western LGA	2006	2007	2008	2009	2010	% change
Malicious damage to property	384	411	469	466	399	0.3%
Assault - non-domestic violence related	128	139	157	153	180	1.1%
Harassment, threatening behaviour and private nuisance	120	124	159	156	169	1.2%
Assault - domestic violence related	75	125	125	98	118	2.1%
Break and enter dwelling	81	93	99	140	113	1.7%
Steal from dwelling	107	90	86	123	106	0.9%
Other theft	93	113	125	118	106	1.2%
Liquor offences	84	104	108	89	100	1.4%
Steal from motor vehicle	74	114	96	94	93	1.7%
Breach bail conditions	36	58	90	65	81	6.3%

Source: Bureau of Crime Statistics and Research

Figure 2.10 Rate of crime incidences per 100,000 population



Source: Bureau of Crime Statistics and Research

3. COMPETITOR ANALYSIS

The key competitor analysis was based on face to face and telephone interviews with 15 businesses in Gulgong and Mudgee. Specifically, business owners and managers were asked questions about their current business performance and the likely economic impact of the establishment of a 400 room facility by The MAC in Black Lead Lane Gulgong on their business. They were also asked their opinion about the wider economic impact on other businesses and any other economic or social issues that they believe should be addressed. The wider social issues are discussed in the Community Impact/Benefit section of the report while the specific business impacts are discussed in this section.

3.1 Key Competitor/Related Industries

The accommodation services provided by the proposed development by The MAC are unique within Gulgong and the wider Mid-Western Regional LGA. As such they are unlikely to compete directly with any local businesses. However, businesses that offer a similar service may be impacted. These include accommodation providers and the existing fitness centre. In addition, The MAC development could have an indirect impact on complementary or related businesses including licensed premises, cafes/restaurants and real estate agents. Businesses in each of these categories were interviewed, as well as businesses that had been recommended as having a good overview of the Gulgong economy.

3.1.1 Real Estate

Three real estate agents were interviewed. Two agents believed that The MAC development would not impact on their business. The third suggested that its business would be 30 percent larger if houses were built for miners rather than The MAC facility. The reasons for expecting The MAC development to have little impact on the real estate sector included, that people will still want houses rather than the facility, and that the two markets are separate. It was argued that in Gulgong there is currently a critical shortage of land for development and building of new houses.

Other comments provided by the real estate agents included:

- Property market is reportedly very busy with rent becoming unaffordable for non-mine workers. It was also reported that houses in the three hundred to four hundred thousand dollar price range have all been bought by miners recently

- Sales are spasmodic with peaks occurring as mines put on new workers.
- Mudgee is now much busier than it used to be and this is allegedly causing some people to consider moving out of Mudgee.
- Businesses are facing difficulties in attracting employees because the mines have tightened the labour market.
- Serviced apartments work well in Mudgee but not in Gulgong.
- Development costs are similar for Mudgee and Gulgong but the value of a developed block is less in Gulgong and not as easy to sell.

The overall assessment is that the real estate sector should not be negatively impacted by The MAC development. However, it is possible that a major housing development, if it occurred, would boost the real estate businesses in Mudgee and Gulgong.

3.1.2 Licensed Premises

The operators of two licensed premises were interviewed in Gulgong. Both considered that The MAC development would be very positive for their business and suggested that other licensed business owners had a similar view. Specifically, there was reference to the experience of the Narrabri RSL where the establishment of The MAC development reportedly led to its repaying debt and earning a strong profit. There was also reference to the lack of accommodation in Gulgong for tourists, as virtually all accommodation is taken up by mine workers. The lack of accommodation is perceived to have resulted in fewer visitors and fewer customers for licensed premises. The MAC could free up accommodation and potentially improve their business. Interviewees expressed no concerns about the behaviour of existing mine workers in Gulgong, and expressed the belief that alcohol-related bad behaviour, for the most part, came from non mine workers.

Other comments provided by the operators of the licensed premises included:

- A large proportion of patrons at many premises are pensioners. The MAC development may bring a younger crowd which could improve business.
- There are investment opportunities for accommodation in licensed premises to complement The MAC development.

- Miners are believed to monitor their alcohol intake to ensure that they will be able to attend work the following day.
- Business operators are prepared to work with The MAC to provide buses between The MAC development and their premises.
- Labour is in short supply.

The overall assessment is that the licensed premises in Gulgong are likely to benefit significantly from The MAC development. Key factors included increased custom from The MAC residents and the freeing up of accommodation in Gulgong which could result in increased tourist visitation. There is no concern from the operators that were interviewed about behavioural issues and they are prepared to work with The MAC on bus transport in and out of the township.

3.1.3 Cafes/Restaurants

Operators of three café/restaurants were interviewed in Gulgong. All believed that The MAC development would be positive for their business. Specifically, they indicated that current business is not strong so every additional customer would help. Generally it was perceived that mining was crowding out part of their business through a lack of available accommodation for tourists and that, by alleviating the accommodation shortage, The MAC could help bring back tourist custom and provide potential business opportunities to The MAC village itself.

The overall assessment is that the café/restaurant sector could benefit from The MAC development.

3.1.4 Accommodation

Operators of three accommodation venues were interviewed in Mudgee and Gulgong. Operators were generally uncertain about the likely impact on their business although the expectation was for minimal or slightly negative impact in the short run. It was considered that there are different market segments in accommodation. Two of the three respondents believed their market was sufficiently different from that patronised by miners, to leave them unaffected. One operator, whose clients were mine workers, thought there would be loyalty from existing clientele but that it would be harder to attract new people in the future.

Other comments provided by accommodation operators included:

- Contractors and older mine workers (aged in their thirties and above) would be unlikely to be interested in living in The MAC facility.
- The facility is some distance from Mudgee and there is no night life in Gulgong.
- Tourism in the Mid-Western Regional LGA has been down by 30 percent or more in recent years and demand from the

mining sector has helped fill the gap.

- There is concern that The MAC facility will create additional burdens on infrastructure, services and skilled labour with each already stressed.
- Any reduction in accommodation bookings related to mining would be made up by tourism-related bookings.
- Development of The MAC facility will have a negative impact on accommodation providers, including those renting property to tenants in Gulgong, but it would ease cost pressures for locals.
- If the mines need up to 4,000 additional workers something like The MAC facility is needed.
- Utilisation of the services of local providers by The MAC would be a benefit.
- There had only been two noise complaints from shift workers in 8 years.
- The MAC development could strengthen the perception that Mudgee is a mining town thereby reducing the region's appeal to tourists.

The overall assessment is that the accommodation sector is uncertain about the effect of The MAC facility but the expectations revolve around a minimal to marginally negative impact on business. This expectation is based on a belief that tourist business will replace any fall in mining business coupled with the view that The MAC accommodation is unlikely to suit all mine workers.

3.1.5 Fitness Centre

The owner of the Fitness Centre in Mudgee was interviewed. He believed that a gym in the proposed facility would not affect his business in Mudgee. Furthermore, he would be prepared to offer his services to a gym established in The MAC development.

The overall assessment is that the Mudgee Fitness Centre would be unaffected by The MAC development.

3.1.6 Other Businesses

In addition to the key competitor/related industries, WRI also interviewed four business people recommended locally for an overview of expectations of the impact on Gulgong /Mudgee business of The MAC development. These included an accountant, two retailers and a farmer. Concerns raised tended to be more about the impact on Gulgong/Mudgee of the mining industry in general, rather than The MAC development specifically.

In relation to agriculture, there was concern that roads were now too busy to move stock and farm machinery along or across them. Concern was also raised about the loss of farm land to mines which reduced demand for farm supplies in Gulgong and Mudgee with a consequent reduction in available stock and service.

With regard to the retail sector, opinions varied from positive to sceptical about whether spending in Gulgong will be significant. There was also concern that such a large facility at the Hunter Valley gateway to Gulgong, could ruin the heritage image of Gulgong with a consequent reduction in tourism. There was also apprehension about possible skilled and even unskilled labour shortages as a consequence of mining. However, it was acknowledged that the retail sector in Gulgong already suffers from being in the shadow of Mudgee retail and it is generally recognised that most businesses in Gulgong are struggling at present.

A general concern is about the capacity and capability of both Gulgong and Mudgee to supply goods and services to The MAC facility. It was suggested that businesses in Gulgong could only provide small scale services although at least one business would be prepared to significantly upscale to meet any new demand.

Other comments provided by the respondents:

- Around 70 percent of businesses in Gulgong are purported to support The MAC development but are not prepared to announce this publicly.
- The view that Council has constrained development in Gulgong through lack of infrastructure investment, restricted land development and disallowing another shopping area outside the heritage-listed centre of town.
- A belief by some that more people creates increased demand resulting in growth.
- The MAC facility would free up more accommodation for tourists in Gulgong, generating increased expenditure in the town.

The overall assessment is that there are some significant business concerns about the impact of mining in general, but fewer that relate specifically to the proposed development by The MAC. There are also concerns about the ability of the Gulgong business community to grasp business opportunities that may arise from The MAC facility. On the positive side, The MAC development would help alleviate the shortage of temporary accommodation in Gulgong, which is thought to be constraining tourism locally.

4. COMMUNITY IMPACTS/BENEFITS

4.1 Economic Impact

The proposed MAC development will have an economic impact on the Mid-Western Regional LGA in both the construction phase and in the operational phase. Assessing the impact of the construction phase is relatively unproblematic in that the associated construction expenditure would not occur in the Mid-Western Regional LGA if The MAC facility is not built. (It is acknowledged that if The MAC development did not go ahead, something else may be built but that is by no means certain.)

