

Institute for Sustainable Regional Development

Positive Futures for Mining
Communities: Strategic Directions



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Positive Futures for Mining Communities: Strategic Directions

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July 2002**

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**INSTITUTE FOR SUSTAINABLE REGIONAL
DEVELOPMENT**



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FOREWORD

The impetus for this document originated in November 2000 with the Positive Futures in Mining Communities Forum which was held in Moranbah. As a result, the Forum Committee identified a need to produce a short 3 to 4 page document progressing the issues identified by the Forum. The Institute for Sustainable Regional Development was engaged for this purpose and recommendations are currently being prepared for government. This Occasional Paper provides the 'background story' to those recommendations. Its publication by the Institute is in recognition of the need to disseminate up-to-date information about the mining industry that will be useful to many stakeholder groups in the industry.

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EXECUTIVE SUMMARY

In November 2000, the Positive Futures in Mining Communities Forum was held at Moranbah with the purpose of identifying what strategies and actions were needed for communities in the Bowen Basin Coalfields to adjust to the changes occurring within the region and within the coal mining industry, more generally. The Forum committee identified a need to produce a Strategic Directions Paper to cover the regional issues of: Strategic Drivers; Trends; What is Happening Already?; Strategic Linkages and Alliances; Role of Government; Process for Developing Alternative Futures; Change Management; and Mechanisms for Government to Advance.

The role of this Occasional Paper is not to identify potential economic futures, only to discuss the process by which they will be identified and developed. In terms of the process for identifying regional options and opportunities, the Positive Futures for Mining Communities Forum clearly represents the initial grass roots, bottom-up, method so necessary for engaging key community stakeholders. Although the Forum did not result in immediate agreement on a broad way forward for mining communities, many of the projects and new initiatives emerging from Forum are now in progress, giving strong credibility to the process through which they were created.

The Bowen Basin itself extends from Collinsville to Moura and is the largest coal deposit in Australia with 70 percent of Queensland's estimated 36 billion tonnes of coking and thermal coal reserves. There are 30 operational coalmines in the Bowen Basin and, in 1997-98, these mines contributed 49.1 percent of Queensland's total coal production (Positive Futures for Mining Communities Forum Report, 2000).

After a long period of growth, significant market and industrial trends in the black coal industry are adversely affecting mine-dependent communities in the region. The coal mining industry itself is in a state of major transition, with substantial structural change taking place in order to reduce costs. The inevitable outcome of these longer-term reform processes will be smaller workforces and significant increases in labour productivity. In terms of the global outlook, the Productivity Commission's (1998) diagnosis is that whilst Australia's coalfields are in a positive position in terms of resource, infrastructure, reputation and markets, inefficient practices, restrictive laws, overpriced transport and poor profitability hinder the industry.

There have been few new developments of late, and according to the Productivity Commission (1998), it is not expected that there will be substantial new large development activities in the Bowen Basin, but that much of what will occur will relate to the continued development and product diversification of existing mines.

The impacts of the above are compounded by the regional trends in population and employment, as growth in the region has been slower than that in Queensland as a whole. The increasing use of transport in-out arrangements and an industry shift from full-time employment to contractors exacerbates the situation. There is also a high willingness of rural residents to leave the region in the face of poor job prospects. This is despite the Bowen Basin exhibiting a reasonable level of economic diversity because of its mixed agricultural and mining base.

In an economic development context, the communities in the Bowen Basin require government to actively promote and encourage ecologically sustainable commercial activities that support the region and its local economies, through appropriate business, industry and government initiatives. Following the election of the Labor Government in 1998

and the reshuffle of federal regional development portfolios after the return of the Coalition at the national level in the same year, there has been a new emphasis on regional policy. This emphasis has focussed on establishing proactive regional development legislation and policies that promote the growth, development and maintenance of viable and sustainable regional communities. As a consequence, there are 36 federal, state, or local government initiatives currently in operation in the region. Regrettably, these initiatives often overlap and appear in some cases to be an ad hoc response to a complex problem.

The role that government is playing in the change management/adaptation process in the Bowen Basin however is a broad and ongoing one, incorporating a range of consultative and planning mechanisms designed to create a framework for joining government/community planning and development in the region. However, that role is itself changing. Social, economic and environmental pressures are transforming rural and regional Queensland. And, although the Queensland Government provides key services, infrastructure, financial assistance and a policy framework that assist communities to remain vital, there is an emerging recognition that an additional response is needed both in terms of the nature of services delivered, and how they are delivered.

To meaningfully assist regional communities in the Bowen Basin to adjust to the changes occurring within the region, government needs to develop an integrated multiple response that not only improves the delivery of services and alters policy, but also fosters community capacity, where community capacity consists of the networks, organisation, attitudes, leadership and skills that allow communities to manage change and sustain community-led development. Indeed, community capacity is seen to be a key determinant of sustainable development (see Cavaye et al., 2002).

As an agent of change management, state and local government will need to provide the stimulus in respect of this capacity building, helping to resource and to forge a formal partnership with the private sector and community.

It should be reiterated that the assessment and building of social capital is only one strategic action that can be utilised to improve the quality of life for Bowen Basin residents in the long-term. It is, nevertheless, one of the most important as it can provide a meaningful and longstanding impact on individuals and communities. The following key issues should be highlighted.

Community Capacity Building

Community capacity consists of the networks, organisation, attitudes, leadership and skills that allow communities to manage change and sustain community-led development. It is often the catalyst for economic development. Community capacity building is a process of engagement, participation and learning that builds human, social and organisational capital. It is a process that helps people develop a clear vision of how they want their community to be, accept responsibility for their community's future, 'reinvent' the resource base of their community, and embrace change. Successful communities attract investment, stimulate jobs, and maintain facilities and services. But they equally depend on passion, conviction, enthusiasm, partnership, leadership, involvement, 'rethinking' and the firm belief that solutions lie within the community itself (Cavaye et al., 2002). It is this strategy that is the key outcome of this paper in terms of assisting regional communities in the Bowen Basin Coalfields to adjust to the changes occurring within the region and the coal mining industry generally.

Government Stimulus

In an economic development context, the communities in the Bowen Basin require government to actively promote and encourage ecologically sustainable and commercial activities that support the region and its local economies through appropriate business, industry and state-based initiatives. In practice this means governments assisting in developing and supporting existing and emerging industries to ensure an economically viable, technologically equipped, and diversified economy, within a culture of innovation, supported by appropriate infrastructure. Specifically, activities such as fostering local leadership through community capacity building, strategic planning, technical and financial assistance for economic development initiatives, coordination of government efforts, and provision of information about government policy directions, programs and services, are all required.

Partnerships

The concept required is one of a resourced formal partnership between government (local and state), community (a participatory approach to community decision making) and the private sector to work collaboratively on issues confronting mining-dependent communities. For example, local planning approaches need to be characterised by partnership between the three spheres of government, the community and the private sector and linking physical, environmental, social, economic and cultural issues. To facilitate community capacity building requires participatory action research aimed at collaborative problem solving of community-defined issues and concerns. Such research requires a series of partnerships between government, community and the private sector so as provide funding, facilities and infrastructure support for the private sector to deliver community conceptual change.

Change Management

As the major service provider to mining communities, government has a responsibility to manage changes to the delivery (or withdrawal) of health, education and other services in a sensitive and consultative way. There is a need to do this in collaboration with local communities through a whole-of-government approach. Implementing new approaches to facilitating community capacity in the Bowen Basin requires government to understand the process and perhaps develop its own community development capability. Two specific methodologies used by the World Bank in the process of community capacity building are Participatory Rural Appraisal and SARAR (an acronym standing for self-esteem, associative strength, resourcefulness, action planning and responsibility). Through establishing such action research expertise within government and conducting participatory pilot projects using these approaches in the Bowen Basin, change management will be greatly facilitated.

Potential Economic Futures

As stated above, the role of this Occasional Paper is not to specify potential economic futures, only to discuss the process by which they will be identified and developed. The brief for this Paper does not require consideration of economic alternatives beyond coal mining. There is however an abundance of information on soil types, water allocations, climate, minerals, existing public facilities and so forth, that could contribute to an informed discussion on what industries might sustain Bowen Basin communities after coal mining.

INTRODUCTION

In November 2000, the Positive Futures in Mining Communities Forum was held at Moranbah. This forum aimed to bring together the regional stakeholders: industry, mining communities, and Local, State and Commonwealth governments, to identify what strategies and actions were needed for the regional communities to adjust to the changes occurring within the region and the coal mining industry.

The forum committee has met to progress the forum report and has identified the need to produce a Strategic Directions Paper that will provide a pathway for State government to progress the issues with the Bowen Basin Coal Mining Communities identified by the forum.

