



T H E M C K E L L I N S T I T U T E

MOUNT ISA TRANSITION FRAMEWORK

PART ONE: CLOSURE FRAMEWORK



Title

Mount Isa Transition Framework - Part One: Closure Framework

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About the McKell Institute

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Executive Summary

Instances of large-scale job loss pose two central and interrelated problems: what happens to the workers and what happens to the region, in the immediate aftermath and over the medium and long term. This document is **Part One** of the McKell Institute's Mount Isa Transition Response, a four-part report that devises a holistic transition framework for Mount Isa's response strategy, informed by best practice from past industry closures.

The latest figures put the total population of Mount Isa at 19,047 people and the working age population at 12,998 people. The directly impacted 980 workers make up a significant proportion (about 5%) of the overall population of the town, and an even greater proportion (about 7.5%) of the working population of the town. This closure poses a serious risk to the City of Mount Isa and it is vital that it is treated as such.

As is detailed across this report large scale job loss is a temporally contingent phenomenon. It creates short term and long-term issues, and it is imperative that decision makers are attuned to both. A successful transition support program requires both early intervention *and* a long tail.

Regions that are highly dependent on a single industry or employer, like Mount Isa, are at greater risk of extended periods of unemployment because it is less likely that the available work will require the same skillsets as the industries shedding labour. Past closures reveal that the loss of a major employer can have individual, regional and national repercussions. And that without sufficient and suitable intervention they can have a devastating and lasting (sometimes inter-generational) psycho-social effect on workers, their families, and their communities.

No two shocks are the same, and so we must be cautious about any attempts to identically replicate success stories. What worked in one instance will not necessarily do so in another. Closure interventions require a clear understanding of the severity of the problem to inform the level of support needed to mitigate both the direct short-term impacts, as well as the longer-term flow-on impacts which result from a regional shock. Effective management of large-scale job losses require a holistic transition response that simultaneously considers people and place, jobs and skills, and goals and strategies - now and into the future.

While large-scale job losses directly impact individuals who work within the industry, industrial linkages mean that the impacts spread to other industries in the region, causing additional impacts. As such, it is critical for policy responses to balance the type of work done by the affected employees, with strategic, regional, and national goals. Too often in transition planning, this is neglected in favour of short term, minimum effort solutions.

This document is Part One of the McKell Institute's Mount Isa Transition Response, a four-part report that devises a holistic transition framework for Mount Isa's response strategy, informed by best practice from past industry closures. It has employed best practice findings from past closures - including the closure of the Australian automotive manufacturing industry in 2017 -

to devise an overarching holistic framework for Mount Isa's transition response which has then been applied over the following three reports.

It is intended as an overview document, but it is vital that decision makers engage comprehensively with all four parts of this report. **Part Two: Understand the Regional Context** outlines the current and historical status of the labour market in Mount Isa in the context of the closure. **Part Three: Map the Threat – Impact Analysis** summarises both the direct and indirect impacts on employment and gross regional product impacts from the closure. Finally, **Part Four: Identify the Opportunity - Diversification Analysis** introduces a method of diversification analysis and applies it for Mount Isa to reveal industrial opportunities based on occupation and industry employment.

1. Introduction

Instances of large-scale job loss poses two central and interrelated problems: what happens to the workers and what happens to the region, in the immediate aftermath and over the medium and long term.

Large scale job-loss and the consequent displacement of workers has been, and will continue to be, a significant feature of established and emerging economies whether as a result of decarbonisation, automation, structural adjustments or business model innovation - in isolation and in combination. Past closures reveal that the loss of a major employer can have individual, regional and national repercussions. And that without sufficient and suitable intervention they can have a devastating and lasting financial and psycho-social effect on workers, their families, and their communities.

The impact of any given closure both shapes, and is shaped by, the economic and regional setting in which it occurs. Although there are a range of outcomes that can be expected from mass layoffs, the complex interplay between causative and contextual factors means that each closure must be taken on its own terms. The depth and breadth of a closure will be shaped by both its socio-economic context and the policy interventions that follow. This report is, therefore, tailored to the economic and social demographics of Mount Isa.

1.1. Mount Isa

On the 18th of October 2023 Glencore announced that after 60 years of copper mining, the Mount Isa Mines' underground copper operations (Enterprise, X41 and Black Rock), copper concentrator, and the Lady Loretta zinc mine (140km northwest of Mt Isa) would close in 2025. At the time of announcement, it was estimated this would directly impact 1200 workers. The most recent figures (March 2024) suggest the direct impact is more likely to fall around 980 workers. This is the figure we have used throughout our modelling.