Assessing the economic impact of the operational phase is slightly more problematic in that mine workers residing in Gulgong or Mudgee will generate some expenditure locally no matter where they are housed. However, in the absence of The MAC development, some mine workers may reside outside the Mid-Western Regional LGA so their associated expenditure would then occur elsewhere. This report provides an estimate of the economic impact of the operational phase of The MAC facility although it is acknowledged that some of this expenditure would likely occur even in the absence of The MAC development.

4.1.1 400 room facility

Economic Impact of Construction Phase

WRI has been advised by The MAC that direct expenditure in the Mid-Western Regional LGA on construction of the facility is likely to be in the order of \$6.75 million. This figure has been applied to an input-output table constructed for the Mid-Western Regional LGA to estimate the overall impact of the construction phase on the

Table 1: Economic Impact of the construction phase of a 400 room facility on Mid-Western Regional LGA

	Value added \$m	Household Income \$m	Employment FTE
	6.6	3.5	59
% of region	0.7%	0.8%	0.8%

local economy when flow-on effects are taken into account. The results are outlined in Table 1 below.

When flow-on effects are taken into account, it is estimated that construction of The MAC facility will contribute the following to the local economy:

- An additional \$6.6 million in gross regional product;
- An additional \$3.5 million in household income; and
- An additional 59 full-time equivalent (FTE) jobs. Other than the construction sector, the sectors estimated to benefit most in terms of FTE employment are non-metallic mineral product manufacturing; agriculture, forestry & fishing and retail trade.

Economic Impact of the Operational Phase

The economic impact of the operational phase of The MAC facility has been calculated using two sources of information. Firstly, WRI has been advised that expenditure of approximately \$2 million per annum will be made locally by the operators when the facility is fully functional. Secondly, it has been assumed that the mining employees living in the facility have a similar expenditure pattern locally as that found by Rolfe et al (2007a). It has been assumed that half of that expenditure is retained within the Mid-Western Regional LGA. Data from that study has been inflated to current values. The overall impact of the operations phase when flow-on effects are taken into account are outlined in Table 2 below.

Table 2: Economic Impact of the operations phase of a 400 room facility on Mid-Western Regional LGA

	Value added \$m	Household Income \$m	Employment FTE
	4.0	2.1	51
% of region	0.4%	0.5%	0.7%

When flow-on effects are taken into account, it is estimated that construction of The MAC facility will contribute the following to the local economy:

- An additional \$4.0 million in gross regional product;
- An additional \$2.1 million in household income; and
- An additional 51 FTE jobs. The sectors which will benefit most from the operations phase in terms of FTE employment will be accommodation & food services and retail trade.

4.1.2 1500 room facility

Economic Impact of Construction Phase

If the development was constructed to incorporate 1,500 rooms, The MAC has advised that direct expenditure in the Mid-Western Regional Council area on construction of the facility is likely to be in the order of \$22 million. The impact of construction of a 1,500 room facility on the local economy, when flow-on effects are taken into account is outlined in Table 3. It should be noted that these results are for a total of 1,500 rooms and are not additional to the results for 400 rooms outlined above.

Table 3: Economic Impact of the construction phase of the a 1,500 room facility on Mid-Western Regional LGA

	Value added \$m	Household Income \$m	Employment FTE
	21.3	11.2	191
% of region	2.3%	2.6%	2.5%

When flow-on effects are taken into account, it is estimated that construction of The MAC facility at 1,500 rooms will contribute the following to the local economy:

- An additional \$21.3 million in gross regional product;
- An additional \$11.2 million in household income; and
- An additional 191 full-time equivalent (FTE) jobs.

Economic Impact of the Operational Phase

The economic impact in the operational phase of a facility of 1,500 rooms has been estimated by pro rating the assumed expenditure

for a 400 room facility. The overall impact of the operations phase of a 1,500 room facility when flow-on effects are taken into account is outlined in Table 4 below. Once again, it should be noted that these results are for a total of 1,500 rooms and are not additional to the results for 400 rooms outlined above.

Table 4: Economic Impact of the operations phase of a 1,500 room facility on Mid-Western Regional LGA

	Value added \$m	Household Income \$m	Employment FTE
	14.9	8.0	191
% of region	1.6%	1.8%	2.5%

When flow-on effects are taken into account, it is estimated that the operations of The MAC facility at 1,500 rooms will contribute the following to the local economy:

- An additional \$14.9 million in gross regional product;
- An additional \$8.0 million in household income; and
- An additional 191 full-time equivalent (FTE) jobs.

4.2 Social Issues

The broad analysis of social issues associated with The MAC facility was based on face to face and telephone interviews along with a literature review of the social impact of mining on rural and regional communities. Interviews were conducted with representatives of local government, the police and health services. Additionally, comments on social issues were drawn from key competitor/related industry interviews. Some caution should be taken in the interpretation of the literature review studies as most are based on "community perception" rather than "statistical evidence" and most are based on west Queensland communities, some of which have less social and economic diversity than the Mid-Western Regional LGA.

The social issues raised in interviews were:

- The impact of a concentration of single men.
- Changing the character and culture of Gulgong.
- Impact on roads.
- Impact on non-mine worker residents.
- Impact on already stretched infrastructure and services.
- Facilitating a drive in drive out approach rather than relocation of families.
- The impact on immediate neighbours.

4.2.1 Concentration of Single Men

Interviews

A number of interviewees were concerned that a concentration of young men in The MAC facility close to Gulgong could lead to alcohol-induced violence and vandalism, as well as local residents feeling less safe or even less comfortable in the community. On the other hand, other interviews suggested that the zero tolerance of alcohol and drugs on mine sites means that this is unlikely to be a problem. One accommodation provider said that in eight years of hosting mine workers he had experienced a noise problem on only one occasion. The Mudgee Police Local Area Command did not believe that The MAC village would create any particular problem with crime.

Literature Review

According to the literature, police report that any increase in crime is proportional to the increase in population growth and is not linked directly to mining employees who are typically subject to surveillance and sanctions against anti-social behaviour. Nevertheless, the literature does refer extensively to negative perceptions concerning non-resident workers, "a them and an us" attitude and tensions between non-resident workers and the community. The literature also indicates that mine workers are blamed for a disproportionate share of crime and anti-social behaviour.

Assessment

The concentration of predominantly young men in The MAC facility is unlikely to result in any significant increase in anti-social behaviour or crime. However, the facility may make some residents feel uncomfortable or even fearful. This could be mitigated by making considerable effort to establish links between the facility and the Gulgong community. Efforts could include open days where local residents are invited to inspect the facility, establishing a facility liaison officer, and encouraging residents of The MAC facility to support and participate in Gulgong cultural and sporting events.

4.2.2 Changing Character and Culture of Gulgong

Interviews

Many interviewees referred to the rich heritage value of Gulgong and its strong culture of arts and music as evidenced, for example, by the folk festival conducted in the main street. Some interviewees felt that this cultural character could be threatened by The MAC development because of the increase in young men and the imposition of a large facility on the gateway to Gulgong from the Hunter Valley, a major source of tourist visitors. In terms of tourism, others spoke about a current lack of accommodation constraining tourism in Gulgong and the belief that The MAC facility may alleviate this.

Some interviewees suggested that the character of Gulgong/Mudgee was changing in terms of busyness, an increasing proportion of "drive in, drive out" workers with no interest in or connection with the community and a declining proportion of families in the population. The establishment of a topless bar was cited as one example of the change. One real estate agent reported some of the above changes have led to at least one family considering leaving the Mid-Western Regional LGA. Other interviewees however, suggested that the change in character due to the increase in mine workers has been welcomed by young people.

Literature Review

The literature suggests that an increasing number of new residents and population turnover can undermine community stability and an increased proportion of employees who work but do not live in the community makes it difficult to build and maintain social fabric. These conclusions are based on the idea that mine workers have little time for anything other than work-eat-sleep, returning to their permanent home (outside the region) during their leave, thus reducing participation in any community sport or leisure activities locally.

Assessment

Changes in the character of Mudgee and Gulgong are occurring as a consequence of the influx of mine workers and will occur independently of whether or not The MAC development proceeds. By easing the pressure on accommodation, The MAC development could facilitate the return of tourism which may in turn strengthen the culture of arts and music. It is acknowledged that some of this benefit could be offset if the facility were not aesthetically appealing and if local businesses did not take up the opportunities that the release of competition would bring.

4.2.3 Impact on Roads

Interviews

The greatest concern for Mudgee Police Local Area Command resulting from the increase in mine workers in the region is the impact on traffic accidents. Accidents and traffic offences typically increase as traffic volumes increase on 100 kilometre per hour two lane roads. This concern is a result of the increase in mine workers generally, with no judgement at this stage, as to whether The MAC facility would make the situation worse or better. However, on the one hand if The MAC development concentrated traffic volumes the situation may worsen. On the other hand a shortening of the distance travelled between the mine and the residence could improve the situation. Traffic was mentioned as a concern by many of the interviewees. A specific concern was that buses currently provided to take workers to and from the mines are usually empty, with mine workers taking their own cars resulting in additional traffic.

Literature Review

A number of studies have highlighted problems with shift work in terms of sleep disorders, fatigue and irritability. Fly-in- fly-out operations have been shown to have a relationship to accidents.

Assessment

Increased traffic volumes will occur with increased numbers of mine workers. The MAC facility has the potential to improve the traffic situation if it encourages more mine workers to travel to and from work by bus, as well as reducing the length of the journey to and from the mines. However, this benefit could be at least partially offset if the facility led to a greater concentration of traffic on particular roads at particular times as a consequence of facility residents using their own vehicles rather than buses.