STRATEGIC DRIVERS IN THE REGION

The Bowen Basin coal mining communities are part of Central Queensland, a region which is one of the most economically diverse regions of the State of Queensland. Economic activities include a strong coal and metal mining sector and a diversified agricultural sector with increasing value adding. Central Queensland is a world leader in mineral processing and light metal, a significant tourist destination and, with the presence of Central Queensland University, a centre for educational excellence.

Central Queensland region (for the State Government's Regional Communities program) comprises the ten local government areas of Peak Downs, Emerald, Duaringa, Mount Morgan, Banana, Fitzroy, Livingstone, Rockhampton, Gladstone and Calliope (see Figure 1 below).

There is some confusion among geoscientists as to the meaning of the term Bowen Basin. This confusion has been brought about by the widespread inconsistent use of the term 'Bowen Basin' even in some of the earliest literature, with it being used apparently interchangeably as both the name of the original basin feature and as the presently preserved structural feature. In this paper, the term will be used to describe the major deposits in the Rangal Coal Measures, Blair Athol Coal Measures and Reids Dome Beds (West Bowen Basin); Burngrove Formation, Fairhill and German Creek Formations and the Collinsville Coal Measures (North West Bowen Basin); Elphinstone Coal Measures, the Fort Cooper Coal Measures, the Hail Creek Beds, and the Carmila Beds at Calen (North East Bowen Basin); and the Baralaba Coal Measures, Gyrandra Formation and Lizzie Creek and Camboon (South East Bowen Basin) regions. This region includes the key mine-dependent towns of Blackwater, Moranbah, Middlemount, Dysart and Tieri. Other communities with a significant mining economy mixed with a broader agricultural and service economy include Capella, Dingo, Clermont and Emerald. The remaining small towns in the region have a predominantly agricultural and service-oriented economic base (including Jericho, Alpha, Springsure, Rolleston).

Rockhampton and Mackay are also important regional centres in the context of the Bowen Basin, given that one of the trends affecting the coal mining industry is the use of contract labour and transport in – transport out arrangements. This is discussed later.

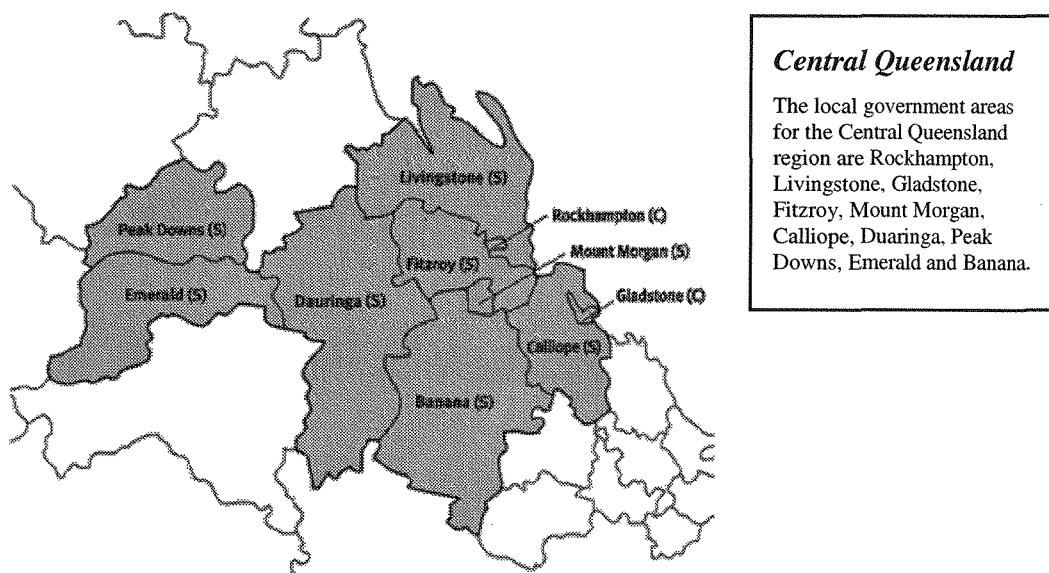
For the purposes of this Occasional Paper, the Highlands incorporates the Emerald, Jericho, Bauhinia, Peak Downs and Belyando Shires, and the western parts of the Duaringa and Broadsound Shires.

Central Queensland is responsible for about 20 percent of Queensland's total exports by volume and 10 percent by value. This is made up largely of coal, but produce such as cotton and beef are also significant. Mining accounts for around 18 percent of regional production,

manufacturing around 13 percent and the service sector around 22 percent (Department of the Premier and Cabinet, 2001). The Bowen Basin itself extends from Collinsville to Moura and is the largest coal deposit in Australia with 70 percent of Queensland's estimated 36 billion tonnes of coking and thermal coal reserves. There are 30 operational coalmines in the Bowen Basin, and in 1997-98, these mines contributed 49.1 percent of Queensland's total coal production (Positive Futures for Mining Communities Forum Report, 2000).

After a long period of growth, significant market and industrial trends in the black coal industry are adversely affecting mine-dependant communities in Queensland's Bowen Basin.

Figure 1 Map of Central Queensland



Because of the peculiar history of the region's coal industry, there was strong development and growth of new mining towns during the 1960s, 70s and 80s. During the boom, however, negotiations between coal companies, local government and the state resulted in little planning for the eventual downsizing and/or decommissioning of projects. Such pre-emptive planning would have helped to minimise the impacts of sudden change on regional interests (particularly mining families, local government, service providers and local businesses).

The economy of the Bowen Basin region is predominantly underpinned by the agricultural and mining (coal and precious gems) industries. In more recent years, service industries addressing the needs of both have expanded rapidly, particularly in towns like Moranbah, Biloela, Clermont and Emerald. In respect to mining, however, it was always inevitable that the region's economy would follow the pattern of discovery, development, production and decline as markets changed or deposits eventually became exhausted.

The human services sector and allied industries are traditionally the first to respond to the social and economic impacts of regional downsizing. In the last three quarters of 2000, anecdotal evidence suggests that many of the sectors' constituents have already experienced a significant strain upon their already under-resourced response services. Significant declines in populations within service catchments have threatened the viability of a number of continuing services. This situation is made worse by limited capacity within a wide range of human services in the region, weakening the ability of communities to respond effectively.

In the view of the human services sector, it is critical that significant pro-active effort be taken to plan for the long-term impacts of current trends in the coal industry (see next

section). This is essential if the Bowen Basin can not only survive, but also be able to manage and minimise the significant social and economic impacts arising from future changes. The recent establishment of the *Central Highlands Community Employment Trust* and the *Central Highlands Community Foundation* is a significant step in the right direction. However, it represents only the beginning of the integrated actions that need to be taken to assist the region to cope with the significant changes likely in the coming years.

A stimulus is needed if the region is to achieve agreed and integrated responses to the problems from the viewpoint of all key regional stakeholders. At the very least, these include the human services sector, the mining industry, local government, state government and the unions.

Aside from these internal factors, a number of other factors, external to the region, have and will continue to impact on coal mining activities in the Bowen Basin. The Australian black coal industry was insulated from strong competition until the mid-1980s. Factors contributing to this included regulation of the domestic electricity market, the limited number of suppliers of coking coal to the Asian market, and the high price of oil. However, developments such as the collapse of oil prices in the mid 1980s have ushered in a new era of competition in the international coal market. World demand for coal is projected to grow by about 2 percent a year between now and 2010, but prices are expected to fall in real terms by about 2 percent a year (Industry Commission, 1998). In the domestic market, demand for thermal coal is expected to grow, but at a slower rate than electricity output, as the share of electricity generated from gas increases.

In both the thermal and coking coal markets, price reductions are being driven by structural changes in the market that are increasing competition. In the thermal coal market, the changes include the emergence of new low-cost suppliers (Indonesia and China), the deregulation of electricity markets, and the increasing use of tenders and spot purchases of coal, particularly by Australia's major customer, Japan (Japan accounts for more than half of Australian thermal coal exports). Japan's current economic and currency problems are also adversely impacting on Australian coal producers.

As well as becoming more competitive, the coal market is becoming more dynamic. The market is undergoing considerable change such as technological advances and the liberalisation of the coal trade, thereby creating new opportunities for producers flexible enough to respond and threats for others. There is also increasing substitutability between types and sources of coal.

Perhaps as a consequence of the interplay of all these, and other factors (a mine's location and geology, type and quality of coal, and work arrangements for example), in recent years, the average profitability in Australian black coal mining has been low, although likely to be higher in Queensland mines than in NSW. Indeed, the current era has been described as one of 'profitless prosperity' – that is, although coal tonnages and exports have been increasing, average profits have been shrinking (Productivity Commission, 1998). According to Keith Barker, Industry Policy Adviser from the Queensland Mining Council however, the recent (and continuing) decline in the cost of rail haulage and the weak Australian dollar has meant that for the period 2000-2001, profitability has substantially increased.