The Mount Isa Mines were first established in 1924 and occupy 33,000 hectares of land, almost the same footprint as the town itself. The front gate of Mount Isa Mines sits one kilometer from the centre of town, separated by a single narrow-gauge train track and a narrow section of the Leichhardt River. The mine occupies an enormous literal and psycho-social space for the residents of Mount Isa.

Employment in Mount Isa is heavily concentrated in the Mining industry. More than one third of people who work in Mount Isa work in this industry. Regions that are highly dependent on a single industry or employer, like Mount Isa, are at greater risk of extended, even generational, periods of unemployment because it is less likely that the available work will require the same skillsets as the industries shedding labour. When considering the future of Mount Isa, it is also important to remember that this restructure sits within a broader context of change in the area as the George Fisher Mine has a current life to 2036 and the copper smelter and refinery to 2030, subject to approval of additional capital investment (Glencore, 2023). It is possible this shock will be the first of a number of employment disruptions for Mount Isa.

Following Glencore's announcement, the Queensland Government committed to a \$50 million support package to assist workers affected by the closure of Glencore's Mount Isa Copper Operations and Lady Loretta Zinc Mine (Queensland Government, 2023). The support package is split into two elements: \$30 million to accelerate development of resource projects in the North West Minerals Province in the next five years; and up to \$20 million, to be matched dollar-for-dollar by Glencore, for an economic structural adjustment package for Mount Isa and North West Queensland.

1.1.1. Glencore's Transition Support

Glencore employees are entitled to four weeks' pay in lieu of notice; two weeks of pay for every year of service with the company; an ex-gratia payment based on length of service ranging from six weeks to seven weeks payment; accrued annual leave up until termination date; accrued long service leave; and accrued sick leave for workers who have completed 15 continuous years of service or more. Given the average length of service for the impacted workers was 10.1 years that equates to an average pay out of 30 to 31 weeks, plus any accrued annual leave, long service leave and sick leave.¹

In addition to their redundancy entitlements Glencore is also providing access to external careers counselling (and three paid leave days to attend counselling services) and \$2,000 towards retraining expenses.² This is typical of company support offered following large-scale layoffs.

Glencore are also offering relocation, travel and real estate reimbursements for retrenched workers who leave within 12 months of termination. Although this is sensible support from the perspective of both Glencore and the impacted workers it might act as an incentive for impacted workers to leave Mount Isa within that first year given the average payout (without accounting for leave entitlements) is less than 12 months. As such it is vital that intervention creates good quality jobs for these workers as soon as possible to reduce the flight risk for these workers and their families.

It is important to question the logic behind the assumption that workers should be placed in the first position available, especially for those on the lower end of the earnings spectrum. High instances of insecure work in the labour market following the closure of the automotive industry meant retrenched auto workers struggled to find work of equal or greater quality than the jobs they had lost (Beale, 2022). Very few retrenched workers managed to use an insecure job as a 'stepping-stone' to secure job. In contrast, workers who did find secure work tended to keep it. Reinforced the importance of ensuring that quality of work be a central concern of transition support programs assisting workers seeking new employment.

In addition, employment outcomes are unlikely to be static or linear. Often the first job a retrenched worker finds will not be their long-term job. This provides important context for the

¹ This is an estimate based on averages from Glencore's employee demographics data, it is intended only as a guide.

² Any money spent on retraining will be deducted from workers' relocation reimbursements.

duration and type of transition support. Too often transition support programs are would up too soon, often at the 12-month mark. This is dangerous given literature on large-scale job loss warns about the 'after shocks' of industry closure do not tend to emerge until 18 months to two years after the closure (Henderson & Shutt, 2004).

The company has also established a 'Workforce Support Hub' at St Joseph's Training Centre for face-to-face meetings including consultations, outplacement support and Employee Assistance Program (**EAP**) sessions for workers and their families.

Glencore has also committed to matching up to \$20 million in government investment in the region.

2. Impacts of Closure

Without adequate intervention retrenched workers and their communities are left to bear the brunt of business decisions in more ways than the simple loss of work. Past closures show us that without proper support retrenched workers report feeling lonely, depressed, and socially isolated as a consequence of losing their job, in addition to any financial stress that might be associated with job loss.

2.1. Impacts on the Individual

The impacts of large-scale job loss are not distributed evenly. Older workers, lower-paid workers and those from diverse cultural backgrounds, or who do not speak English fluently, are more vulnerable to periods of long-term or cyclical unemployment.