4.2.4 Impact on non-mine worker residents

Interviews

A number of interviewees expressed concern that high rents in the Mid-Western Regional LGA were creating hardship for lower socio-economic groups in the region.

Literature Review

The literature notes that mining employment typically polarises income levels and can cause tension between the permanent residents and the new arrivals.

Assessment

By easing pressure on the housing rental market The MAC development could improve the situation for lower socio-economic groups in the Mid-Western Regional LGA.

4.2.5 Impact on Already Stretched Infrastructure and Services

Interviews

Several interviewees expressed concern that The MAC development would drain already stretched essential services (particularly health and policing) and infrastructure such as water, sewerage and power. Of particular concern was the health service which has recently been downgraded in Gulgong.

However, one interviewee expressed the opinion that young people in The MAC village would be unlikely to generate much additional demand on the health service. The Western Health Local Health District (LHD) indicated that as with most other mining towns, the proposed development should not have a major effect on health services that they provide in Gulgong. There could however be

additional primary health care needs which the local GPs provide.

Some interviewees referred to "legacy infrastructure" which is infrastructure built by The MAC for the facility but which would remain after The MAC has left. Whilst the buildings themselves would be removed, the remaining infrastructure could be used for a housing development on The MAC site. A bike path between the facility and Gulgong was mentioned as one possibility.

There was frequent reference to labour shortages, particularly skilled labour.

Literature Review

The literature suggested that rural and regional communities do not typically have the hard and soft infrastructure to cope with a rapid increase in population. Of particular note is the burden on counselling services, emergency services, and physical infrastructure such as water, sewerage, waste, housing, roads and transportation. A further complication is the difficulty for these communities in attracting and retaining qualified professionals in health, education and community services. The literature suggested that fly-in-fly-out, drive-in drive-out was a way to secure the services of skilled professionals that are not prepared to permanently move to a region.

Assessment

The drain on services and infrastructure is the consequence of the increase in mine worker population and would occur no matter how the additional mine workers are housed. There are resources on offer to house the additional miners in The MAC development. There is no evidence that resources are available to house them in a full blown housing development. Therefore, without The MAC existing housing will be stretched even further. There is also the benefit of legacy infrastructure after The MAC has moved on. This may help attract resources for a full blown housing development in the future.

Mudgee is more economically and culturally diverse than some of the mining towns in the west of Queensland that are the subject of much of the literature. As such it is likely to be more appealing as a residential base. Therefore, it is possible that The MAC development could prove to be a stepping stone for labour that is initially "drive-in drive-out" but subsequently moves into the Mid-Western Regional LGA more permanently. The conversion rate from resident of The MAC facility to permanent resident could be monitored.

4.2.6 Facilitating a Drive-in Drive-out Approach Rather than Relocation of Families.

Interviews

It was suggested by one group of interviewees that The MAC village would make it easier for drive-in, drive-out resulting in fewer mining workers settling in homes in the Mid-Western Regional LGA with their families.

Literature Review

The literature suggests that whilst the majority of mine workers living in temporary accommodation would prefer to maintain their permanent residence elsewhere, approximately 10% were interested in relocating permanently to the town. This in turn could have a significant impact on population growth.

Assessment

Drive-in, drive-out and moving with a family into a home in the region may be seen as substitutes to a small extent. However, the literature suggests that drive-in, drive-out can secure the services of labour that would not be prepared to move permanently to a regional centre. This means that the two options are more likely to be complementary rather than substitutes. Specifically, much of the incoming labour is likely to initially be prepared only to come in as drive-in, drive out but may subsequently move permanently.

4.2.7 The impact on immediate neighbours

Assessment

The immediate neighbours of the proposed MAC development were not interviewed. However, the development, if it proceeded, would change the character and value of at least one of the neighbours' properties. The MAC has indicated that the facility will have bunds and landscaped gardens to minimise noise which may mitigate, to some extent, the impact on the neighbours.

5. CONCLUSION



There appears to be some negative community perception about the proposed MAC facility in Gulgong. However, much of this negativity revolves around the influx of a large number of mine workers and especially drive-in, drive-out, fly-in, fly-out workers, rather than being specifically related to The MAC facility. Thus The MAC development has attracted negative perceptions largely by association.

The industry profile shows that, while Mid-Western Regional LGA has considerable diversity, mining is a key part of the economy and underpins its relatively high average taxable income.

The competitor/associated industry analysis shows that The MAC facility is likely to have minimal if any negative competitive effects on existing businesses. It also suggests that many existing businesses could potentially benefit from The MAC development.

The economic impact analysis estimates the impact on the Mid-Western Regional LGA of both the construction phase and ongoing operational phase to be modest but significant in terms of gross regional product, household income and full-time equivalent employment.

The analysis of social issues suggests that most of the anticipated negative impacts of The MAC development may be perception rather than reality or are specific to a large influx of mine workers rather than The MAC development itself. Indeed in some instances The MAC development may help mitigate some of the negative social impacts of the arrival of significant numbers of mine workers.

APPENDIX 1: LITERATURE REVIEW

INTRODUCTION

This review provides an overview of recent studies into the social impacts of a non-resident workforce on rural and regional communities. It also discusses some of the general impacts associated with a rapid increase in population. Caution should be taken in the interpretation of these findings as most studies are based on "community perception" rather than "statistical evidence" and therefore impacts tend to be overstated.

THE NON-RESIDENT WORKFORCE

The significant mining boom occurring in Australia has generated problems in attracting sufficient workers to the rural and remote regions where mines are being developed (Storey, 2001). "Finding sufficient skilled and experienced local labour, or finding labour which is willing to relocate on a permanent basis to the regions, has proved extremely difficult" (Storey, 2001). Fly-in-fly-out and drive-in-drive-out operations allow mining companies to attract employees who do not want to live in the region due to better employment, educational and recreational opportunities for their families elsewhere (Lockie et al, 2009).

In a survey of workers in temporary accommodation in 2007, 58% indicated that they would prefer to live outside the area (Lockie, 2009). An earlier study by Rolfe et al (2007a) found that substantial wage premiums would be required to persuade non-resident workers to relocate to a mining town. Their study of non-resident workers found that 89% are not interested in relocating to a community closer to the mine site (Rolfe et al, 2007a). Of those who were interested in moving to the town, lack of available housing for rent was the most significant factor impeding them (69.2%) (Rolfe et al, 2007a). Petkova et al (2009) reported that "work camp surveys indicated that 11% of Moranbah and 12% of Nebo work camp residents were interested in moving permanently to these towns. While that leaves a much larger group who would prefer to maintain their permanent residence elsewhere, it remained the case that accommodating these workers and their families would lead to significant population growth, particularly in Nebo."

To address the pressing need for large increases in the mining workforce, there has been a significant shift towards long-distance commuting across Australia and internationally. The industry has become "increasingly reliant on non-resident workers

accommodated in work camps positioned in close proximity to existing rural towns and regional centres" (Carrington and Pereira, 2011). A study of Australia's publicly listed mining companies in 1999 revealed that 37% were utilising long-distance commuting (Hogan & Berry, 2000). Furthermore, it is estimated that 15 – 20% of the direct mining workforce in Western Australia are fly-in, fly-out (Storey, 2001) with many more supplying services to the mines through contracting companies.

Despite the significant benefits of this system at a regional and national level, the resulting decrease in the resident workforce is undermining the sustainable development of rural towns (Carrington and Pereira, 2011) (Ivanova and Rolfe, 2011). These towns are seen to bear a disproportionate level of the social costs of mining development (Carrington and Hogg, 2011) and are generally more susceptible to the negative impacts of development (Ruddell, 2011). It is this inequality in the distribution of benefits and costs (RSDC, 2011) that has led to tensions between non-resident workers and the community.

IMPACTS ON RURAL AND REGIONAL COMMUNITIES

While the economic impacts of mining are significant and far reaching, the social impacts are most strongly experienced at the local level (Carrington and Pereira, 2011). Factors which indicate the relative impact a community can expect include (Lockie et al, 2009):

- Economic diversity
- Rates of unemployment
- Rate of employment in mining
- Level of education and qualifications
- Income
- Housing ownership, purchasing and rental
- Age

Research into the impacts of non-resident workers on rural and regional communities has highlighted both positive and negative effects. In a survey of those who live or work in Queensland's mining regions, Carrington and Pereira (2011) found:

- An overwhelmingly negative perception of the impact on the local economy, services and infrastructure
- A negative perception of the impact on housing and rental

availability (75%) and affordability (79%)

- An adverse impact on overall community wellbeing (75%)
- 61% support new mining developments with a non-resident workforce less than 25%

However, not all community members were negative. Carrington and Pereira (2011) also noted:

- Enormous opportunities for regional Australia
- A boost to local business and contracting companies

The following provides a review of recent findings.

POPULATION

A number of impacts on population size and composition have been noted. These include positive impacts such as population growth and increased diversity (Petkova et al, 2009) and negative impacts such as population turnover (RSDC, 2011) (Petkova et al, 2009) and decline (Lockie et al, 2009) (Storey, 2001) (Rolfe et al, 2007a) and a shift from families to young, single men (RSDC, 2011). For example, in the Bowen Basin of Queensland "it is projected that the region will experience a substantial decline in families with children, and an increase in lone person households over the next 20 years, due to the mining industry's increasing reliance on a non resident workforce" (Carrington and Pereira, 2011).

The establishment of temporary work camps is seen to impact on the liveability and lifestyle factors of a region (Rolfe et al, 2007). Mining communities typically have difficulty attracting new residents, while existing residents are more likely to leave (Lockie et al, 2009) (Storey, 2001). A study by Ivanova and Rolfe (2011) found the number of people housed in work camps to have a significant impact on the length of time people would choose to live in a mining community.

