Australia: Working people paying for Queensland's mining "boom"

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The Australian state of Queensland has long been depicted as a "boom" state, primarily because of its huge coal mining projects, and if last week's budget handed down by the state Labor government is to be believed, a bonanza lies ahead.

Treasurer Andrew Fraser boasted that business investment had grown by 13 percent this financial year and was forecast to increase by an "astounding" 27.75 percent in the coming year, and remain above 21 percent the year after, helped along by the expansion of the liquefied natural gas and coal seam gas industries.

His remarks were highlighted in the media as proof that Queensland was set to rebound stronger than ever from this year's extensive floods, which shut down many of the state's highly-profitable coal mines for weeks on end.

At the same time, however, the budget eliminated 3,500 public sector jobs and capped public sector workers' wage rises to 2.5 percent a year, well below the cost of living. These cutbacks—at the behest of the financial elite—point to the other side of the state's economy.

Recent reports have shown that, far from benefitting from the super-profits being generated by the mining companies, working people are paying for the mining boom via soaring living costs and the loss of jobs through a slump in other industries, such as manufacturing, retail and tourism.

These sectors have been severely affected by the higher value of the Australian dollar, driven up in part by soaring commodity prices. Coming on top of the continuing global financial crisis, the impact has exacerbated years of industrial decline.

One of the starkest indicators is the worsening of unemployment across the southern working class areas of Brisbane, the state capital. The latest "small area labour market" statistics available from the federal employment department, for between March and December 2010, show that the jobless rates in Woodridge and Kingston rose from 19.6 to 21.7 percent, with similar jumps to around 18.5 percent in Inala, Durack, Redland and Acacia Ridge.

This data pre-dated the floods that devastated parts of Brisbane and central Queensland at the beginning of this year, wiping out more jobs. Over the past two decades, these suburbs, which previously hosted manufacturing facilities, including a GM car plant, have increasingly become employment wastelands.

During the past year, jobless rates of around 10 percent—twice the official national average—have also emerged in former tourism and property development hotspots such as the Gold and Sunshine Coasts, adjacent to Brisbane, and Cairns in the state's north.

Despite the claims that alternative jobs are available in the mining regions of central Queensland, very few exist. The state's mining industry, while it produced $22.4 billion in export earnings in 2009-10, employs only about 50,000 workers, or some 2 percent of the state's labour force.

At the same time, working class families across the state are struggling to survive because of sharp price increases for essential items such as housing, food, electricity, water and transport, according to a cost of living report released last month by the Queensland Council of Social Services (QCOSS).

In Brisbane, during the past five years, food costs rose by 23 percent, rent 35 percent, electricity, gas and water 63 percent, public transport 48 percent and insurance 40 percent. These rises far exceeded the official consumer price index rise of 19 percent, or about 3.3 percent annually.

The QCOSS report presented a case study of a typical

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family with two working parents and two school-age children. Despite no gambling, smoking or having pay TV, their total weekly expenses of $1,158 left them with just $3 spare at the end of each week. Two other example households were even worse off. A single mother with two children at school and renting a two-bedroom apartment was $28 in deficit each week, and a single male unemployed worker, sharing a three-bedroom house with two other people, was $25 in deficit, even without running a car.

A glimpse of the resulting social stress was provided by the coordinator of an emergency accommodation centre, who told QCOSS: "Every day people are faced with difficult choices as to what obligations to meet with limited income. Do I pay the car registration or the rent … the power bill or the school fees? People are operating with no margin for error in regards to their income and expenses. They are often trying to meet basic living costs on an income that is insufficient".

Further evidence comes from recent figures released by the Queensland Competition Authority (QCA), showing that 5,873 residential customers were disconnected for non-payment of electricity bills from July to September 2010. If this rate were maintained throughout 2010, there would have been more than 20,000 residential disconnections—a major increase from the financial year 2009-10, when the total reached 17,913.

Over the next two years, this crisis is likely to deepen because electricity prices nationally are expected to rise by another 30 percent. The Queensland Labor government of Premier Anna Bligh has already approved a 6.6 percent hike from July 1.

Apart from the inflationary pressures produced by the mining boom, a major factor in the soaring energy prices in Queensland has been the corporatisation and privatisation of state-owned utilities, which in Queensland began under Bligh's predecessor, Peter Beattie, who first took office in 1998. Since Bligh's ascension in 2007, the Labor government has extended its assets sell-offs to other areas, including the railways and motorways, opening the way for more steep price rises for basic services.

Alongside the transnational mining companies, such as BHP Billiton, Rio Tinto and Xstrata, small wealthy elite has benefitted from the mining operations, producing growing social polarisation. The Queensland rich list for 2010 shows that from August 2009 to August 2010, the total fortunes of the top 100 rose by $3.4 billion to $34.1 billion.

Of these, the 10 richest people alone had a combined wealth of $15.6 billion, or 44 percent of the total. They increased their wealth by $2.35 billion, a 20 percent jump. Four of the top 10 had accumulated their capital from mining. At $6.48 billion, mining magnate Clive Palmer was Queensland's richest person.

For mining workers, however, and everyone else living in or near mining towns, the resources boom has produced steep increases in rents and housing costs. In the central Queensland coal mining town of Dysart, for example, landlords are demanding as much as $1,800 a week for a modest three-bedroom house. These levels are impossible for ordinary people.

Mining and construction workers, depicted by the media as over-paid, are also facing acute financial and personal problems due to the high living costs. Many live separated from their families in the fly-in, fly-out schemes and in temporary housing camps established by the mining companies.

Such is the reality of the mining boom. Contrary to the claims of the Labor governments, federal and state, echoed by the trade unions, that the vast profits being made will create unprecedented opportunities for working people to share in the prosperity, the opposite is happening. Jobs and living standards are being torn apart.

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