Beyond the loss of income, large scale job loss also poses a real risk to workers physical and mental health through periods of extended unemployment and the loss of social support networks. In addition to feelings of grief and loss, risks to individuals include, but are not limited to, increased rates of: unhealthy behavior (smoking, drinking, and drug misuse), anxiety and depression, attempted suicide, morbidity and mortality (Beer, et al., 2006; Marmot, Wilkinson, & Bartley, 2006). This includes the exacerbation of the well-established ill-health impacts of unemployment as mass redundancy can lead to an increased competition for work, extending individual periods of unemployment. Effective transition programs need to invest in the social, emotional and financial investment of retrenched workers and their families.

A noteworthy finding from the closure of the automotive industry in South Australia was that retrenched workers who found secure work did not report any poor mental health outcomes, underscoring the importance of quality of work as a protective factor for these workers.

2.2. Impacts on Families

Unemployment, and specifically non-voluntary retrenchment, can also significantly impact the mental and physical health of workers' spouses, children, and extended families. Some reports indicate that the effect on spouses' health can be 'almost as high' as redundant workers (Davies, R., Grey, & Bellis, 2017). Similarly, it is important to consider that the flood of recently retrenched workers can displace existing job seekers who are less recently employed extending and compounding their period of unemployment. As such, transition support programs should be extended to impacted workers families.

2.3. Impacts on Community

In addition to the overarching economic environment, transition pathways are also shaped by their local regional context. The regional context consists of the other businesses and industries in the region and the community and support networks that sustain the people who live and work there.

Single-industry regions are at greater risk of extended periods of unemployment because it is less likely that the available work will require the same skillsets as the industries shedding labour (Beer & Evans, 2010; Spoehr, 2014).

2.3.1. Local Businesses and Clubs

The literature warns that the loss of a major employer can have a detrimental economic impact on local business activity through the loss of income to the supply-chain as well as local stores and cafes frequented by the workforce. Inter-industry linkages mean that small businesses outside the impacted Mining jobs can suffer negative outcomes – if the population shrinks or retrenched workers reduce their spending.

In addition, the loss of cash and in-kind donations to local schools, not-for-profits and other community organisations that are common practice for large scale businesses. This might seem a flippant consideration, but these donations can make up a significant portion of a community club's income. This is especially important given the role such organisations play as 'third spaces' in building resilience and combatting social isolation.

Historically, the towns in which closures occur have felt the impacts most acutely. However, the impacts of contemporary closures are also dispersed over a wider zone than closures of the past and are likely to extend beyond the clearly defined borders of local government (Chapain & Murie, 2008).

2.4. Community Resilience

A region is more than an economy alone, and one measure of a regions' strength is community resilience. The concept emerged as an explanation as to why, in otherwise comparable circumstances, some populations fair better during crisis than others. Community resilience is more than the simple accumulation of individual resilience; **a collection of resilient people will not guarantee a resilient group**. Instead it is best understood as a process (rather than an outcome) in which political, social, and cultural factors interact in the face of adverse conditions to form community strength.

Community resilience relies on the ongoing and developing capacity to account for vulnerabilities *and* to develop new capabilities. Community resilience mitigates the stress of crisis, assists with the restoration of a community to a pre-crisis base level, and empowers them to better withstand future incidents. At its core it is about identifying and building upon a community's existing strengths and resources and using them to plan for the future. It plays a central role in regional recovery following large scale job loss. And, as such, it must be understood, incorporated into, and fostered by transition programs.

Resilience is measured by the speed at which homeostasis is achieved, but it needs to account for the variability in community outcomes beyond the 'averaged rate' of individual wellness in a given area. **A community cannot be considered well if most of the affected population has returned to a pre-crisis level, while some have been pushed into acute stress**. There is no single measure for community resilience, but decision makers need to take into account the:

- **Quality of work available:** High rates of part-time and casual work can conceal the extent of un- and under- employment in a region.
- **Homelessness:** 486 people in the Mount Isa LGA are estimated to be homeless, with only 118 in supported accommodation for the homeless. This represents about 2.5% of

the population, and places Mount Isa above the 90th percentile for homelessness population as a proportion of total population. It is important that closure does not exacerbate existing divisions and should - in fact - be used as a way to improve conditions across the board through community works which can also create good jobs quickly for the impacted workers.