ECONOMY

Fly-in-fly-out workers have also been associated with the "fly-over" phenomenon. This describes the lack of economic stimulus generated by non-resident workers who live elsewhere and do not spend money in the town (Rolfe et al, 2007). The fly-in-fly-out system generally results in mining communities losing the benefits of the activity in their region (Storey, 2001) which threatens the economic stability of these towns and creates tension between residents and non-residents (Carrington and Hogg, 2011) (Lozeva and Marinova, 2010). The limited ability of rural and regional towns to capture the benefits of mining activity has been attributed to a lack of secondary industry, with any business expansion concentrated in the mining services sector (Lockie et al, 2009).

While non-resident workers time spent in regional communities is small, it can have a positive impact. A study of non-residents

in Moranbah, found that only 16% spent any of their free time in the community, at an average of 12% of their time off shift (Carrington and Pereira, 2011). However, non-residents do spend money in the community, an average of \$161.49 per week. Their main expenditures were alcohol (33%), fuel (21%), food (16%) and entertainment (10%) (Rolfe et al, 2007a). As a result, businesses in Moranbah reported increased profitability (68%) and increased staff numbers (Rolfe et al, 2007a).

INCOME, EDUCATION AND EMPLOYMENT

Lockie et al (2009) found a range of impacts on income, education and employment in mining regions, including low education levels, highly polarised income levels, dependence on mining for employment, dominance of unskilled and semi-skilled positions and difficulty recruiting in non-mining businesses. These findings have been supported by Rolfe et al (2007), Carrington and Pereira (2011) and Petkova et al (2009). Rolfe et al (2007) also identified skills shortages as a problem in mining towns.

ACCOMMODATION COSTS

Studies on the impact of the mining boom in Australia generally agree that a shortage in permanent housing leads to significant inflation in purchase and rental costs (RSDC, 2011) (Carrington and Pereira, 2011) (Lockie et al, 2009) (Rolfe et al, 2007) (Rolfe et al, 2007a). These impacts have led to hardship for low income earners, difficulties in attracting and retaining employees and existing residents being forced to relocate elsewhere (RSDC, 2011) (Lockie et al, 2009) (Carrington and Pereira, 2011) (Rolfe et al, 2007) (Rolfe et al, 2007a) (Petkova et al, 2009).

IMPACTS ON LOCAL SERVICES

Rural and regional communities do not typically have the hard or soft infrastructure to cope with a rapid increase in population. This places considerable burden on local services (Carrington and Hogg, 2011) (Carrington and Pereira, 2011) including:

- counselling services – to manage the emotional impact on workers of being away from family and friends (Rolfe et al, 2007a)
- emergency services – to respond to increased traffic accidents (Lockie et al, 2009) (Rolfe et al, 2007a), and
- physical infrastructure such as water, sewerage, waste, housing, roads and transportation (Ruddell, 2011).

Further complicating this problem in these communities is a difficulty in attracting and retaining qualified professionals in health, education and community services (Rolfe et al, 2007).

IMPACTS ON SOCIAL CAPITAL

A number of themes emerge in impacts on social capital. Generally, a high level of new residents and population turnover can undermine community stability (Ruddell, 2011). In addition, an increased proportion of employees who work but do not live in the community make it difficult to build and maintain social fabric (Ivanova and Rolfe, 2011).

At the centre of most arguments, is non-residents' limited community participation and lack of community pride and ownership (RSDC, 2011). Research indicates mine workers have little time for anything other than work-eat-sleep, their rosters do not correspond with weekly or monthly schedules and when their shift is over, they return home (RSDC, 2011) (Lockie et al, 2009) (Lozeva and Marinova, 2010) (Storey, 2001) (Carrington and Pereira, 2011). The very nature of their employment makes it difficult for them to participate in any community, sport or leisure activities.

Studies have also indicated that mine workers are blamed for a disproportionate share of crime and anti-social behaviour as a result of an "us versus them" mentality (RSDC, 2011). Police report any increase is proportional to population growth and is not linked to mining employees who are typically subject to surveillance and sanctions against anti-social behaviour (Lockie et al, 2009). Carrington and Pereira (2011) supported this finding and noted low-level intra-male violence is managed informally by private security at the accommodation complex. Nonetheless, there remains a prevailing community perception that a non-resident workforce brings with it a higher level of physical and social disorder - increased accidents, traffic density and enforcement and crime (RSDC, 2011) (Petkova et al, 2009) (Ruddell, 2011) as well as increased alcohol and substance abuse (Rolfe et al, 2007a) (Storey, 2001).

FATIGUE AND MOTOR VEHICLE ACCIDENTS

A number of studies have highlighted problems with shiftwork associated with fly-in-fly-out or drive-in-drive-out operations including sleep disorders, fatigue and irritability (Lockie et al, 2009). In research conducted by Di Milia and Bowden, 13% of mine workers reported falling asleep on their way to their shift and 23% when driving home (Petkova et al, 2009). Fly-in-fly-out operations have been related to injuries, accidents and OH&S implications (Carrington and Pereira, 2011).

GENDER IMBALANCE

Mining boom towns have an increasingly atypical demographic structure (Petkova et al, 2009) characterised by a net loss of women, children and low-income workers as families move out of the region (Lockie et al, 2009) and are replaced by single men (Carrington and Pereira, 2011). Hogan and Berry (2000) report

gender bias in new mining towns to have created social problems. Further, Carrington and Pereira (2011) reported increased fears about community safety due to the existence of large number of young males away from home and family commitments, with no ties to the community (RSDC, 2011).

HOW TO MODERATE NEGATIVE IMPACTS

In a study of residents and non-residents in Moranbah, 81% of respondents indicated that building more work camps made the community less attractive (Rolfe et al, 2007a). However, results also indicated that residents would be more likely to stay longer in the community and non-residents would be more likely to relocate if there were (Rolfe et al, 2007a):

- More and cheaper housing
- Better shopping and other services
- Better employment opportunities for women and children
- More activities for women and children
- Better entertainment
- Better medical and educational facilities

Ruddell (2011) has also suggested some actions community leaders can take to counter the negative impacts of population change:

- Increase community engagement through groups membership/involvement
- Host community workshops to provide residents with more information
- Involve the mining company in community activities
- Mining companies partnering with the community to improve infrastructure and services

Mining developments represent a significant opportunity for local businesses, therefore communities should evaluate and promote themselves in order to capture a greater proportion of the benefits of mining developments (Storey, 2001). For example, the Goldfields Esperance Development Commission developed an Industry Capability Directory (a register of all companies in the region) to promote and maximise the use of local suppliers in mining developments (Storey, 2001). However, these businesses will have to be capable and cost-effective to capture additional business (Storey, 2001).

CONCLUSION

Despite a general negative community perception, the high incomes of mine employees and contractors servicing mines has had a universally positive impact on mining communities (Petkova et al, 2009). Lockie et al (2009) conclude that traditional social impact assessments can easily overstate the impacts of rapid growth on small communities and that many of the impacts recorded were as a result of the communities failing to capture the positive benefits brought about by mining expansion.

REFERENCES

- Petkova, V; Lockie, S; Rolfe, J and Ivanova, G (2009). Mining Developments and Social Impacts on Communities: Bowen Basin Case Studies. *Rural Society*, Vol 19 (3) Pp. 211 – 228.
- Carrington, K and Pereira, M (2011). Social Impact of Mining Survey: Aggregate Results Queensland Communities. Queensland University of Technology.
- RSDC (2011). Social Issues Relating to Permanent and Non-Permanent Residents in the Moranbah Mining Community.
- Storey, K (2010). Fly-in/Fly-out and Fly-over: Mining and Regional Development in Western Australia. *Australian Geographer*, Vol 32 (2) Pp. 133 – 148.
- Ruddell, R (2011). Boomtown Policing: Responding to the Dark Side of Resource Development. Policing. Oxford University Press.
- Carrington, K and Hogg, R (forthcoming 2011). Benefits and Burdens of the Mining Boom for Rural Communities. Human Rights Defender, Australian Human Rights Centre, Faculty of Law, UNSW.
- Ivanova, G and Rolfe, J (2011). Assessing development options in mining communities using stated preference techniques. *Resources Policy*, Vol 36 Pp. 255 – 264.
- Rolfe, J; Petkova, V; Lockie, S and Ivanova, G (2007a). Mining Impacts and the Development of the Moranbah Township. Research Report No. 7. Impacts of the Coal Mining Expansion on Moranbah and Associated Community. Centre for Environmental Management, Central Queensland University, Rockhampton.
- Rolfe, J; Miles, B; Lockie, S and Ivanova, G (2007). Lessons from the Social and Economic Impacts of the Mining Boom in the Bowen Basin 2004 – 2006. *Australasian Journal of Regional Studies*, Vol 13 (2) Pp. 134 – 153.
- Lozeva, S and Marinova, D (2010). Negotiating Gender: Experience from Western Australian Mining Industry. *Journal of Economic and Social Policy*, Vol 13 (2), Article 7.
- Hogan, L and Berry, P (2000). Mining and regional Australia: Some implications of long distance commuting. *Australian commodities*, Vol 7 (4) Pp. 648 – 659.
- Lockie, S; Franettovich, M; Petkova, V; Rolfe, J and Ivanova, G (2009). Coal mining and the resource community cycle: A longitudinal assessment of the social impacts of the Coppabella coal mine. *Environmental Impact Assessment Review*, Vol 29 Pp. 330 – 339.

