Workers struggle in “boom” state of Western Australia

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Western Australia is held up around the world as the epicentre of a mining boom that is producing unprecedented wealth and prosperity. A recent *Wall Street Journal* article, for example, told its readers of the $109 billion worth of investment projects underway in the state. “Truck drivers can win annual salary packages of well over $150,000,” it claimed, while labour shortages sent companies as far as Britain and Ireland to recruit staff.

On the surface, statistics seem to bear out the claims. The state is registering economic growth of 4.5 percent. Average weekly wages have risen by close to 8 percent over the past year and official unemployment is 4.5 percent and falling. The workforce participation rate has reached 80.5 percent, compared with a national average of 65.5 percent.

However, as with any set of statistics that seem too good to be true, the official figures disguise the immense contradictions and regressive social impact of the mining boom.

The entire WA mining and energy industry only directly employs about 80,000 people, out of a state workforce of 1.23 million. The “boom” projects are mainly located in the sparsely populated north west of the state, far from the main population centres in the south. Many mining workers are “fly-in, fly-out” employees. They live as far away as Australia’s east coast, fly into the remote mine sites, work a lengthy roster and fly home for their breaks.

The wages that mining workers are paid—and which have driven up “average” weekly earnings—reflect the demand for skilled labour, the isolation they endure, the demanding character of their work and the staggering cost of living in the “boom” towns. House rentals in the iron-rich Pilbara region, for instance, have tripled over the past five years to a median of $1,650 per week, the highest in the country.

The real beneficiaries of the boom are not mining workers, but a small corporate elite that is amassing obscene levels of wealth and profits. The wealthiest Australian is now WA-based mining magnate Gina Rinehart, whose $10.31 billion personal fortune has been derived from the Pilbara iron ore deposits, which are being exported at record volumes and prices to China and throughout Asia. Rinehart more than doubled her wealth over the past 12 months.

The third richest Australian is Andrew “Twiggy” Forrest, the former head of Fortescue Metals Group, which is also profiting from iron ore exports. Forrest now has a personal wealth of $6.18 billion.

Below the mining billionaires lies a substantial upper middle class layer of executives, financiers, lawyers and consultants who are earning significant incomes. By contrast, the WA Council of Social Services reported last October that some 20 percent of households in the state lived on less than $500 a week.

For most working class households, the main impact of the mining boom, and the intense demand it generates for skilled labour, raw materials, infrastructure and energy, has been a sharp rise in the cost of living.

Since April 2009, electricity charges have risen cumulatively by 50 percent. Power companies have demanded price increases in order to maintain their profitability as they finance the provision of new energy supplies.

The May budget handed down by the state Liberal government of Premier Colin Barnett imposed increases in household charges and levies, as well as local council rates, to pay for new infrastructure needed by the mining industry.

As of July 1, electricity prices increased by another 5 percent, and will rise by a similar amount every year to 2013. Water costs went up by 8.5 percent, with further increases over the next three years predicted to raise water bills by 33 percent. Drainage and sewerage costs rose by 8.5 percent.

The government raised vehicle license fees by 2.8 percent to pay for road developments, while public transport fares are set to increase by between 2.7 and 4 percent. The emergency

services levy rose by 9.5 percent, following an 18 percent increase in last year's budget.

Local council rates will go up by as much as 12 percent in some areas, after the government imposed a 30 percent hike in street lighting tariffs on councils. The added costs will be passed on to homeowners while some councils are suggesting they may switch off street lights to save money.

Hundreds of thousands of people in the state have been left struggling to make ends meet. The *West Australian* reported in April that there had been a 40 percent increase in the number of people needing assistance to pay their gas bills and some 113,362 individuals and families were unable to pay their electricity bills in full—an increase of 175 percent from 2008.

The number of people appearing before court or being chased by debt collectors representing the utility corporations has risen dramatically. The Water Corporation took 1,471 households to court during the first nine months of 2010-11, a 50 percent increase on the figures for the whole of 2007-08.

House prices and rents in WA's capital Perth have soared as a result of speculators pouring money into the property market. Many workers, who have faced stagnant or falling real wages for years or have only part-time or casual work, can no longer afford to buy a home or meet their mortgage payments.

According to the Consumer Credit Legal Service, the numbers of clients seeking help to stave off mortgage default has risen 15 percent this year. Supreme Court statistics showed there had been 98 repossessions a month in the first half of 2011, compared to 78 a month for the same period in 2010.

Average shop rentals in Perth have been pushed up to levels that rival the most expensive shopping districts of Sydney and Melbourne, sending many small businesses to the wall. Last month, WA registered the highest number of business failures in the country and a 20 percent increase in insolvency appointments.

A Perth small business owner told the *Australian Financial Review* last month: "Everybody believes WA is awash with money. It's really just a small number of people earning a lot of money. All we see is the cost-of-living skyrocketing."

Charities are being overwhelmed. The St Vincent de Paul Society recorded its busiest ever two months in February and March this year, with 3,580 requests for help, a 52 percent increase from the same period in 2009. Western Australia has the second worst level of homelessness in the country, with around 68 people per 10,000 sleeping rough.

Working class youth are among the worst affected by what the *Australian Financial Review* described as WA's "all or nothing" boom. A report released last November by the University of Melbourne's graduate school of education revealed that WA had one of the highest teenage unemployment rates in Australia—17.8 percent of youth aged between 15 and 19 were not in full-time employment or studying.

Stephen Lamb, the report's author, commented: "We talk about a 'two-speed economy' being created by the boom and here is an example of one sector being left behind."

The social crisis will be exacerbated by the austerity budget cuts being imposed nationally by the federal Labor government. To put downward pressure on wages, Prime Minister Julia Gillard is dismantling much of what remains of social security in order to force as many as two million people on welfare into the workforce.

Moreover, looming on the horizon is the potential collapse of the mining boom itself. China, the primary buyer of WA iron and gas, is showing signs of economic instability. Its main export markets in Europe and the United States are mired in the worst economic conditions since the 1930s Depression as governments slash jobs and social programs to pay for the bail-outs of the banks and wealthy elite during the 2008 global financial crisis.

The working class, having gained no benefit from the boom, will be left to face a sharp rise in unemployment and demands for an assault on social services as mining royalties dry up and government revenues plunge.