- **Housing:** Residents in Mount Isa are more likely to rent, with over 40% of dwellings in Mount Isa occupied by renters. A higher proportion of rented houses mitigates the impact of job loss on individuals but may exacerbate the impact on the town through population outflow.
- **Community Cohesion:** Mount Isa has the highest youth crime rate in Queensland, and the overall crime rate is one of the highest in the state. (Fryer, Wellauer, & Andersen, *Surviving Outland*, 2023)

3. Closures over time; the importance of early intervention and a long tail

Economic shocks present both short- and long- term problems: the initial wave of unemployment and then the ongoing regional socio-economic impacts. These elements are interrelated; in general, the greater forewarning workers, business, and government have of a closure, the better. Greater warning provides time to plan and, assuming the time provided by the forewarning is well utilised, the processes put in place moderate some of the more severe and lasting negative ramifications of closure – the aftershocks.

Equally important, however, are ensuring transition programs have a ‘long tail’. Research from past closures warn that many of **the most negative social problems do not emerge for 18 to 24 months, when retrenched workers’ payouts diminish and holidays end** (Henderson & Shutt, 2004). Early ‘intelligent intervention’ that begins with the forewarning of the closure (be it a formal announcement or otherwise) and carries on long after the last day on the job is key to handling closures well (Spoehr, 2014).

Responses following the announcement of closure or large-scale job loss, can be likened to a disaster response strategy whereby a series of immediate support strategies should be put in place. Following the announcement of the automotive industry closure, a nationwide suite of federal, state, and company-funded programs were put in place to assist automotive manufacturing and supply-chain workers’ transition into new industries, in addition to a number of structural adjustment programs aimed at transitioning supply chain companies into other manufacturing industries. Although the scale of support may change, the components remain largely the same.

3.1. Engage stakeholders and services

Large scale job loss requires a whole of community and whole of government response. Stakeholders should be engaged as soon as is practicable. This has already been implemented with the The Mount Isa and Region Futures Advisory Committee, which was established to support the delivery of the fund through place-based advice to the government. Membership of the committee includes: Glencore; Mount Isa City Council; Mount Isa Water Board; Commerce North West; Australian Workers' Union; North West Queensland Indigenous Catholic Social Services; Queensland Resources Council; Kalkadoon Native Title Aboriginal Corporation Registered Native Title Body Corporate; Queensland Government.³

3.2. Provide transition support for impacted workers

Following the closure of the automotive manufacturing industry workers and affected supply-chain workers were eligible for the South Australian state government’s Automotive Workers in

³ Represented by the Department of Resources; Department of State Development and Infrastructure; Department of Employment, Small Business and Training.

Transition Program (AWITP) – also known as ‘Drive your Future’ administered by Northern Futures, *and* the Australian Government’s Automotive Industry Structural Adjustment Program (AISAP) – administered through Job Network. Holden workers were also automatically incorporated into Holden’s Transition Program. Each program offered varying levels of assistance in finding information about job opportunities; identifying transferable skills and skills gaps; funds for retraining; referrals to health services; and ongoing support and mentoring. These programs were demonstrably informed by existing literature on the importance of comprehensive support programs.

In addition, three pools of transition funding were made available to retrenched workers. Holden employees could access funding from the Holden Skills and Training Initiative and AISAP for a total of up to \$4,300 in transition funding. Supply chain workers could access funding from AISAP and the AWITP for a total of up to \$3,800 in transition funding (Beale, 2022).

As discussed above Glencore has already established its transition fund for workers, the government is yet to announce any transition and retraining funding for the affected workers.

3.3. Establish a transition centre

Work is central to the construction of individual identity, health, and well-being. This is especially true of industries where workers tend to stay at one workplace for all or most of their working lives – and is relevant given 35% of the impacted workers at Glencore are over the age of 45.

For workers, there are two key issues following a factory or large business closure; first, the employment landscape, including the way you find a job, has likely changed significantly since one last sought new employment. Second, with the loss of employment, workers also lose a significant portion of their social lives. A stable job enables families to establish roots, plan for the future, and encourages and incentivises an interest and investment in local community. Such an investment is entrenched by shared values shaped over generations at the same worksite; through friendship formation as well as the formalised acts of community building that are facilitated by, or within, large companies and their associated unions.

A transition center provides a solution to both problems. It should be a physical shopfront that is centrally placed and can act as an information and support hub for workers, as well as their families and the broader community.