APPENDIX 2: MODELLING METHODOLOGY



In this project the Western Research Institute (WRI) has used SIRE analysis to estimate the economic impact of The MAC facility on the economy of Mid-Western Regional Local Government Area (LGA).

The impacts are measured in terms of Gross Regional Product, household income and full-time equivalent jobs. All impacts are measured in either dollar terms or full-time equivalent employment terms and as a percentage of the regional economy.

Inter-industry models can be used for economic impact analysis, to estimate the benefits or costs generated by new initiatives on each and every sector of an economy. For example, if there is a change in the purchasing or sales pattern of any industry, the flow-on or multiplier effects on upstream industries can be calculated. Further details about SIRE analysis are provided at the conclusion of this Appendix.

Constructing the Tables

The table for this for this project has been constructed using the GRIT technique developed by Professor Guy West and Professor Rod Jensen of the University of Queensland. The GRIT technique, which uses both national Australian Bureau of Statistics data and local superior data concerning the industry in question, is the most reputable method of input-output table construction in the Australia and indeed elsewhere in the world.

GRIT uses a series of non-survey steps to produce a prototype regional table from the national table, but provides the opportunity at various stages for the insertion of superior data. The system is "variable interference" in that the analyst is able to determine the extent to which they interfere with the mechanical processes by introducing primary or other superior data.

The GRIT system is designed to produce regional tables that are:

- Consistent in accounting terms with each other and with the national table;
- Capable of calculations to a reasonable degree of holistic accuracy; and
- Capable of being updated with minimum effort as new data becomes available.

The GRIT technique is basically a hybrid method of deriving state and regional input-output tables from the national input-output table while at the same time allowing for the insertion of superior data at various stages in the construction of the tables.

The use of SIRE analysis in the tables will result in a more accurate estimate of the significance of The MAC facility value chain than would be possible with traditional input-output analysis.

Simulating Impacts on Regional Economies: The SIRE Model

Economic modelling at the regional and small area level is restricted by model and data availability. Often, resource and time limitations preclude the construction of complex models such as computable general equilibrium (CGE) models, and in fact there are arguments to suggest that building a CGE model for a small region, while not invalid, may not be a very efficient use of resources in the context of the tradeoff between increased complexity and increased data 'fuzziness'.

Input output modelling is usually used in such cases since it really provides the only practical option to planners. The assumptions of the input output model are concerned almost entirely with the nature of production. Inter-industry models are based on the premise that it is possible to divide all productive activities in an economy into sectors or industries whose inter-relations can be meaningfully expressed as a set of equations. The crucial assumption in the input output model is that the money value of goods and services delivered by an industry to other producing sectors is a linear and homogeneous function of the output level of the purchasing industry with supply being infinitely elastic.

This linearity assumption clearly lays simple IO models open to valid criticism. It implies a strict proportional relationship between input coefficients and output; for example, income coefficients are average propensities and employment coefficients reflect average labour productivity rates. In impact studies, this property can lead to an overestimation of the flow-on (multiplier) effects, particularly if the initial impacts are relatively modest. For example, many industries can increase output in the short term without corresponding proportional increases in wage costs and employment, particularly if there is slack capacity.

In the following section, a more general structural form of a model for simulating impacts on regional economies (SIRE) is suggested which provides for non-linearities in production in both primary and intermediate inputs.

The SIRE model shares much of the structure of the conventional input output model. Total inputs are equal to intermediate inputs plus primary inputs (labour and capital). In the conventional input-output model, the inputs purchased by each sector are a function only of the level of output of that sector. The input function is assumed linear and homogeneous of degree one, which implies constant returns to scale and no substitution between inputs.

The SIRE model departs here from the conventional input-output model by a number of steps that a) replace sets of average propensities with corresponding marginal propensities (elasticities) within the model's major linkages, and b) provide for changes in intermediate input coefficients as a function of relative price changes. There is room for variation between models and applications in the implementation and specifications of these linkages.

Primary Inputs

The first step is to allow for non-constant returns to scale and substitution between primary input factors. Value added at factor cost is calculated based on marginal changes in output by industry. The value added elasticities are estimated econometrically for industry using time-series data assuming a long-run equilibrium relationship between real value added at factor cost and total production.

The shares of wage (compensation of employees) and non-wage (gross operating surplus and mixed income) contributions to factor costs are assumed to be based on the same long-run relationship as that for total value added. The change in wage cost is then calculated from the marginal change in the share of wage costs in total factor costs. Gross operating surplus plus mixed income is calculated as the residual. The change in employment is calculated based on the average wage rate in each industry times the change in wages.

Household Consumption Expenditure

In a similar manner to primary inputs, total household consumption expenditure is assumed to follow long-run equilibrium relationship between real consumption and income. Ideally, consumption expenditure should be a function of disposable income and the function should also include variables such as wealth, etc. In this simplified version of the model, income is taken as wage income.

To ensure consistency between the long-run and short-run relationships, the constraint should be satisfied which gives a long-run elasticity equal to unity. The estimated short-run elasticity of consumption with respect to wage income is 0.926. Individual commodity expenditures are expressed in terms of total expenditure and are assumed to be based on the same long-run relationship as that for total expenditure. The budget shares for each commodity should remain constant in the long-run but that the short-term fluctuations are possible as income changes. Industry sourced non-wage household income is included in the other value added component of primary inputs.

Intermediate Inputs

Intermediate input coefficients can vary because of substitution effects caused by relative price changes, or through changes in technology. Technology change is generally regarded as a long run phenomenon. Hence, in short run impact situations, price effects will be the major source of change.

The regional technology coefficient is the sum of the regional purchase coefficient and the regional import coefficient and industry output prices are a weighted average of industry local and import prices. Note that the regional direct requirements coefficients can change, even when industry technology is fixed, as a result of relative price changes.

Import Substitution

The price model can also be used to adjust the regional purchase coefficients by calculating the substitution effect between locally produced and imported purchases. In most impact situations at the regional level, it can be assumed that changes in local production will have no or negligible effect on import prices. The Trade Weighted Index provides the base level differential between the local and import price levels. In addition, when adjusting the regional purchase coefficients, a penalty function is applied as a surrogate for capacity limitations in the case where the local price decreases relative to the import price thus resulting in increased demand for the local product.

Model Solution

The structural equations in this type of model cannot be solved analytically, because the input coefficients vary with the endogenous variables and thus also become endogenous. Hence, the solution procedure requires the use of an iterative recursive algorithm, such as the Gauss-Seidel method.

The operational performance of the model, compared to the conventional input-output model, is determined in part by the productivity gains, both labour and capital, experienced by industries as they expand. This results in reduced unit factor

costs and local product prices. If import prices are assumed to be unaffected by local production, then the reduction in local prices relative to import prices will see a shift towards locally produced inputs, thus further stimulating local production. The extent of these additional flow-on effects will not only depend on the relative shifts in local and import prices, but also the elasticity of substitution between local and imported inputs.

This has implications for the results of this type of model, particularly if compared with those from the conventional input-output model. If price effects are ignored, then we would expect that, while the output multipliers and impacts may not be significantly different, income and employment impacts should be smaller because of the marginal coefficients associated with labour productivity. This is because many industries, especially those that are more capital intensive and can implement further productivity gains, can increase output, particularly in the short run, without corresponding proportional increases in employment and hence income payments. However, when price effects are incorporated into the model, the direction of change becomes less clear, since these potentially can generate compounding or offsetting changes. If the import substitution elasticities are inelastic, then this will reinforce the downward effects on multipliers, but if the elasticities are large (elastic) then the price effects offset the productivity gains and the multipliers and impacts could exceed those from the conventional input-output model.

THE WESTERN RESEARCH INSTITUTE

WRI is a regional development research organisation located on the Bathurst campus of Charles Sturt University. WRI holds a wealth of knowledge on employment, business development and investment issues affecting regional Australia. It has worked with Commonwealth, State and Local Governments and industry groups on numerous investment and development programmes in regional areas. WRI has strong credentials in business and commercial market consulting and applied economic modelling including input-output analysis, shift-share, agribusiness and regional socio-economic surveys and analysis.

Mr Tom Murphy – Chief Executive Officer **B.Ec. (Hons I) MSc. (Econ) Lancaster**

Tom is currently Chief Executive Officer of WRI and has held this position since its inception in February 1999. Under Tom's leadership WRI has completed over 300 projects for all levels of government and government departments, industry groups, businesses, financial institutions, regional development boards and community groups, and educational institutions including universities, TAFE and schools in NSW, Victoria and Queensland.

Tom has previously held academic positions as senior lecturer in Economics and Director of the Regional Economics Research Unit in the Faculty of Commerce, Charles Sturt University, Bathurst and positions at the University of New England and Macquarie University. He has also held the positions of Economic Analyst with the Office of National Assessments in Canberra, with responsibility for the ASEAN economies and Senior Consultant with KPMG Peat Marwick Management Consultants.

Tom's particular expertise is in regional economics and labour markets, and he has published in a wide range of economic subject areas in refereed and non-refereed articles, books and textbooks. Tom has a high local media profile in Western NSW for economic and social commentary and also features regularly on national radio particularly in connection to the quarterly agribusiness survey conducted for Westpac Australia wide.

Ms Kathy Sloan – Research Manager **BAppSc (Geography) UC, GDip InfoSys CSU**

Kathy is responsible for the overall management of projects for WRI, which includes allocating resources, ensuring timeframes and budgets are met and monitoring compliance with the quality assurance system. Kathy has extensive experience in designing and conducting surveys developing the national Westpac / CSU Agribusiness Index and the Regional Skills and Labour Force Needs Study for the Victorian Government. She has a background in data analysis and research working with the ACT Government and Charles Sturt University and has developed and delivered a wide range of training for TAFE Western and the local community college.