Key Strategic Drivers in the Region

In summary then, the key strategic drivers in the region are:

Macro factors

- Global economic issues

- The price of coal and changes in the way in which coal is sold
- Global demand for coal, particularly high quality coal
- Technological advances in coal production techniques including production costs (see next section)
- Competing low-cost coal suppliers
- Government support – rail freight/concessions, exploration and investment
- Liberalisation of trade
- Domestic economic growth and decline
- Global company policy – for example getting out of coal and into iron ore
- New industry initiatives - for example the new Australian Magnesium Corporation (AMC) plant will be a key driver that will result in at least 2000 permanent direct jobs in central Queensland, and
- Increasing substitutability between types and sources of coal.

Micro factors

- Union/industry industrial relations issues
- Domestic company policy
- Community needs and social demographics
- Work changes – for example ‘bus/in bus/out’, movement to longer shifts including four days on/off, 12 hour shifts
- Rate of restructuring – rapid or slow, and
- Alternative employment opportunities and transferability of skills of the existing workforce.

TRENDS AND IMPLICATIONS OF TRENDS

Populations

A recent report commissioned by the Central Queensland Regional Development Organisation outlines some of the key social and economic trends facing the coalfields in the recent past (Powell and Chalmers, 1999). These trends are important in understanding both the impact of significant changes in the coal industry, as well as the capacity of communities to respond. As the Powell and Chalmers report is focussed on analysis of the Fitzroy Statistical Division, specific figures have only been provided for Belyando and Broadsound Shires where possible. Key Bowen Basin trends, however, are outlined in Tables 1 and 2.

Growth in population and employment in the Central Highlands as part of the Bowen Basin has been slower than in Queensland as a whole. Apart from Emerald, all of the Central Highlands shires have been experiencing decline, and it is important to note that these figures pre-date the recent structural changes in the mining industry. Powell and Chalmers (1999) suggest that there is a high willingness of rural residents to leave the region in the face of poor job prospects relative to those living on the coast. This could explain the use of Central Highlands as a subregion of the larger Bowen Basin but is representative of what is happening across the whole Basin.

In regard to economic diversity within the region, Powell and Chalmers (1999) use a coefficient of specialisation (100 representing an economy with one industry and 1 representing a highly diversified economy). This coefficient illustrates that there has been limited improvement in recent years, but that the Bowen Basin economy has a reasonable level of diversity because of its mixed agricultural and mining base. Other figures within the report suggest that the region attracts a low proportion of government expenditure relative to wealth generated.

Powell and Chalmers (1999) also outline a range of service delivery indicators for the Bowen Basin. In Table 2, population employment ratios are particularly used to show the number of residents serviced per employee in a particular sector. These values are generally higher than the Queensland average, indicating that the region is relatively service poor. Emerald is consistently higher as it operates as a regional centre. Duaringa has low community services figure because of the way that CDEP participants in Woorabinda are allocated to the community services sector rather than that sector which best reflects the nature of their work. Across the region, there has been a reduction in banking services, restaurants and accommodation and residential building services. Gains in a range of business support services represent historical catch up.

Table 1: Key Social and Economic Trends in the Bowen Basin

Parameter/ Shire	1986	1991	1996
Population:			
Bauhinia	2,362	2,286	2,236
Emerald	9,111	9,420	12,560
Peak Downs	3,038	3,596	3,130
Duaringa	10,291	10,071	9,230
Belyando			10,755
Broadsound			7,487
Employment:			
Bauhinia		1,240	1,139
Emerald		4,407	6,136
Peak Downs		1,671	1,503
Duaringa		4,513	3,924
Belyando	5,045	5,051	5,558
Broadsound	3,525	3,717	3,588
Parameter/ Shire	1986	1991	1996
Co-efficient Specialisation:			
Bauhinia		58.7	57.4
Emerald		31.7	29.8
Peak Downs		61.6	57.6
Duaringa		58.2	54.0
Belyando			
Broadsound			

(Source: Powell and Chalmers, 1999)

Unemployment rates in Central Queensland have generally been high for Queensland, but have been lower in inland areas such as the Bowen Basin because of the high willingness of people to leave the region when jobs dry up. As such, lower unemployment rates (around 6 percent in Emerald) may not actually reflect the impact of downsizing because these social problems may have been transferred to larger coastal centres. Table 3 shows that while there were substantial improvements in mining industry employment in Central Queensland from 1991 to 1996, new census data are needed to assess the actual impact of the latest industry recession.

While the Bowen Basin has relatively high wealth, with estimated earnings of employed persons of \$290 million in 1996 (Bauhinia, Peak Downs, Emerald, Jericho Shires), the mining industry contributed some 42 percent. Emerald has recently increased its share of many industries in recent years, possibly at the expense of surrounding Shires. This suggests that the region is highly dependant on the wealth generated by the mining industry.

Table 2: Local Population: Employment Ratios

Selected Sectors	Bauhinia	Emerald	Peak Downs	Duaringa
Retail Trade	34	18	42	30
Health Services	67	67	165	95
Education	44	28	30	36
Accommodation and Restaurants	57	40	40	57
Legal and Accounting	300	105	1011	547
Residential Building	57	52	85	99
Banking	216	171	397	274
Community Care Services	0	94	217	72
Cultural Services	270	1095	506	3,011
Personal Services	360	136	119	224

(Source: Powell and Chalmers, 1999).

Table 3: Employment in CQ Coal Mining Regions, 1986 to 1996

Region	Employment	1986	1991	1996
Mackay Stat Div	Total	42,351	47,591	55,418
	Mining	4,462	4,495	4,919
Fitzroy Stat Div	Total	64,649	69,815	75,703
	Mining	4,515	4,292	4,810

(Source: Productivity Commission. 1998. *The Australian Black Coal Industry Inquiry Report*: 172)

New Mining Technologies

The coal mining industry is in a state of major transition, with substantial structural change taking place in order to reduce costs. In the view of the Productivity Commission (1998: xix) restrictive work arrangements due to federal black coal awards and prescriptive state legislation that impede productivity are gradually being removed through the award

simplification process, or replaced at the enterprise level (Mount Isa Mines, for example, has recently contracted out the open cut operations of its Newlands mine to Thiess).

The inevitable outcome of these longer-term reform processes will be smaller workforces. In addition, despite high output growth, Australian employment in the black coal industry grew relatively slowly from just under 28,000 in 1980 to around 33,000 in 1986, before declining gradually to just over 26,000 in 1996. Average annual coal industry output (saleable) per employee has increased continuously from 2,800 tonnes in 1980 to 7,600 tonnes in 1996, a compound annual growth rate of around 6.5 percent (Industry Commission, 1998). The Queensland employment figures show a similar story, with 11,000 employees in 1996 (based on sales of \$94M) declining to 8,000 in 2001 (based on sales of \$132M), according to the Queensland Mining Council (personal communication, Keith Barker – Industry Policy Adviser).

The main factors behind the significant growth in labour productivity underlying these figures are:

- The increased share of production coming from the more capital-intensive open cut sector;
- The decreased use of the more labour-intensive board-and-pillar technology in favour of longwall techniques in underground mines; and
- A general substitution of capital for labour and some improvements in work and management practices.

Because most of these influences relate to new technology or industry structure, labour productivity is not a reliable indicator of productivity in the Australian coal industry (Industry Commission, 1998).

In regard to new mines opening in the region, it should be noted that under the financial conditions in the recent past, there have been few new green field developments. This is despite the fact that there are significant resource development opportunities available. In 1996, the Central Queensland News reported that the Department of Mines and Energy had forty-six applications for leases in the Central Queensland region. While a number of companies have proposed to accommodate their workers in regional centres such as Emerald and Mackay through those developments, few mining leases for new projects have been approved since that time. Most have been for extensions to existing projects.

Several new such development prospects have occurred within the region (including the Copabella, Foxleigh projects and the Jellingbah expansions) and the proposed Hail Creek development (West of Mackay) at \$400-\$500M also represents a significant increase in production. MIM Holdings have also recently acquired a controlling interest in the Moura mine, and intend to extend the mine's life to more than 20 years, as well as increasing production by more than 30 percent.

Macarthur Coal Ltd has also announced it is set to exploit another growth segment of the international coal market with the acquisition of the advanced Monto thermal project. Production could start as early as 2002/03.

The AMC Stanwell project in particular will be the driver that will result in at least 2,000 permanent direct jobs in Central Queensland, with a further 5,000 indirect jobs (Ministerial Statement, 27 November, 2001). With site works commencing in February, 2002, and the first metal to be produced in October, 2004, the AMC project will be the world's largest magnesium processing plant.

The potential expansion of gas projects (both from primary extraction and coal seam methane by-product) may also be a potential source of new development. Such developments, however, are not likely to result in substantial regional employment gains within the Central Highlands.

However, according to the Productivity Commission (1998), under the bleak financial outlook for the coming years, it is not expected that there will be substantial new large development activities in the Bowen Basin and Central Highlands, and that much of that will be tied up with continued development and product diversification in existing mines.