It acts as a one-stop-shop for community queries about the closure in addition to a means of delivering the support packages available to impacted people. Support packages for affected workers and their families tend to include assistance in finding information about job opportunities; identifying transferable skills and skills gaps; funds for retraining; referrals to health and welfare services; union engagement; and ongoing support and mentoring.

A crucial lesson from the closure of the automotive industry was around the importance of direct and clear communication and support to retrenched workers, their families, and communities and a transition centre provides a place to do this.

Glencore has already established a 'Workforce Support Hub' at St Joseph's Training Centre for face-to-face meetings including consultations, outplacement support and EAP sessions for workers and their families. This is valuable but decision makers should consider establishing a point of contact that is open to the broader community including small business owners. Following the closure of the automotive industry in South Australia transition centres were established in Adelaide's north and south.

3.4. Fast track shovel ready projects

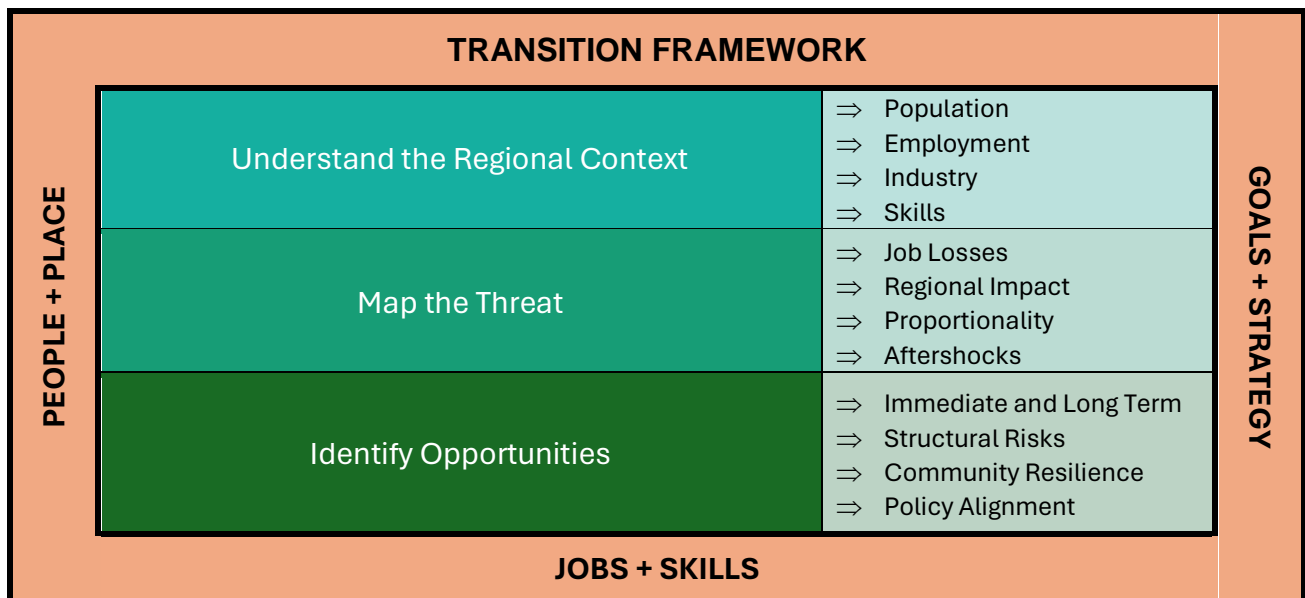
Past industry closures have shown the importance of fast-tracking investment in projects including civic, transport, communications, health and education infrastructure, in scenarios where there is not enough existing work to provide the necessary short-term employment opportunities (Spoehr, 2014). Some of the shock of the automotive closure in South Australia was absorbed by infrastructure projects fast-tracked by the South Australian government (Browne-Yung, Ziersch, Baum, Friel, & Spoehr, 2019). These 'shovel ready projects' can mitigate the impact of shocks, but they are unlikely to wholly absorb them and so in the medium-term governments need to look to the targeted expansion of alternate industries (Spoehr, 2014).

4. Transition Framework

To respond to this closure, we have devised a Transition Framework for the city of Mount Isa, depicted in Figure 1. This evidence-based framework is grounded in the best practice lessons from past closures and incorporates theories economic complexity and community resilience into a holistic response strategy.

No two shocks are the same, and so we must be cautious about any attempts to identically replicate success stories. What worked in one instance will not necessarily do so in another. Closure interventions require a clear understanding of the severity of the problem to inform the level of support needed to mitigate both the direct short-term impacts, as well as the longer-term flow-on impacts which result from a regional shock. Effective management of large-scale job losses require a holistic transition response that simultaneously considers people and place, jobs and skills, and goals and strategies - now and into the future.