Ms Lesley Arthur – Senior Research Officer **BSc. Bio Sc (Hons), MSc Tech Ec.**

Lesley is an experienced researcher with particular expertise in the areas of inter-industry modelling, including input-output analysis, statistical analysis, market analysis and forecasting. Since joining WRI Lesley has been involved in a diverse range of projects encompassing a variety of industry sectors. Her strengths are in strong analytical skills and in the preparation of concise reports. Prior to joining WRI, Lesley was a Director with KPMG Peat Marwick Management Consultants in Australia and Malaysia.

Ms Danielle Ranshaw – Senior Research Officer **B.Ec&Fin NSW**

Danielle's experience in project management in the information technology sector combined with qualifications in economics and finance provides a solid background for WRI projects. With skills in systems design and development, Danielle has been able to extend WRI's capability in developing robust and increasingly complex systems to support research fieldwork. Additionally, Danielle has extensive experience in business process analysis, performance planning and review, report writing and project planning.

Ms Dale Curran – Executive Officer **BA ANU**

Dale is responsible for all administrative processes at WRI including executive support, finance, management of the Board of Directors and maintenance of policies. She has worked in a variety of roles at WRI, including Fieldwork Supervisor and Research Assistant, and has worked on several community and business surveys. Dale brings a high level of organisational skill to her role as Executive Officer.



Western Research Institute
c/- Charles Sturt University
Research Station Drive
Bathurst NSW 2795
Phone: 02 6338 4435
Email: wri@csu.edu.au
Web: www.wri.org.au

20 December 2011

Geoff Campbell
Development Manager
The MAC Services Group Pty Ltd
Level 6, 10 Bond Street
SYDNEY NSW 2000

Dear Geoff,

Peer review of the Socio-Economic Report for the mining accommodation facility at 2 Black Lead Lane, Gulgong.

1 Introduction

Urbis has been engaged by The MAC Services Group Pty Ltd (the MAC) to peer review the Socio-Economic Report prepared by the Western Research Institute (WRI) in relation to the proposed mining accommodation facility at 2 Black Lead Lane, Gulgong.

This letter details the findings of our peer review, presenting a discussion about the potential positive benefits and negative impacts of the proposal as determined by the WRI. We have also made a number of recommendations relating to the scope of the Socio-Economic Report, additional impacts / benefits not identified that may assist in ongoing discussions with Council, and recommendations for further areas of investigation.

2 Background

2.1 THE SITE AND SURROUNDS

The 60.54 hectare subject site is located at 2 Black Lead Lane, 1.5 km north of Gulgong in the Mid-Western Region Local Government Area. The site is currently vacant and is used for cattle grazing. Surrounding uses are primarily pastoral and agricultural.

2.2 THE PROPOSED WORKS

It is understood that the MAC will shortly lodge a development application with the Mid Western Regional Council for the following works:

- the construction of 400, 16m² accommodation rooms, including eight 24 m² rooms equipped for disabled access
- the provision of associated facilities including a central facilities building (housing a kitchen area, indoor dining, outdoor seating and amenities), a conference centre, an administration building, a shed, a gymnasium and multi-purpose court, gazebos and laundry facilities
- the construction of an internal road network including the primary access point of Cope Road and lower order roadways
- 400 car parking spaces

- landscaping and open space
- earthworks
- utility installation
- signage.¹

It is understood that the accommodation facility has the capacity to support up to 1,500 bedrooms. Expansion to this scale will be determined based on market demand and would be subject to further development approvals.

3 Methodology

Urbis has reviewed the Socio-Economic Report prepared by the WRI. While the primary purpose was to review the WRI report, in order to fully understand the context of the proposed development, consideration has also been given to:

- documentation accompanying the development application, including the Statement of Environmental Effects and the Decommissioning Plan
- the requirements of the draft Development Control Plan for Temporary Workers Accommodation
- relevant media coverage, in particular from the Mudgee Guardian
- communications documented on the 'Proposed MAC Group Mining Village' website, established by the Gulgong Chamber of Commerce
- material in relation to MAC facilities at Narrabri, including a statement provided by the Mayor of Narrabri, Robyn Faber, and media coverage.

It should be noted that this review is necessarily brief and has been limited to the above available documentation.

4 Discussion

The WRI's Socio-Economic Report provides a broad overview of the local social and economic context, identifying many of the potential benefits and impacts likely to arise as a result of the proposed accommodation facility. It is noted however that WRI's assessment of potential benefits and impacts is high level. It would be beneficial to undertake further assessment in relation to each area of impact to further understand the detail. It will then be possible to more explicitly outline the potential benefits and mitigation measures to minimise negative impacts. This would also provide a more detailed evidence base to inform future discussions and negotiation with Council regarding the VPA and consent requirements.

¹ Whelans InSites Pty Ltd, *Statement of Environmental Effects: Proposed Temporary Workers Accommodation Village*, December 2011

4.1 POTENTIAL BENEFITS

The Western Research Institute identifies a number of social and economic benefits associated with the proposed accommodation facility. An overview is contained at Table 1 below. It may be argued that many of the potential economic and social benefits listed below are closely related.

TABLE 1 – POTENTIAL POSITIVE SOCIAL AND ECONOMIC BENEFITS IDENTIFIED BY WRI

SOCIAL	ECONOMIC
<ul style="list-style-type: none"> There is potential for legacy infrastructure to remain once the MAC facility has moved on, perhaps facilitating a new housing estate for the benefit of residents and the community. The MAC facility has the potential to ease pressure on the rental housing market by reducing demand generated by miners. 	<ul style="list-style-type: none"> The construction and operation of the facility may result in increased employment opportunities for local residents. By providing miners designated accommodation, other general accommodation providers (motels, hotels etc.) will become available to tourists, leading to increases in tourism and related economic gains. There will likely be increases in gross regional product, household income and full-time equivalent jobs in sectors such as agriculture, retail trade, and forestry and fishing. Local business operators are likely to experience improved business and trading, particularly licensed premises, cafes and restaurants.

4.2 POTENTIAL NEGATIVE IMPACTS

Table 2 summarises the potential negative social and economic impacts associated with the proposed mining accommodation facility. Mitigation measures to address these impacts are discussed overleaf.

TABLE 2 – POTENTIAL NEGATIVE SOCIAL AND ECONOMIC IMPACTS IDENTIFIED BY WRI

SOCIAL	ECONOMIC
<ul style="list-style-type: none"> There are concerns that a large facility at the Hunter Valley gateway to Gulgong could affect the heritage image of Gulgong, thereby reducing tourism. There are concerns that Gulgong and Mudgee do not have the capacity or capability to supply goods and services to the MAC facility. <p>There are concerns that an influx of young men in the area will lead to anti-social behaviour. Whether or not this concern is justified, it is possible some residents may feel uncomfortable or concerned due to negative perceptions of non-resident workers.</p> <ul style="list-style-type: none"> There is the possibility of increases in traffic volumes, potentially resulting in increased road accidents. The proposal will affect the character and value of one immediate neighbour's property. 	<ul style="list-style-type: none"> Businesses are facing difficulties in attracting employees because local workers are taking up opportunities at the mines. There are concerns regarding negative effects on supply, demand and rising prices in the housing market. Minimal concern from operators of accommodation venues that they will lose business from miners staying with them due to the presence of the facility.

4.3 MEASURES TO ENHANCE POTENTIAL BENEFITS AND MINIMISE POTENTIAL IMPACTS

There is comparatively little discussion in the WRI report about what mitigation measures may be employed to address the negative impacts listed above. The WRI suggest the following mitigation measures may be considered:

- the completed facility could run open days where the community can inspect the premises
- a facility liaison officer be established
- encouraging temporary workers to be involved in local events (e.g. sporting events) to encourage connection to the local community
- monitoring the conversion rate from temporary resident to permanent resident of Gulgong
- the incorporation of bunds and landscaping to minimise noise and visual impacts to adjoining neighbours.

Based on a review of the WRI report and a preliminary consideration of associated documentation, we suggest the following could also be considered:

- the MAC conduct drug and alcohol tests at the facility on behalf of the mines, as is understood to take place at Narrabri
- that the MAC, under its community sponsorship program, support the folk festival conducted in the main street of Gulgong, to demonstrate commitment to the local culture
- encourage use of designated buses to mines by providing financial incentives
- establishing a car-pool on-site to minimise individual car use at peak times
- negotiating deals (e.g. 'meal deals') with local businesses to encourage patronage by residents of the facility
- conducting a detailed social infrastructure audit to confirm the capacity in social services and infrastructure to accommodate the incoming population and consider contributions to those most at-risk of extending beyond capacity.

5 Comments and recommendations

5.1 FURTHER ASSESSMENT

As acknowledged by the WRI, the Socio-Economic Report 'does not constitute either a detailed economic or social impact assessment'. The draft Development Control Plan for Temporary Workers Accommodation requires a detailed Social Impact Assessment to be undertaken in relation to works such as that proposed. A more detailed Social Impact Assessment would include further analysis and evidence of community benefits the proposal may deliver. This would demonstrate more broadly (to the community and stakeholders – particularly to economic stakeholders) the MACs commitment to enhancing the local community. Most significantly, this could form the basis for discussions with the Mid-Western Regional Council about Voluntary Planning Agreements and development contributions.