This is in contrast to the Premier's Ministerial Statement (December 1, 2001): 'Central Queensland is poised to become one of the major industrial centres of the Asian Pacific Rim' he said. 'Light metals will be one of *the* industries of the 21st Century, and Central Queensland will be one of the nation's major growth centres this century' the Premier declared. 'With Comalco, AMC, LG Chemical, Pechiney, Aldoga Aluminium, Tata Ferrochrome and Astral Calcining all seriously investigating an investment in Central Queensland, we have truly become a major competitor in the global market for industrial development'. The Premier also announced that MIM is conducting a feasibility study for a possible new, low-cost, world-class coalmine near Rolleston, at the Southern end of the Bowen Basin, which is progressing well. Its potential is 300 million tonnes of coal suitable for power generation, with possible production to start during the 2003/04 financial year.

Apart from the overall economic trends affecting the coal mining industry, there have been important trends in the use of contract labour and transport in – transport out arrangements for many years. For the purposes of this Paper, the term transport in - out arrangements is used to refer to arrangements which rely on workforce transportation (by bus, plane or private vehicles) to and from regional or major urban centres a significant distance from the actual mine site. In the Bowen Basin, there has been a mix of bus in – bus out (including private transport), fly in – fly out and locally accommodated workforces.

While the minerals boom from the 1960s to the 1980s allowed for and encouraged the development of mining towns such as those in the Bowen Basin (largely based on local housing for company employees), recent years have seen a major shift in industry from full-time employment to contractors. This is made more relevant by trends across Australia in long distance commuting. Long distance commuting has increased since the late-1980s, when the last new mining town in Australia (Roxby Downs) was built to service the Olympic Dam mine (Gillies *et. al*, 1997).

Bus in – bus out coal mining operations have been prevalent in the Bowen Basin, whereby employees reside in regional towns and are transported to the mine site for extended shifts and compressed working schedules. While this contributed to the development of existing towns such as Emerald, Biloela, Moura and Capella, there is an increasing tendency for companies to use bus in – bus out operations that service the major coastal cities of Mackay and Rockhampton. Already, it is suspected that this is leading to a slow attrition of families from the Bowen Basin to these towns.

The reality for the Central Highlands and other parts of the Bowen Basin will remain that large projects require a large skills base (DME, 1998). It is expected that higher skilled labour forces will increasingly prefer to live in regional or major urban centres. There could be limits to the options available for local towns to upgrade the local skills base. Workers may increasingly choose to spend extended leisure time (as a result of compressed working schedules) and use services in larger centres rather than local towns.

The majority of coal in Queensland is transported by rail. The *Trade Practices Act* contains an exemption on coal-carrying services, enabling Queensland Rail (QR) to provide all coal rail freight services in Queensland. According to the Productivity Commission (1998: 177), approximately 86 percent of freight by weight carried by QR was coal in 1996-97. As such, coal and railways have always been mutually interdependent. The Government, for example, has traditionally used rail freights to collect implicit royalties from the coal industry (pre-1992, rail charges were based on Treasury's assessment of an individual mines' ability to pay additional revenue).

On 1st August, 2001, State Government, through the Hon. Steve Bredhauer MP, Transport and Main Roads Minister, announced that QR had achieved strong growth in coal haulage in 2000-2001, hauling a record 127.8 million tonnes. Mr Bredhauer said this was 13.3 million tonnes - or 11.7 percent higher than the previous peak set in 1999-2000. Export tonnage was up 13 million tonnes to 117.5 million tonnes. Tonnage growth from the mines in the Bowen Basin in Central Queensland has again powered the surge in railings of export coal, he said. This growth in tonnage has continued in 2000-2001, due to the impact of reforms in rail and labour productivity.

According to the Productivity Commission (1998: 175-216) however, rail freight services generally have been shown to operate at a sub-optimum level and are currently being subjected to the introduction of pricing transparency and effective competition. Since 1994, the State government has been phasing in new transport arrangements, with further changes initiated by the Borbidge State government in 1998 (Productivity Commission, 1998: 188).

Whilst there have been delays in introducing competition (at the time of writing, third party competition has not occurred), the prospect of third party access to rail infrastructure has led to some improvements in performance, primarily due to QR adopting a more customer-focussed approach. From July 1998, a separate unit was to be established to operate QR's rail infrastructure and negotiate conditions of access with users, subsuming the functions of the previous access unit. However, this still raises questions of a structure of the rail authority appropriate for a competitive environment.

Other issues include the pricing of rail access (such as asset valuation), rates of return on assets and price discrimination. In 1992 the responsibility for rail freight contracts was given to QR, with all re-negotiations due by mid-1998. The Queensland Competition Authority (QCA) is an independent state pricing tribunal, created by the *Queensland Competition Authority Act 1997*. An access regime for rail is yet to be developed under the QCA. The QCA also provides a 'prices oversight regime' (ensuring that government monopoly businesses do not abuse market power through monopoly pricing) as well as a competitive neutrality complaints mechanism. Pricing policies, however, are investigated only when the Premier and Treasurer direct the QCA to do so.

According to the Productivity Commission, the introduction of third party access to rail infrastructure is likely to stimulate improved productivity and efficiency in pricing. The Commission (1998:205) recommends that 'NSW and Queensland governments should facilitate the early establishment of comprehensive rail access regimes that can be certified by the National Competition Council as effective. It further recommends adoption of transparent and economically sound pricing systems developed by the QCA (including a right of appeal concerning particular access pricing decisions on a case-by-case basis). The Commission also recommended a clear definition of the 'arm's length relationship' between State-owned infrastructure operators and State-owned freight providers (1998:175). Overall, these trends are likely to place further downwards employment and rationalisation pressures

on Bowen Basin and generally Central Highlands railway workforces, although at the time of preparation of this paper, these effects had not been realised.

Globalisation of Operational Environment

Black coal is Australia's largest merchandise export. In 1997, Queensland accounted for nearly 70 percent of Australia's coking coal exports (Productivity Commission, 1998: xx). Coking coal commands a price premium over thermal coal. However, whilst coal exports are experiencing an upward trend, prices in real terms have declined markedly. Furthermore, increased production has not been accompanied by any real increase in employment. Unprofitable mines in the Queensland coalfields have been closing or are on the market, causing sizeable job losses.

The five-year coal outlook from ABARE forecasts predicts:

- increased competition from Indonesia; South Africa and North America;
- uncertain demand due to the Asian downturn and greenhouse measures influencing technological change; and
- falling real prices. The real value of Australian coal exports is projected to decline from A\$9.5 billion in 1998-99 to around \$7.7 billion in 2003-04 (ABARE, 1999: 101-110).

The Productivity Commission's (1998) diagnosis is that whilst Australia's coalfields are in a positive position in terms of resource, infrastructure, reputation and markets, the industry is hindered by inefficient practices, restrictive laws, overpriced transport and poor profitability. This would suggest that, given the ABARE (1999) forecast, there are many difficult decisions still to be made in making the industry more efficient and internationally competitive.

WHAT IS ALREADY HAPPENING IN THE REGION - AGENCIES, COMMUNITIES, LOCAL GOVERNMENT

With increasing controversies over competing resource uses, the Queensland Government has moved towards promoting more integrated and sustainable development policies for regions. This means a focus of continuing growth of regional communities in Queensland and maintaining the social well being of communities within ecologically sustainable limits. The Beattie government has set 'building Queensland's regions' and 'promoting responsible and sustainable development of the State's natural and primary resources' as priorities that will generate further economic growth and reduce social inequity (Beattie, 1998). Consequently, there are a number of mechanisms through which attempts at more integrated and sustainable regional planning are being sponsored (see Appendix 1).

Development in the black coal industry has traditionally been subject to industry specific legislation (for example, the *Mineral Resources Act*). As a result, regional planning in relation to the development of the industry has largely been driven by the need for coordinated infrastructure development. This has often been undertaken on a joint government/ industry basis, but based on a presumed vision of economic and resource development (see Cowell, 1996). As a result, regional planning in the coalfields has been *ad hoc*, and restricted to growth phases rather than periods of decline. O'Connor (1999:121-4) claims that the Queensland coal market is 'hopelessly fragmented', listing the large number of industry participants that had previously been planning new developments or expansions. To date, planning for mines has been based on existing market characteristics and has underestimated the impact the development itself will have on supply and demand.

Coordinated planning within the mining industry is required as well as beyond the mining industry.