Figure 1 Transition Framework



The first step to managing an industry closure requires an understanding of the regional context in which the closure is occurring. This is important as it can inform the risks to the overall health of the region, and the barriers that individuals will face if they find themselves needing to find a new job. **Part Two: Understand the Regional Context** of this report series does just that, it outlines the current and historical status of the labour market in Mount Isa in the context of this closure.

The next step requires an understanding of the *severity* of the problem. This can help to inform the level of support needed to mitigate both the direct short-term impacts, as well as the longer term flow-on impacts which result from a regional shock. While the industry closure directly impacts individuals who work within the industry, industrial linkages mean that the impact spreads to other industries in the region, causing additional employment and industry

output losses. **Part Three: Map the Threat** considers the direct and indirect, employment and gross regional product impacts from the closure using three short term scenarios.

Ultimately, in order to plan for the future, policy makers need to know what opportunities are available to manage the transition. With proper planning, an industry closure is an opportunity for industry and regional development. This means policy makers need to understand the relationship between different jobs in the region, and how best to apply the skills available in these jobs into new areas of strategic, regional, or national importance. **Part Four Identify the Opportunities** introduces a method of diversification analysis and applies it for Mount Isa to reveal industrial opportunities based on occupation and industry employment.

However, a transition cannot be considered a success even if most of the affected population has returned to a pre-crisis level, while some have been pushed into acute stress. Decision makers means need to consider possible interventions within the broader context of this framework.

Ideal interventions take these findings and apply them through the overarching guiding principles of 'people + place', 'jobs + skills' and 'goals + strategy' while recognizing the significant overlap between these principles. Where 'people + place' encompasses the directly impacted workers, their families and the broader community of Mount Isa; 'jobs + skills' looks at improving the quality and quantity of available work in the area; and 'goals + strategy' seeks to align the strategic vision across three levels of policy making - council, state and federal governments. These principles are inherently interrelated concepts. Ideal interventions will address these principles concurrently, however in practice, it is unlikely that every intervention will. For example, some interventions will be jobs intensive. It is therefore important to balance these principles over a spread of interventions.

5. Understand the Regional Context

This section summarises **Part Two – Understand the Regional Context** of this report series which provides insight into the current and historical status of the labour market in Mount Isa in the context of the closure.

Overall, employment in Mount Isa is heavily concentrated in the Mining industry with more than one third of people who work in Mount Isa work in this industry (3,370 - 34.6%). About half of total employment in Mount Isa is in three industries – Mining, Health Care and Social Assistance, and Education and Training. The Mining industry in Mount Isa is about 80% male.

Within the mining industry, employment is concentrated among Machine and Stationary Plant Operators (968 - 28.7%), Automotive and Engineering Trades Workers (554 - 16.4%) and Design, Engineering, Science and Transport Professionals (303 - 9.0%).

There is negligible cross-over between the occupations of those working in the Mining industry, and the other large industries in Mount Isa. This means it will be difficult to redeploy Mining workers outside the Mining industry, without significant investment into new industries which utilise the skills of Mining workers, or retraining.

There has been a decline in the total resident population of the Mount Isa region from the peak of 22,000 in 2011 to an estimated 19,047 in 2022 - a decline of about 15%. The most recent population data is summarised in [Table 1](#).

Table 1: Estimated Regional Population, Mount Isa, June 2022

Age Group	Population
Below Working Age (0-14)	4,521
Over Working Age (65+)	1,528
Working Age (15-64)	12,998

The decline in population has been at the expense of working age (15-64 years) and below working age (under 15) residents, whose population has declined by 19% and 16% respectively. Conversely, there has been a relative and absolute increase in the population aged 65 years and older. The median age of Mount Isa residents has increased from 30.8 in 2017 to 31.7 in 2022.

In addition, data provided by Glencore on the impacted workers indicates that the average age of impacted workers is 40 years and that 35% are over the age of 45. Older workers generally, and older male workers specifically, are a high risk group and are vulnerable to long-term and cyclical precarious employment (Davies, R., Grey, & Bellis, 2017; Bankwest Curtin Economics Centre, 2018). Research following large-scale job losses indicates that older workers often find themselves working lower-quality jobs or forced into early retirement (Beer & Evans, 2010) (Spoehr, 2014). And that they tend to engage in increased consumption of alcohol and hazardous drinking; have greater risk of cardiovascular disease; increased rates of

hospitalisation and are more likely to be depressed (Davies et al., 2017), all of which are factors that may be exacerbated by the increased competition caused by industry closure. Extra care needs to be given to workers who sit at the intersection of multiple marginalised identities.