Future Assessment is recommended to include:

- A comprehensive social infrastructure audit to further investigate the impact of the facility on local social services and infrastructure, and identify opportunities to provide community benefit through sponsorships or other similar activities. Particular consideration may be given to the capacity of medical facilities, recreation and road infrastructure to support additional patronage. The capacity of existing infrastructure to accommodate a population increase was a concern raised at the community meeting on 27 October 2011.
- Discussions with local businesses and education providers (such as high schools, TAFE and others) to identify potential opportunities for education, skills development and employment benefits through the construction, operation and management of the MAC on an ongoing basis.
- An assessment of the proposal's consistency with local social planning strategies such as the Mid-Western Regional Council Social Plan 2006, the Mid-Western Regional Council Cultural Plan and strategies relating to youth and ageing. A preliminary assessment of the Social Plan in particular suggests that housing affordability and management of crime and violence are some of the challenges experienced in the LGA. Demonstrating how the proposed accommodation facility will alleviate some pressure on existing housing is one example of how assessing these policy documents can support the proposal.

- A more detailed review of mitigation measures. In accordance with the draft Development Control Plan for Temporary Workers Accommodation, mitigation measures should be documented in a stand-alone Mitigation Strategy and may include a monitoring program. Suggested mitigation measures are discussed at Section 4 of this letter.
- Consideration of the impacts associated with the potential future expansion to 1500 beds. While the current Socio-Economic Report considers the economic impacts of a 1500-bed facility, little consideration is given to the social impacts of the significant population increase this would generate.
- Analysis of the likely characteristics of the incoming population, including their demographic profile (e.g. gender, age) and their tenancy patterns (e.g. how long temporary workers are expected to stay in the facility). We understand that temporary workers are likely to stay at the facility for the duration of shifts (e.g. 7 days on, 7 days off), for a period of 1 – 2 years and it would be important to consider the impact of this transient population within the existing community.
- An assessment of the impact of the accommodation facility on temporary workers. Concerns were raised in the media² about the desire of temporary workers to live in accommodation facilities such as that proposed. MAC facilities are understood to be well designed, managed and maintained and anecdotal evidence suggests that there is high demand for MAC facilities. It would be beneficial to document this.

5.2 FUTURE PLANNING FOR THE SITE

During meetings³, Council expressed openness 'to assisting and encouraging development to promote permanent housing'. Moreover, the draft Development Control Plan for Temporary Workers Accommodation specifies that legacy infrastructure should be transferred to public ownership.

The WRI report states that legacy infrastructure 'could be used for future housing development on the 2 Black Lead Lane site'. The Decommissioning Plan prepared in relation to the proposed facility positively demonstrates the MACs commitment to achieving this benefit and this is likely to be viewed favourably during assessment.

5.3 INTEGRATION WITH THE COMMUNITY

Some media coverage⁴ has cited negative impacts associated with 'self-contained' facilities, primarily preventing temporary workers from accessing local services and benefiting the local economy.

It is understood that the model adopted by the MAC strives to integrate with the local community by providing services that are complementary to those existing and encouraging temporary workers to access local businesses. It would be valuable to emphasise this philosophy within development application documentation.

5.4 CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN

It is understood that the MAC have undertaken some analysis of crime and safety within the accommodation facility, including applying the principles of Crime Prevention Through Environmental

² Mudgee Guardian, 07 November 2011, *The double-edged sword of housing miners*.

³ Gulgong Chamber of Commerce, 2011, Proposed MAC Group Mining Village, at <http://gulgong.net/miningvillage/>

⁴ Mudgee Guardian, 07 November 2011, *The double-edged sword of housing miners*.

Design (CPTED). This is valuable and should be clearly communicated in development application documentation.

5.5 CONSULTATION ACTIVITIES

It is understood that a flyer outlining the proposed accommodation facility is to be distributed to local residences shortly. Based on a review of documentation on the Gulgong Chamber of Commerce's 'Proposed Mining Village' website⁵, it also appears that some other consultation activities have been undertaken. For example a meeting was held with the Chamber on 13 October 2011 and the MAC attended a town meeting regarding the draft Development Control Plan on 27 October 2011.

It would be valuable to provide an overview of these activities, any communication or meetings held with Council and the consultation undertaken by the WRI, in development application documentation.

Specific consultation with adjoining neighbours is important to identify potential concerns, respond as required, and assist in managing specific negative impacts on adjoining properties (such as buffering and screening landscaping).

Further community consultation would be beneficial to build local relationships and educate the community regarding the facts of what is and what is not proposed. Broader consultation strategies to educate and inform the community may include:

- Establishing a link on the MAC website specifically outlining the proposal
- Development of a Factsheet clarifying the facts of the proposal
- Community newsletters similar to the flyer
- The establishment of a 1800 number or dedicated email address
- A Community 'Open House', where interested community members can speak with the project team on a one to one interactive basis, and find out more about what is proposed. (This is not a formal, structured, public meeting – in our experience, public meetings do not encourage positive and meaningful discussion).

5.6 COMMUNITY SPONSORSHIP

The Community Sponsorship initiative of the MAC is positive and should be further emphasised in development application documentation. There are a number of actions within Council's social planning documents that the MAC could offer to support including funding to support the establishment of a family outreach service or the establishment of a Youth Council in conjunction with the Youth Network and Cudgegong Learning Community⁶.

It is recommended that the MAC explore potential opportunities with the local TAFE and education providers regarding skills development, apprenticeships, and training and employment partnerships. This may consider opportunities in relation to construction, hospitality and other skills. This would have the potential benefit of offering new opportunities for young people and enhance local retention.

⁵ Gulgong Chamber of Commerce, 2011, Proposed MAC Group Mining Village, at <http://gulgong.net/miningvillage/>

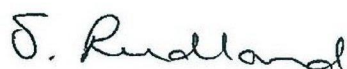
⁶ Mid-Western Regional Council, 2006, *Social Plan 2006*
Mid-Western Regional Council, *Cultural Plan*

6 Conclusion

Urbis has reviewed the Socio-Economic Report prepared by WRI in relation to the proposed accommodation facility at 2 Black Lead Lane, Gulgong. Consideration has also been given to relevant development application documentation, media coverage and online material and recommendations have been made for inclusion in the development application anticipated to be submitted to the Mid-Western Regional Council imminently.

In all, the Socio-Economic Report provides a good overview of the local context and potential benefits/impacts of the proposal, however the discussion of areas of impact lacks the detail necessary to make practical recommendations around mitigating negative impacts. In order to overcome this, it is recommended that a more detailed Assessment be conducted and that this include a social infrastructure audit, policy review and further consultation. This would assist to substantiate a case for the MAC facility as a positive addition to the community and inform the basis for VPA discussions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Rudland'.

Susan Rudland

Director

Appendix D

Submission by The MAC Services Group to the House of Representatives Standing Committee on Regional Australia



Standing Committee on Regional Australia
House of Representatives
Mr Tony Windsor, MP
PO BOX 6021
Parliament House
CANBERRA ACT 2600

26/10/2011

INQUIRY INTO THE USE OF FLY-IN FLY-OUT WORKFORCE PRACTICES IN REGIONAL AUSTRALIA

The MAC Services Group Pty Ltd (The MAC) would like to make a submission to the above noted inquiry generally in support of the current workforce practices and to bring further understanding to many of the common issues that often misrepresent the workforce accommodation industry.

BACKGROUND

The MAC is a leading integrated accommodation provider specialising in quality accommodation for people in key resource regions. The MAC develops, owns and operates high quality villages for people that work in regional areas of economic significance.

The MAC currently employs over 500 staff nationally and has more than 6000 permanent rooms under management in the Bowen and Surat Basins (Queensland), Regional NSW and WA.

The MAC strives to be the leading provider to the resource industry through high quality, innovative and flexible service offerings and best value-for-money solutions.

Its unique 'Develop-Own-Operate' (DOO) 360° business model incorporates land acquisition, village design, regulatory approvals, manufacturing, construction and ongoing management. By resolving the challenges of workforce accommodation, The MAC frees clients to focus on their core business.

SUBMISSION

Address of Terms of Reference relevant to our business.

1. The effect of non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure

The MAC currently owns and operates eight workforce villages within regional areas of Queensland, NSW and WA. It is a key part of The MAC's community strategy to work in partnership with the local communities in which we operate, to build a shared vision for long term sustainability.

Some of the ways we are positively contributing and integrating with our local communities include:

- *Upgrades to public infrastructure*

The MAC has recently upgraded the town of Narrabri's sewer main to help adequately service the village. The upgrade will also accommodate for the future development of any adjoining third party residential development.

In response to a proposed workforce accommodation village in the nearby town of Boggabri, The MAC has proposed to upgrade the town's water supply with additional high level water storage which will be handed back to Council to manage. While servicing our own development, this will also provide for any further third party rural or residential development of an adjoining 25 hectare lot. The MAC has also proposed to construct a 400m lit public pedestrian and cycleway at the town of Muswellbrook that will extend the existing local cycle network improving the cycleway connection back to town.

- *Tailored service provision within The MAC villages to complement the existing services in the adjoining towns*

Following community consultation and gaining an understanding of the towns' business dynamics, The MAC has refrained from building residential bars and gymnasiums within our accommodation facilities where existing businesses within the town are able to provide similar services and benefit from the additional patronage from FIFO workers. Alternatively, where we may have facilities that include a gymnasium or conference facilities within the village, full public access will be granted where there is a potential benefit for the local community. The MAC also operates restaurant facilities that are also open to the public.

- *Support local communities and contributing to the region's economic health*

Engaging in community activities and providing sustainable support and contribution in the communities in which The MAC operates has had a positive impact within these local towns. Below is an example of some of the more recent activities and support The MAC has given over the past 2 years.