Within the State Government, however, there has been clear recognition of the need to address the social and community impacts of trends in the mining industry. The major topics for discussion at a recent Regional Development and Mining Conference in Mt Isa were:

- increasing the sourcing of jobs and services locally;
- improving employment and training opportunities in the regions to meet any current and future demand for appropriately skilled staff;
- establishing ways in which mining operations can increase opportunities for businesses in the regions; and
- strategies for encouraging employees to reside in local communities near the mining operations (McGrady, 1998)

The Commonwealth has also become more involved in recent years in promoting regional economic development, regional social development and the resolution of environmental protection/ resource security issues at the regional level (Dale and Bellamy, 1998: 49-56). Whereas packages such as the old Labour Adjustment Package (no longer operating) were targeted at specific industries, new programs are currently targeted at regions. The Regional Assistance Program administered by the federal Department of Employment, Science and Training, for example, provides general assistance to regions experiencing transition. According to the Productivity Commission:

the assistance provided is of a general nature and might include surveys identifying barriers to employment, feasibility studies for the establishment of industries or businesses, or facilitation of networking between businesses (1998: 173).

Developments in Commonwealth education and training policy are also likely to facilitate community adjustment to the social impacts of change. Specific to the coal industry, the Productivity Commission recommended 'competence-based training in a framework involving recognition of skills nationally' (1998: 173), thus enabling greater labour mobility.

Appendix 1 shows the wealth of regional development policies built into the program responsibilities of state and federal agencies. Appendix 1 also shows, however, that while there are a wealth of programmatic responses to regional development issues, there appears to be little agreement within and across state and federal agencies about what constitutes an effective system of planning for sustainable regional development. The end result is a piecemeal approach with high levels of policy and program duplication, limited structured engagement with regions, and limited investment in regional capacity building. While these issues are currently being addressed within the Central Highlands Regional Resource Use Planning Project, inevitably, we need more whole of government and cross-governmental approaches to address the broader issue of supporting the sustainable development of regions such as the Central Highlands (see Cavaye et al., 2002).

In summary, following the election of the new State Labor Government in 1998 and the reshuffle of federal regional development portfolios after the return of the Coalition at the national level in the same year, there has been a new emphasis on regional policy. This emphasis has focussed on establishing proactive regional development legislation and policies that promote the growth, development and maintenance of viable and sustainable regional communities. This policy environment provides an ideal structural base for taking the first steps towards more integrated planning aimed at providing greater stability in the mining communities of the Central Highlands.

Collectively, federal state and regional views about sustainable regional development stress the need to maintain healthy, viable regional communities that provide adequate services, sustain the integrity of natural resource, and promote social and cultural well-being in constituent communities. As such, it is imperative that coordinated regional solutions to the mining downturn are established to prevent significant social and economic impacts in the region, as well as to restructure the region into the future so that it has a more sustainable economic base.

STRATEGIC LINKAGES AND ALLIANCES BETWEEN ACTIONS – CURRENT AND FUTURE

It would appear that program and funding sources from government and the community are overlapping, seemingly from an ad hoc response to a complex problem. A systems view is required to determine the problem and provide strategic direction. The problem may be as simple as community resistance or reaction to change, perhaps due to a fundamental lack of confidence in their ability to cope or adapt to change. If this is so, building resilience – a social and economic resilience to adapt to a changing environment - would seem to be a priority. How can people and communities be ‘rewired’ to think that employment may not always be focussed on coal mining? What can state and local governments do to facilitate building economic and social resilience in the region? What is the level of resilience now? What should it be? How do we get there?

Perhaps the most effective way is to facilitate a process of community building using a two-pronged approach – facilitate whole of mine planning (including decline), as well as working with the community and local government in a process of community assessment of their own capabilities, both now and in the future, as well as determining how to get there.

ROLE OF GOVERNMENT

The role that government is playing in the Bowen Basin and Central Queensland is a broad and ongoing one. However, that role is itself changing. Social, economic and environmental pressures are transforming rural and regional Queensland. Governments at all levels, business, industry and community have significant resources invested in the region. The communities of the region wish to maintain the quality of life, community values and opportunities that have enhanced their lives and their desire to continue to live and work in the region. Such things as access to services, infrastructure provision, education and employment opportunities, and ecologically sustainable use and management of the region’s diverse ecosystems, are important considerations for governments at all levels.

Indeed, the planning process Central Queensland: a New Millennium (CQ-ANM) specifically recommends that the voluntary cooperative and coordinated partnership approach to the management of growth and development in Central Queensland between all spheres of government should be continued and fostered.

In an economic development context, the communities in the Bowen Basin require government to actively promote and encourage ecologically sustainable commercial activities that support the region and its local economies, through appropriate business, industry and government initiatives. In practice this means governments assisting in developing and supporting existing and emerging industries to ensure an economically viable, technologically equipped and diversified economy, in a culture of innovation, supported by appropriate infrastructure. For mining industries, this also incorporates promoting whole-of-life planning of mines (including decommissioning and rehabilitation),

assisting in identifying and promoting opportunities for value adding to raw commodities and waste streams.

One of the key roles here is to assist in developing and sustaining a flexible and skilled workforce that not only meets industry requirements, but also is capable of responding to both industry and personal changes. Communities not only comprise human capital or the knowledge in people's heads, but also social and organisational capital. It is the *human* (knowledge, skills and experience of employees or community members), *social* (relationships an organisation or community has with members and stakeholders – networks, values, trust and commitment), and *organisational* (the systems, tools, and operating philosophy that speed the flow of knowledge through the organisation or community) forces and 'assets' that combine to stimulate regional economic growth.

Although the roles played by government are relatively clear, how can those roles be incorporated and inculcated into change management processes? The answer is somewhat controversial and problematic, as will be discussed in more detail below.

ALTERNATIVE FUTURES

Process for Identifying Options and Opportunities

The Positive Futures for Mining Communities Forum attempted to identify common key regional issues that might offer opportunities for state and local government, and other stakeholders, to work together to build a positive and sustainable future for communities in the Bowen Basin.

Forum coordinators worked with group facilitators to identify key themes that evolved during the workshops. Actions were identified in relation to those regional issues that participants have wanted to progress through a number of channels including government agencies, CQ: ANM, the Whitsunday Hinterland and Mackay Planning Process, and the Rockhampton and Mackay Regional Managers' Forums.

From the Global and National Workshops, the following key issues were identified:

Employment, Education and Training

Tourism and Natural Resources

- Develop a Regional Tourism Development Plan for sustainable tourism – research, planning, implementation and coordination
- Promote the community nationally and internationally
- Undertake regional natural resource planning

Sport, Recreation and Community Groups

- Regional Master Plan – mapping what we have, facility usage, skills audit
- Coordination – multipurpose management group – youth advisory council

Mining Industry

- Training and education – within industry and for the community
- Regional planning – long term perspective
- Contractors – how to use them to benefit the community – shiftwork
- Invest in business and industry that wants to set up in the region
- Develop a clear partnership between the companies, community and all levels of government

- Identify the main drivers assisting in the maintenance of population

State Government Agencies

- Government to act as facilitator for community-driven change
- Identify opportunities for Regional Managers Forum and the Central Queensland Regional Organisation of Councils (CQ:ROC) to investigate strategies to address/respond to recommendations from the Mining Futures Forum
- Initiate a process – members of state government to report back to ‘drive’ through the Regional Managers’ Forums in Mackay and Rockhampton

Health

- Opportunity for collaborative/partnership planning (whole of community)
- Opportunity for more flexible use of services and facilities – there are good services and facilities in some mining communities which are under-utilised

Local Government

- Road infrastructure
- Information technology opportunities
- Water – diversified economy
- Quality of life – policy change in relation to twelve-hour shifts

Community Services

- Relationship building between companies and community networks
- Recognising the value of people

From these specific sector issues, the Mining Futures Forum then attempted to identify common regional issues. The following key areas were identified and participants invited to workshop their interest area to identify potential actions at a regional level from these issues.

- *Training, Education and Skills Development*
Action – Career Guidance other than mining – involvement in small business
- *Diversification of the Economic Base of the region*
Action – Regional marketing campaign for towns and communities in the Bowen Basin
- *Small and Large Business Issues*
Action – Regional communication network for business
- *Communication and Regional Planning*
Action – Identify regional forums; regional facility planning
- *Social Issues*
Action – Attracting, keeping and supporting professionals in rural and remote communities

Workshop participants also worked in community groups to identify and plan actions they wished to undertake following their workshop discussions. Each of the towns identified key people who would ensure the actions were carried out in their areas.

The following community actions were identified:

Dysart

- Action - to rebuild the Dysart community

Moranbah

- Action – Formation of a community development group
- Action – Formation of a community training scheme
- Action – Attraction of light and medium industry

Middlemount

- Action - Attracting school camps with a focus on sport
- Action - Investigate opportunities that evolve from sporting options
- Action - explore options of gas pipeline via coalfields
- Action - Freshwater fishing promotion

Blackwater/Duaringa

- Action - Identify a strategy to develop a ‘positive culture’ to allow development and a positive future
- Action - Skills development for young people

Clermont

- Action - Support tourism expansion of Belyando Economic Development Group
- Action - Seek coordinator to help develop and promote future development

Emerald

- Action - Promote Emerald as a high quality education centre
- Action - Identify options for venture capital (Enterprise Angels)

Nebo/Glenden/Collinsville/Bowen

- Action - Seek improvement in connector roads – Bowen, Collinsville, Glenden, Eungella
- Action - Identify road linkages

At the end of Day 1, evaluation of the Forum attempted to gauge participant’s feelings and to provide feedback for speakers and any future event organisers. Some clear themes occurred through the evaluation results, some of which were also recurrent themes through other less formal feedback mechanisms. The recurrent themes were:

- Better regional systems that would take into account the interdependence of mining communities and the mining industry, and that were collaborative
- Communication between industry and the community
- Whole-of-mine planning and community involvement in planning
- Need to explore the government role in addressing the issues raised in the Forum
- Strong interests to take the Forum outputs forward.