Data provided by Glencore on the impacted workers reveals 27% of the impacted workers have been with the company for more than 15 years, and that the average length of service for these workers is 10.1 years. This further compounds the difficulty of retraining into a new industry.

The directly impacted 980 workers make up a significant proportion (~5%) of the overall population of the town, and an even greater proportion (~7.5%) of the working population of the town.

Between the September quarter of 2013 and the December quarter of 2015, the unemployment rate in Mount Isa was well below that of Queensland and Australia. Potentially impacted by the closure of the Xstrata copper smelter in 2016, the unemployment rate increased to around 8%, with a peak of 10.5% in June 2019. Despite a strong rebound in state and national labour markets in the post-pandemic era, the unemployment rate in Mount Isa has remained high - only falling to 5.9% in the September quarter of 2023 - although the most recent labour market data does suggest a slight rebound in the number of employed people in Mount Isa.

Past closures tell us that the likelihood of long-term unemployment and regional degeneration is much higher when there are limited jobs available, as in Mount Isa. There is also a risk that retrenched workers from the mine may flood the job market and push some of the existing unemployed workforce in Mount Isa into long-term unemployment.

It has been well established that the economic shock of closures and mass unemployment events is substantially different if they occur during economic downturns, as compared to periods of economic growth. Closures during periods of strong economic growth tend to have fewer negative ramifications providing there is enough available work of an *appropriate quality* (Spoehr, 2014). In ordinary cases, the detrimental impact of large-scale loss is reduced when there is enough pre-existing, secure, and suitable work available for the affected workers. Whereas the likelihood of long-term unemployment and regional degeneration is much higher when closures happen during periods of low growth and high unemployment. As such, the creation of *suitable and good quality work* should be a central priority for the transition response.

Overall, the risks to Mount Isa from the closure of Glencore include:

- **regional and community resilience.** Regions that are highly dependent on a single industry or employer, like Mount Isa, are at greater risk of extended, even generational, periods of unemployment because it is less likely that the available work will require the same skillsets as the industries shedding labour. A region is more than an economy alone, and one measure of a region's strength is community resilience – a process (rather than an outcome) in which political, social and cultural factors interact in the face of adverse conditions to form community strength. Resilience is measured by the

speed at which homeostasis is achieved, but it needs to account for the variability in community outcomes beyond the 'averaged rate' of individual wellness in a given area. A community cannot be considered well if most of the affected population has returned to a pre-crisis level, while some have been pushed into acute stress. As such, transition success can not, and should not, be measured solely on population averages.

- **high unemployment.** Unemployment has been stubbornly high in Mount Isa. There are limited jobs available and it's possible that retrenched workers from the mine may flood the job market and push some of the existing unemployed workforce in Mount Isa into long-term unemployment.
- **ageing population.** This is a risk for the town in general and will be an additional factor to consider if retrenched workers are near retirement age. Older workers are more likely to struggle to find new employment after closure and are more likely to experience the negative social and health impacts associated with mass unemployment events.
- **mining industry concentration.** The Mining industry is the largest employing industry in the town, and there is very limited cross-over between the occupations utilised in the Mining industry and the other large employing industries. It will be difficult to redeploy Mining workers outside their industry, without significant investment into new industries which utilise the skills of Mining workers, or retraining.
- **availability of mining jobs in other regions.** Due to the high proportion of individuals living and working in Mount Isa, retrenchment can create a flight risk to other regions with high demand for mining workers.
- **population outflow.** The closure risks fueling, or increasing the rate of population outflow and decline.

6. Map the threat

Managing an industry closure requires an understanding of the severity of the problem. This can help to inform the level of support needed to mitigate both the direct short term impacts, as well as the longer term flow-on impacts which result from a regional shock. While the industry closure directly impacts individuals who work within the industry, industrial linkages mean that the impact spreads to other industries in the region, causing additional employment and industry output losses.