Upper Hunter NSW	
Location/Town	Supporting Event/Organisation
Muswellbrook	Major sponsor of Muswellbrook Rugby Club
Narrabri	Major sponsor of Narrabri Rugby Club
Narrabri	Sponsorship of the Narrabri annual Business Awards
Narrabri	Sponsored the annual 'Nosh on the Namoi' food and wine festival
Bowen Basin QLD	
Coppabella	Supported the Coppabella annual Australia Day Awards
Coppabella	Sponsor of the Coppabella Community family weekend
Coppabella	2009 & 2010 Brigalow regional athletics carnival
Coppabella	Provide food and services in kind for the Coppabella State School
Coppabella	Provided labour, construction and materials for the Coppabella Cubs playground renovation
Dysart	Major Sponsor Dysart Bulls Rugby League team
Dysart	Sponsor of the 2010 Dysart Triathlon
Dysart	Catered for the Dysart Disability Services Christmas party
Middlemount	Silver Sponsors of the annual Middlemount Race Day for the past three years
Middlemount	Sponsors of the Highlands Indigenous Women's Rugby League Team
Middlemount	Sponsor of Middlemount Junior Motocross
Middlemount	Catered for providing food and services for the Middlemount Breast and Prostate cancer fund raising dinner
Middlemount	Sponsored the Middlemount 30 year celebrations event
Moranbah	Major sponsor of Moranbah BMA Race Day for 3 years
Moranbah	Provided a meals and service for the Moranbah Traders association Gala awards presentation night.
Moranbah	Major sponsor of the Moranbah Miners Rugby League team for 3 years
Moranbah	Sponsored and participated in the Cancer Council's Moranbah relay for life for 3 years
Moranbah	Moranbah Rodeo – ran a food stall donating the proceeds back to the community
Nebo	Major sponsor Nebo Rodeo and camp draft
Nebo	Major sponsor of the Isolated children's Parents Association
Nebo	Provide food and services in kind to the Nebo State School

Western Australia	
Kambalda	Annual sponsor of the Kambalda (WA) Senior citizens Christmas Luncheon
Kambalda	Donation of a computer to the local Kambalda school for year 3 & 4 special needs students.
Kambalda	Annual sponsor of the Kambalda Australia day Breakfast

Example of The MAC's community contribution

The MAC, where possible, uses local subcontractors, employs local operational staff and purchases local supply items. This capital investment brings significant funds into local economies. The figures below illustrate this and relate to our recent Narrabri development.

Narrabri Village Local Spending through to September 2011	
Village Construction - subcontractors and suppliers (electricians, plumbers, etc.)	\$4,039,000
Operational Wages - staff of The MAC who live locally	250,000
Operational Supply - goods & services including food, linen services etc.	428,450
TOTAL LOCAL SPEND TO DATE	\$4,717,450

2. Long term strategies for economic diversification in towns with large FIFO/DIDO workforces

- The MAC provides opportunities for local businesses to supply services to FIFO workers staying The MAC village (eg. food, personal laundry, pharmaceuticals, medical, coffee etc.).
- The MAC works in partnership with local communities consulting with Councils on the provision of services such as gymnasiums and bars with our villages. If there is services available within the town that Council believes the local businesses will benefit from the increased patronage from FIFO workers The MAC will not incorporate these added facilities within the village, encouraging the workers to integrate with the local town.
- The MAC sources food, cleaning and other services locally (such as linen services) where possible.
- The MAC also provides opportunities for hospitality industry employment within the village and seek to employ local people over FIFO. The MAC is a major employer of hospitality personnel within the industry.

3. Provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees

High demand for accommodation in resource growth areas can drive up housing prices and rentals which can make it very difficult for low income earners to stay in the market, or for first home buyers to enter. Workforce villages take the pressure off local housing and rental prices allowing much greater accessibility and sustainable growth of the community.

There is some concern in communities in which we operate, relating to empty housing estates should a downturn occur. This has historically resulted in a reduction in housing demand which leads to reduced property values. This concern leads to support the need for quality accommodation villages, as it addresses the rapid expansion phase of mining development and allows workers to establish themselves in their jobs within a local region.

The MAC's experience has been that once workers feel that their jobs are of a permanent and secure nature and have had the opportunity to evaluate the local community and town, they may choose to move locally depending on the available real estate opportunities. Workforce accommodation villages can absorb the increased population demand when workers move into a mining area which can allow for sustainable and manageable residential growth within the region over time.

Our anecdotal evidence is supported by a study carried out in 2009 by researchers from the Queensland University and the ANU ("*Mining developments and social impacts on communities: Bowen Basin case studies*", Vanessa Petkova, Stewart Lockie, John Rolfe and Galina Ivanova) and published in Rural Society (Vol. 19, Number 3 Oct 2009 p211) several relevant points were made including the following:

- "*High building costs and the reluctance of banks*" to finance developers and individuals in remote areas that were mining dependent "*promoted inflation in the value of existing housing stock*"
- The following argument of one worker is quoted in the report "*Mining has encouraged people to buy \$300,000-\$400,000 homes in a town where maybe in five years' time [those houses will] not be worth anything*"
- It was seen by local government that "*Work camps were generally seen as a practical way to deal with the short term need for accommodation, and with fluctuations in employment levels, but less desirable in the long-term than permanent housing*"

The report then goes on to say that "*Paradoxically though, the majority of the non-resident workforce who were interviewed or surveyed preferred to commute to the area, and would not move to the mining towns, even if more housing became available*".



4. Strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry

The experience of workers who choose to accept a job which involves living away from home is greatly enhanced by staying in a high quality, landscaped serviced environment.

The food and service quality is noted as critical to the wellbeing of the FIFO/DIDO worker. All of The MAC village kitchens are ISO 22000 certified and enjoy a reputation of consistently serving a high quality, varied menu with a range of healthy options. Nutritional information on menu items is readily available in our eateries. A yearly competition called "The MAC Dare" is run throughout the organisation to promote living a healthy lifestyle. Again, all our eateries are open to the public.

The MAC's operations are internationally certified in relation to Quality and Safety requiring regular audits to be carried out to maintain our high quality service provision. The MAC also offers extensive training programs to all hospitality staff including offering traineeships in Hospitality or Frontline Management. The MAC believes the primary source of our achievements is our team. Professional, service-orientated employees who are engaged in their roles with a good understanding of our client's needs are integral to our success and provide a consistent and high standard at our villages.

The MAC provides lifestyle facilities such as in-house gymnasiums and fitness facilities including multi-purpose courts (basketball, volleyball and tennis) and recreational swimming pools. The MAC also employs Lifestyle Co-ordinators, certified personal trainers who are available to guests for fitness and health advice, personal training and run group fitness classes within the village. All of these services are complimentary to guests and are provided as part of their accommodation.

The MAC provides guests with superior en-suited private rooms. The MAC standard room includes an en-suited 16m² room with air-conditioning, a flat screen TV with Foxtel channels, a desk, wireless internet and a king single bed. Additionally The MAC also provides some 19m² or 24m² rooms with added cabin furniture and queen sized bed.

Providing a quality landscaped and relaxed environment within the villages is also critical to the experience of workers when living away from home. Provision of BBQ areas, lawns and gazebos within the village surroundings provides casual recreational areas which promote social interaction. In our experience, it has proven that when the environment provided is attractive and well maintained then it is respected by those using it.

Other village services such as gymnasiums, restaurants, licenced facilities and conference facilities are open to the public and the local community.



5. Any other related matter

It is widely supported that the growth of the resources sector needs to be facilitated in Australia as it underwrites many of our future wealth aspirations. This growth cannot occur without a large construction and long term operational labour force living and working physically in the resource rich areas.

Accommodation in resource rich areas is essential for the projected growth to transpire. Without adequate accommodation provision to meet the mining companies' ever increasing rate of production and output time frames, the projects cannot go ahead.

The FIFO/DIDO practices exist to support the labour requirements in remote areas and in more populated areas where there is an inadequate labour market from which to draw upon.

Workforce accommodation villages are the only form of accommodation that can respond to this labour force requirement in remote and developing regions of the mining industry in the short and medium term. This is not a new concept and has been the foundation of many Australian towns and cities since settlement where new industries have been developed.

Quality of life and potential social issues are mitigated by providing high quality, well managed and landscaped living environments for people. The MAC provides this type of accommodation and while we would never claim to be the whole solution to the workforce accommodation issue, our villages are certainly an essential part of the solution, in many areas now and into the future.

More traditional forms of residential development require established water sewer and power infrastructure to exist prior to development. The timeframe around the provision of this infrastructure generally prohibits these potential developers from responding in a timeframe suitable to the mining industry labour requirements. Infrastructure investment will occur over time as mining activities become established and a long term view is taken.

The MAC would be happy to provide any further detail required by the inquiry and to participate in any further dialogue with the committee as you progress the study.

Thank you for the opportunity to participate in this timely and important inquiry.

Kind Regards

Peter McCann
Executive General Manager, Finance and Business Development
The MAC Services Group Pty Ltd

Sydney

Level 21, 321 Kent Street
Sydney, NSW 2000
t +02 8233 9900
f +02 8233 9966

Melbourne

Level 12, 120 Collins Street
Melbourne, VIC 3000
t +03 8663 4888
f +03 8663 4999

Brisbane

Level 7, 123 Albert Street
Brisbane, QLD 4000
t +07 3007 3800
f +07 3007 3811

Perth

Level 1, 55 St Georges Terrace
Perth, WA 6000
t +08 9346 0500
f +08 9221 1779

Australia • Asia • Middle East
w urbis.com.au e info@urbis.com.au