Due to insufficient interest, the idea that a steering group or taskforce should take the Forum outputs forward and provide some driving force and energy for the wider regional strategies (including those strategies that would require ‘whole-of-government’, industry and community involvement) was not supported.

CHANGE MANAGEMENT

Role of Government

As previously discussed, with increasing controversies over competing resource uses, the Queensland government has moved towards promoting more integrated and sustainable development policies for regions. It is recognised that individuals, organisations, communities, industries and nations must continuously adapt in the face of a dynamic and changing environment. The key drivers discussed earlier in this Paper strongly influence the social, economic and environmental outcomes within the Bowen Basin and Central Queensland regions.

The role that government is playing in the change management/adaptation process in the Bowen Basin and Central Queensland is a broad and ongoing one, incorporating a range of consultative and planning mechanisms designed to create a framework for joining government/community planning and development in the region. Government needs to develop a multiple response that not only improves the delivery of services and adjusts policy, but also fosters community capacity.

The implications of this greater role mean that several new approaches are needed to support an expanded government community capacity role as part of a dual service delivery model.

- *Redefining the function* of some public sector roles as a dual ‘delegation and community’ role where delegated services are delivered in a way that supports community networks, partnership and capacity;
- *Fostering the relationship* between community members and government workers by increasing the ‘networking’ role of public servants in communities and initiating contact with a greater diversity of clients;
- *Introducing accountability* for the process with which government interacts with communities, and accountability for community capacity outcomes. These qualitative outcomes can be measured by criteria and performance indicators;
- *Coordination* between agencies based on valuing existing cooperation, common goals and values, and joint projects.
- *New skills and training* – establishing, and funding, innovative training schemes;
- *Avoiding pitfalls in facilitating community development*. Pitfalls include selectivity in dealing with community members, the risk of co-opting community organizations, and insensitivity to community views.

The implementation of these new approaches requires a change process to build the community development capability of the Queensland public service. Executive Management Teams and Regional Managers Forums are well positioned to manage this incremental change process – which would involve true engagement of the public sector.

There is also a role for local government in this adaptation process, however. The future of rural communities depends not only on jobs, income and infrastructure, but also on how well people can rethink problems, anticipate change, organise their communities and mobilise the often-unseen capacity of the community. It involves economic, human and social development.

Indeed, the organisation and attitudes of people underpins economic success. Opportunities for ‘concrete’ benefits, such as jobs and infrastructure, often come through local people

changing attitudes, improving networks, thinking differently about problems, and using community assets in new ways.

How communities go about this is critical – for community development is a process of engagement, participation and learning that builds human, social and organisational capital. As highlighted earlier, it is a process that helps people develop a clear vision of how they want their community to be, accept responsibility for their community's future, reinvent the resource base of their community, and embrace change. Successful communities attract investment, stimulate jobs, and maintain facilities and services. But they equally depend on passion, conviction, enthusiasm, partnership, leadership, involvement, 'rethinking' and – without ignoring the need for infrastructural support and a long-term planning horizon - the firm belief that many of the solutions lie within the community itself (Cavaye et al., 2002; Herbert-Cheshire and Lawrence, 2002).

For example, Longreach has been able to 'reinvent' itself as a tourist destination. It didn't just happen – it ran on the enthusiasm, leadership, persistence, and relationships.

Issues of jobs and 'bricks and mortar' go hand in hand with issues of community networks, involvement and knowledge. Councils, concerned about the survival and revival of rural communities, grapple with these issues. As community leaders, councillors not only need to monitor jobs and infrastructure, but also ask 'have we built the organisation, skills and attitudes to be more able to manage change this year compared to last year?'

What role can local government have in helping communities remain vital?

There are six main roles:

1. Implementing a broad economic strategy
2. Supporting human and social development as well as physical and financial development
3. Engaging the local community
4. Rethinking – looking at problems and opportunities differently
5. Reigniting passion, and
6. Being discerning about approaches to community development.

The roles of state and local governments are therefore complementary. Local government can encourage opportunities for people to build their skills, knowledge and leadership. They can foster courses and learning experiences available for rural people. Councils can also help communities to value informal activity. For example, they can help organise and foster farmer appreciation days, local business mentoring, arts, music and crafts days, encourage the involvement of women and youth, and provide citizen awards.

Councils can also pay more attention to 'social capital'. It is often overlooked as a 'given' – a 'warm and fuzzy' by-product of community life. Yet trust, norms and cooperation are essential assets in any community that can be fostered or diminished. Local councils need to be aware of it and foster these community interrelationships. The need to manage change is perhaps greater than ever, yet the impact of the same changes reduces the ability of communities to manage them. The migration of young people, lack of venture capital, declining population and infrastructure limits the economic diversification, organisation and leadership of communities.

MECHANISMS FOR GOVERNMENT TO ADVANCE

The primary aim of this Occasional Paper is to identify strategic actions that focus on providing mining communities in the Bowen Basin with an improved quality of life in the long-term. Short-term solutions are inappropriate. The strategic actions must focus primarily on building the resilience and capabilities of the communities themselves, and the people within those communities, rather than merely providing additional facilities and services. In addition, government can continue its efforts to facilitate building economic resilience in the region through attraction and diversification of the industry base.

The discussion on strategic drivers and trends in the region clearly demonstrated that the dependence of the region on coal mining means that there are many external environmental factors relevant to the industry over which the industry itself, and the people within the industry have little or no control. The combined effects of these and other external and internal factors eventually impact on the communities where these mines are located. Of particular importance are the changing employment patterns in the coal mining industry, where many mining companies now transport workers in and out of mine-sites rather than locating them in rural towns. This results in workers spending less of their wages in rural communities, which in the short-term threatens the viability of local facilities and services, and in the long-term the overall level of community infrastructure. As previously explained, competitive pressures on coalmines that eventually result in smaller workforces compound the phenomenon.

Given that providing mining communities in the Bowen Basin with an improved quality of life in the long-term is the overall focus, how best might this be achieved? One of the key strategies involves building social capital. There is considerable interest in the ways in which individuals, enterprises, industries, communities and society as a whole can be encouraged to be responsive and adaptable in the face of a wide range of opportunities and threats. Although economic capital is in people's bank accounts, and human capital is inside their heads, social capital is inherent in the structure of people's relationships (Portes, 1998). It is social (and also organisational) capital that protects the investments of organisations and communities in knowledge-based sources of sustainable competitive advantage.

Recent research suggests that the concept of investment in human capital, and of people's knowledge and skills as capital, works best in conjunction with social capital, (Schuller & Field, 1998). Better (economic) outcomes result when people use their knowledge and skills along with the knowledge and skills of others, through interactions that use networks, shared egalitarian values and the commitment and collaboration of others to and with the group (Putnam, 1993). Other research on organisations as knowledge systems suggests social capital is the primary mechanism by which knowledge exchange and combination occur (Quinn, Anderson and Finklestein, 1996; Spender, 1996; Nahapiet and Ghoshal, 1998).

The relationship between social capital and organisational and economic performance seems to be a strong one. The research suggest that individuals, enterprises, industries, communities and society can be more responsive and adaptable in the face of a wide range of opportunities and threats in the presence of a strong social capital infrastructure. Social capital creates local economic prosperity (Putnam, 1993), lending legitimacy to what those involved in community economic development have known intuitively for years: the level of inter-personal trust, civic engagement and organisational capability in a community counts (Wilson, 1997).

Temple and Johnson (1998) developed an index of social development that demonstrated considerable predictive power, and indicated the importance of 'social capability' for

economic growth. Indeed, Putnam's research indicates that the lack of, or decline in, social capital may lie behind the psychological, spiritual and economic malaise in communities throughout the world. Putnam's (1993) research reveals that social capital increases a community's productive potential in several ways: it promotes business networking; the sharing of equipment and services; the building of joint ventures; and promotes faster information flows and more agile transactions. Social capital not only produces an atmosphere conducive to economic activity, it provides the cultural will to solve community problems collaboratively (Lean, 1995).

This recognition of social capital as a determinant of local economic development does not always sit easily with governments, or with development planners. The notions of interpersonal trust, feelings of belonging and responsibility, and the quality and efficacy of personal engagement in a community are not always easily grasped concepts, nor are they in many cases easily accepted as community-building tools.

There are two key questions to be confronted in the daunting task of building social capital. First, how do you know what level of social capital you are starting with and when you have successfully created more? Merely totalling traditional measures such as the number and size of organisations assisted and number of meetings held is not appropriate. The second question that requires answering is how do you create social capital? (see Wilson, 1997). Building community, or social capital, is not a technical problem requiring expert solutions. Nor is it a problem of resources. Social capital, unlike physical capital, is free – it requires no natural resources, and does not respond to large-scale social engineering. It is built in a very humble, piecemeal way through countless decisions of individuals about whether to get involved and - once involved - how to proceed.

Clearly, meaningfully answering these questions and developing and implementing appropriate strategies is not something that can be achieved by a team of consultants within a short-term time frame. The complexity of the task, the distances involved, and the number of communities would prohibit such an approach. To determine the existing levels of social capital requires measuring of intangible factors such as personal capacity (self esteem, cultural identity, creativity, critical reflection); community culture and capacity (vision, participatory practice, autonomy, solidarity); and community norms (values, attitudes, relations). Community culture and community norms are direct reflections of social capital – their presence rests on personal capacity building.

In relation to the creation of social capital, substantive or technical expertise is no longer sufficient. Participatory action research is aimed at collaborative problem solving of community-defined problems, and respects and works with people's own capability to produce knowledge. It is an educational process of community mobilisation for development through dialogue and reflection on action. Participatory action research has been shown to have transformative effects on the hearts and minds of the participants, and may be facilitated by an outside professional, but with control in the hands of the community. Organisational learning is participatory action research applied to the dynamics of the community itself. Carried out through dialogue and reflection for mutual learning from action, it too can have a transformative effect on participants, generating a renewed commitment to group and sense of direction.

As a tool for enhancing both action research and organisational learning, dynamic systems analysis helps the members of a group to see interrelationships, rather than linear cause-effect relationships, wholes rather than isolated parts, and processes of change rather than static snapshots. It allows people in a system to be visualised as actors and subjects, not reactors

and objects. Specific system skills useful for learning from action include reframing, and double-loop learning.

Communicative action is also part of the reflective planner's tool kit, a tool that rests on equal access to information and consensus building through dialogue rather than power relationships. Communicative action is linked to 'people skills' or 'emotional intelligence' which incorporate a set of interpersonal and group process skills that are useful for community-building: communication skills, especially active listening; relationship skills such as building mutual respect, understanding, trust and empathy; group process skills such as conflict resolution, participatory problem solving and decision making, and celebration, ritual and appreciation; networking skills i.e. creating linkages and networks within and outside the community, both virtual and actual; and leadership skills, focussing on the leader as a coach, catalyst, and change agent, as articulator of participants' hopes and desires, as a builder of shared vision, and as servant and empowerer of others.

For optimum benefits, the assessment and creation of social capital is therefore a complex and lengthy process. In this particular case, it is envisaged that the process will require the engagement of a range of skilled and experienced professionals over a three-year period. The cost of such an activity would be several hundred thousands of dollars. It would include social capital assessment in all communities throughout the Bowen Basin, followed by initial and ongoing social capital building activities in all communities.

It should be reiterated that the assessment and building of social capital is only one strategic action that can be utilised to improve the quality of life for Bowen Basin residents in the long-term, but arguably the one that will have the most meaningful and longstanding impact. Of course, government should continue its efforts to facilitate building economic resilience in the region through attraction and diversification of the industry base, as well as continuing the various regional planning, regional forums and other projects currently underway.

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Appendix 1: Significant Federal and State Regional Development Policy Mechanisms Affecting Sustainable Regional Development in the Highlands

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
<i>Commonwealth Government Regional Development Policy Instruments</i>			
Agriculture, Fisheries and Forestry Australia (AFFA)	<p>Action Plan for Australian Agriculture</p> <p>Details a national plan outlining a vision and responsibilities. Key actions include eight areas:</p> <ul style="list-style-type: none"> • increased profitability; • skill development and leadership; • close relations with customers; • increased quality and value; • enhanced ongoing planning; • sustainable natural resource management; • high levels of innovation; • robust rural communities. 	<p>Has a vision that within ten years, Australian agriculture will be based on profitable, competitive and sustainable family farm businesses that are recognised as world leaders in their production efficiency, product quality, innovation and ability to supply and respond to market needs. The Plan:</p> <ul style="list-style-type: none"> • Promotes cooperation between industry, government and community in the best interests of agriculture; • Sets the role of government to provide a sound competitive and economic environment in which industry can prosper; • Promotes new developments and enhances skills; • Promotes the role of industries, producers and rural communities as being to take personal and collective action to advance agriculture. <p>The Plan is currently being reworked.</p>	Central Highlands may benefit from a range of national reforms as well as opportunities to access program funds.
Department of Transport and Regional Services (DTRS)	Currently developing its policy focus for regional development.	Minister John Anderson has recently been shifted into this portfolio from the ex-Primary Industries and Energy Portfolio.	Central Highlands may eventually benefit from a range of national reforms as well as opportunities to access program funds.

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
Australian and New Zealand Conservation Council (ANZECC) and the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ)	<p>Draft National Rangelands Strategy.</p> <p>Key goal areas include:</p> <ul style="list-style-type: none"> • Policy, legislation and administration; • commercial use; • management; • conservation of the natural environment; • recognition of the rights, interests and knowledge of indigenous people; • research and monitoring; • coordinated planning; • programs and services. 	<p>Has a vision that within 25 years, all Australians will recognise the value and significance of the rangelands for their diverse ecological, economic, aesthetic, cultural and social values, and that all Australians will be committed to their ecologically sustainable management.</p> <p>Current draft Strategy has stalled because of conflict between stakeholders.</p>	If implemented, Central Highlands may benefit from a range of national reforms as well as opportunities to access program funds.
Ministry of Environment and Heritage	<p>A National Strategy for Australia's Heritage Places:</p> <ul style="list-style-type: none"> • Delineates the roles and responsibilities of each level of Government; • Establishes agreed national standards for identification and conservation; • Increases compliance with national standards for heritage and planning laws. 	<p>Strategy currently in draft form. Implements COAG Heads of Agreement of Commonwealth/ State roles for the environment.</p>	Will promote more proactive standards of regional planning for cultural heritage protection and modify the regulatory arrangements within the impact assessment system.

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
<p>Environment Australia and AFFA.</p>	<p>National Heritage Trust, and National Action Plan for Salinity and Water Quality (NAPSWQ)</p> <p>NHT provides funding for natural resource management projects that enhance biodiversity conservation, lead to sustainable production systems, or establish partnerships between regional stakeholders. Applications are assessed through a Regional Assessment Panel, working with a endorsed regional strategy.</p>	<p>NHT is the largest environmental rescue effort undertaken by an Australian Government - \$1.25 billion. The Trust is a partnership, bringing together the efforts of individuals, communities and governments, targeting environmental problems at their source. It focuses on five key environmental themes - land, vegetation, rivers, coasts and marine, and biodiversity. The Trust programs will play a major role in developing sustainable agriculture and natural resource management, as well as protecting biodiversity through improved management and delivery of resources. While supportive of community efforts, it takes a long term, coordinated approach to major environmental challenges. At the Commonwealth level, the Trust is administered by a Ministerial Board comprising the Minister for the Environment and Heritage, and the Minister for Agriculture, Fisheries and Forestry.</p>	<p>The Central Highlands have already substantially benefited from National Heritage Trust funds for regional projects, and are likely to continue to do so in coming NHT rounds. The Fitzroy Basin Association is likely to be the mechanism for the distribution of block grant funding under the NAPSWQ, and funding would be provided to the Central Highlands region.</p>

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
Aboriginal and Torres Strait Islander Commission	<p><i>Aboriginal and Torres Strait Islander Commission Act 1989.</i></p> <p>The Act establishes Aboriginal and Torres Strait Islander Regional Councils and requires them to undertake regional planning.</p>	Basis of allocation of funds for Regional Councils established under the Act. Regional plans seek to promote the economic, cultural and social development of indigenous Australians.	Regional Plan strategies may influence future development of indigenous communities in the Highlands.
<i>State Government Regional Development Policy Instruments</i>			
Queensland Department of Local Government and Planning (DLGP)	<p>Regional Priorities Forums</p> <p>These forums provide a regular vehicle for communities to articulate regional priorities directly to government ministers.</p>		Central Highlands has representation directly on the Regional Forum
Queensland Department of Local Government and Planning (DLGP)	<p><i>Integrated Planning Act 1997</i></p> <p>This Act provides a basis for integrated land use planning, promotes regional planning, and establishes an Integrated Development Approval System.</p>	Act seeks to achieve environmentally sustainable development in Queensland.	Central Highlands Local governments are looking to cooperate to use the Act to establish a more sustainable basis for development in the region.
Queensland Department of Local Government and Planning (DLGP)	<p>Central Queensland: A New Millennium</p> <p>CQANM established a Regional Planning Advisory Committee, and will explore environmental, economic and social strategies for the development of the region.</p>		Central Highlands is directly linked through a structured link to CHRRUPP as a subregional node of planning activity.

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
Queensland Department of Local Government and Planning (DLGP)	<p>Whitsunday, Mackay and Hinterland (WHAM) 2015</p> <p>Establishes a Regional Planning Advisory Committee, and will explore environmental, economic and social strategies for the development of the region.</p>		Affects the Belyando and Broadsound Shires.
<p>Queensland Department of Local Government and Planning (DLGP)</p> <p><i>Office of Rural Communities</i></p>	<p>Regional Managers Forums.</p> <p>Objectives of RMFs are to:</p> <ul style="list-style-type: none"> • promote regional coordination and cooperation; • gather information and improve the quality of rural policy advice to Government; • promote the capacity of regional managers to identify policy and service gaps; • promote improved regional networks to influence policy development at the Central level; • identify successful methods of service delivery in rural Queensland; • assist linkages between Central agencies with no regional presence and RMFs. 	RMFs have long been established as a grass roots way of coordinating State government service delivery in rural and regional Queensland. They assist in implementation of regionalised devolution of Government responsibilities.	The Central Highlands Public Sector Forum operates as a RMF in the Highlands. This Forum is increasingly undertaking strategic planning and integrated funding initiatives supporting sustainable regional development.

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
Department of State Development (DSD)	<p>State Development Centre (Rockhampton)</p> <p>The Centre:</p> <ul style="list-style-type: none"> • promotes opportunities for trade, export and investment; • promotes a positive business environment; • facilitates small business services; • facilitates major projects; • researches and promotes future development opportunities; • supports indigenous businesses; • facilitates business advisory services; • improves access to business information; • facilitates business networking. 		Is a service potentially available to the Highlands community.
Department of Minerals and Energy (DME)	<p><i>Minerals Resources Act (1989).</i></p> <p>This Act:</p> <ul style="list-style-type: none"> • Facilitates the development (and regulation) of mineral resources in Queensland. 		Regulates and facilitates coal and mineral development in the Central Highlands.

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
Department of Primary Industries	<p>Rural Industries Business Services.</p> <p>The RIBS part of DPI promotes:</p> <ul style="list-style-type: none"> • Community development and capacity building; • Rural industry development and promotion. 		Supports industry development in the Central Highlands, particularly through the Food and Fibre Sector.
Department of Natural Resources and Mines (DNRM).	<p>Integrated Catchment Management Program. The program:</p> <ul style="list-style-type: none"> • promotes education and awareness of ICM principles; • resources catchment management activities across the state; • establishes an endorsement basis for Integrated Catchment Management Committees; 	The program has been operational for nine years. It works on an integrated resource/ catchment management philosophy.	Central Highlands may continue to benefit from state reforms and opportunities to access program funds.
Department of Natural Resources and Mines (DNRM).	<p>Water Allocation Management Plan.</p> <p>WAMP is a proactive basin wide approach to the allocation of water resources. It establishes the remaining water to be allocated following the establishment of baseline environmental flows.</p>	Assists implementation of the COAG Water Reform Agenda (1994). WAMPs seek to establish a sustainable basis for managing water resources and place a priority on community consultation.	Draft Fitzroy WAMP limits water for future allocation to 40 000ML mean annual diversion. A WAMP for the Burdekin system is just commencing.

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
Landcare and Catchment Management Council	<p>Landcare and Catchment Management Strategic Plan 1998-2001.</p> <p>Key strategies include:</p> <ul style="list-style-type: none"> • coordinating and fostering collaboration; • encouraging the development of appropriate policies; • encouraging implementation and monitoring of strategies and plans; • fostering an understanding of and capacity to participate in NRM. 	<p>The Plan's mission is to provide community leadership in partnership with government to achieve priority natural resource management, biodiversity conservation and sustainable production outcomes for Queensland.</p> <p>Its vision is that by 2001, there will be enhanced natural resource management, biodiversity conservation and sustainable production outcomes being delivered through active partnering at the State, regional, and local levels between industry, governments, landholders and the community.</p>	Central Highlands may benefit from a range of state reforms promoted by the Council.
<p>Department of Employment, Training and Industrial Relations (DETIR).</p> <p><i>Workforce Strategy Unit.</i></p>	<p>Employment Impact Statements.</p> <p>Such statements are required in each Cabinet submission following Rural/ Regional Impact Statements. Statements are intended to assess the likely employment impact of proposed Government actions.</p>	<p>Draft guidelines for employment impact statements are currently being developed. Requirement reflects top Government priority of 'more jobs for Queenslanders'.</p>	Central Highlands may benefit from a improved consideration of employment impacts of significant Cabinet decisions.

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
Environment Protection Agency	<p>Review of Cultural Heritage Legislation. It:</p> <ul style="list-style-type: none"> • defines cultural heritage; • provides blanket protection; • sets planning and permitting arrangements; • establishes registration and appeal mechanisms; • protects intellectual property; • sets access and management rights; • establishes a heritage agency and promotes regional heritage organisations. 	<p>The proposed legislation seeks to reform the current arrangements for protection of cultural heritage within the context of sustainable land use planning and impact assessment.</p> <p>Comments have been sought from relevant stakeholders and final draft is being developed.</p>	Central Highlands may benefit from legislative reform.
Environment Protection Agency	<p>Draft Environment Protection Policy (Mining). It:</p> <ul style="list-style-type: none"> • realigns the environmental regulatory arrangements for mining; • establishes a new environmental assessment process; • promotes greater community education • transfers regulatory responsibility from DME to EPA. 	<p>Works towards ecologically sustainable development within the context of the <i>Environment Protection Act 1994</i>. Draft EPP is still currently being negotiated among Queensland stakeholders.</p>	Central Highlands may benefit from legislative reform.

Sponsoring Agency	Key Policy and Implementation Mechanisms	Comments	Resulting Influence on Central Highlands
Department of Families, Youth and Community Care (DFYCC)	<p>Seeking to establish a lead agency in Social Planning.</p> <p>The Department currently has a paper titled: 'Social Planning: A Tool for Place Management' available for stakeholder consultation. Social planning improvements would be delivered through:</p> <ul style="list-style-type: none"> • policy leadership in social planning; • local service delivery plans; • place based output enhancement initiatives; • local place funding; • information system management; • building social issues into integrated planning; • continuing social impact assessment referral on major projects. 	The Department is hoping to contribute to sustainable regional development through improved planning of its own services, and promotion of the coordinated regional social planning across Government agencies.	Will promote improved quality and coordination of social activity in the Central Highlands. Could limit the traditional role of the Department in supporting improved approaches to Social Impact Assessment in regional planning and impact assessment processes.

<i>Other Significant Government Regional Development Policy Instruments</i>	
Sponsoring Agency	Implementation Mechanism and Comments
Queensland Department of Public Works and Housing	Urban and Community Renewal Program.
Queensland Department of Employment, Training and Industrial Relations	Employment Taskforce and Workforce Strategy Unit.
Queensland Department of Education	Planning for Education Services and Infrastructure..
Queensland Department of Health	Regional Planning for Health Services and Infrastructure.
Queensland Department of Natural Resources and Mines	National Forest Policy Statement and Regional Forest Agreements. Structural Adjustment Programs. Fitzroy Integrated Research, Development, Extension and Adoption Initiative (Rockhampton).
Queensland Department of Primary Industries	Fitzroy Regional Science Network (Rockhampton).
Queensland Office of the Public Service	Government Service Delivery Project.
Queensland Department of State Development	Office of Regional Development (Rockhampton). Regional Development Organisation Programs.
Environment Protection Agency	Nature Conservation Act promotes regional planning for biodiversity protection.
Queensland Department of Premiers and Cabinet	Native Title Act and support for Indigenous Land Use Agreements. Regional Office Network (Rockhampton).
Queensland Department of Local Government and Planning <i>Local Government Services</i>	Local Government Loan Subsidy Scheme.
Queensland Department of Local Government and Planning <i>Office of Rural Communities</i>	Rural Communities Program. Rural Communities Infrastructure Program. Rural/Regional Impact Statements in Cabinet Submissions.

Sponsoring Agency	Implementation Mechanism and Comments
Commonwealth Department of Communications, Information Technology and the Arts	Networking the Nation Program promotes regional development of communication infrastructure.
Commonwealth Industry, Science and Resources	Regional Tourism Program seeks to boost the capacity of businesses and organisations to deliver higher quality tourism attractions, products and services in regional Australia.
Commonwealth Environment Australia	National Strategy for the Protection of Biodiversity promotes regional planning. National Strategy for Ecologically Sustainable Development promote regional planning for sustainability.