Part Three of this report **Map the Threat - Impact Analysis** summarises both the direct and indirect, employment and gross regional product impacts from the closure of the Mount Isa Copper Operations (MICO) and the copper concentrator in great detail. In it we consider three short term scenarios, using data provided by Glencore to ground estimates of the magnitude of the internal redeployment opportunities. The three scenarios are:

- **do nothing:** no transition management plan implemented; all impacted workers become unemployed.
- **redemption:** rely on internal redeployment efforts; some affected workers are redeployed within the Mining industry, others become unemployed.
- **transition:** council undertakes a range of beautification projects; some affected workers are redeployed within the Mining industry; others are employed in construction projects.

Overall, the economic impact assessment reveals that for each direct job affected in the Mining industry, an additional job in the town is also impacted. In the worst-case scenario, an estimated 2,000 jobs are at risk in Mount Isa from the industry closure. Total employment in Mount Isa is about 10,100 people, and the total population is about 19,000. Proportionally, the worst-case scenario would impact 1 in 5 employed Mount Isa residents, and nearly 10% of the population.

We also find that in the short term, Council instigated projects have the capacity to absorb only some of the affected employees. This reinforces the importance of ensuring quality employment is available for affected workers beyond the early intervention. Projects focused on long term, sustainable, and high-quality jobs must be prioritised to ensure the future of the region.

7. Identify the Opportunities

Managing an industry closure requires planning for a future without the industry. This is part of the long-tail of any given transition response. An industry transition plan is specific to the industry that is closing and the region. In order to plan for the future, policy makers need to know what opportunities are available to manage the transition. With proper planning, an industry closure is an opportunity for industry and regional development. This means policy makers need to understand the relationship between different jobs in the region, and how best to apply the skills available in these jobs into new areas of strategic, regional, or national importance.

Part Four of this report **Identify the Opportunity - Diversification Analysis** introduces a method of diversification analysis and applies it for Mount Isa to reveal industrial opportunities based on occupation and industry employment.

Diversification analysis provides a quantitative base for understanding the relationship between regional employment in different industries and occupations, as well as the similarity between regions based on the jobs worked. Regions that are specialised in many jobs, and specialise in jobs that are not common specializations across other regions are considered complex regions. In turn, jobs which are not common across other regions, and are specialised by regions with high complexity are considered complex jobs.

Complexity also relates to how the knowledge intrinsic in a job relates to other jobs. For example, jobs which are complex tend to utilise a broad range of knowledge and skills, which can be applied to other jobs which may not lie within the same industry or occupation. We can also assess job and regional similarity based on the likelihood of a region being specialised in a pair of jobs. The place based nature of this analysis allows for the identification of opportunities which are specific to the region.

Our analysis finds that the regional specialisations in Mount Isa are limiting in terms of diversification opportunities, and this requires a more hands-on approach by regional and state policy makers. This is due to:

- **specialisation in low complexity jobs:** jobs in Mount Isa are concentrated in the Mining industry, including Copper Ore Mining, Silver, Lead and Zinc Ore Mining, and Other Metal Mining, and Mining occupations, including Mining Support Workers, Metallurgists, Miners, and Drillers. These jobs are found to be low in complexity, and are most related to other jobs in the Mining industry and Mining related occupations. This relatedness limits the ability to transition employees from Mining jobs to other jobs which may be more beneficial to Mount Isa in meeting strategic, regional and national goals. Additionally, the similarity between Mining jobs does not necessitate that other Mining opportunities are available in Mount Isa.
- **similarity of job opportunities in other regions:** the most similar regions to Mount Isa, based on industry and occupation employment are also regional Mining towns, including Port Hedland and Kalgoorlie-Boulder. The closure in Mount Isa may result in

affected workers seeking similar jobs in these regions, which are also likely to be commensurate in salary and skill utilisation.

- **path dependency:** the concentration of employment in low complexity jobs means that the relationship between job relatedness and regional benefit in Mount Isa is negative. This means that the jobs which provide the greatest benefit to the region are the furthest away from Mount Isa's current capabilities and it will be more difficult to build a specialisation in these jobs.

To mitigate these limiting factors, we recommend some short-term opportunities for managing the immediate closure within the Construction industry and Machinery Operators and Drivers occupations, and recommend that Mount Isa consider their long-term diversification strategy in line with regional, state, and national priorities and goals. This requires alignment of a strategic vision across three levels of policy making - council, state and federal governments. Specifically, Mount Isa should seek to diversify through alignment with the goals of sovereign capability development, and green industrial development which are supported by the National Reconstruction Fund, Net Zero Plan, and Circular Economy Ministerial Advisory Group. As an example, diversification opportunities for Mount Isa could focus on building the value chain to develop products which can assist in decarbonisation, such as components for batteries, wind turbines, or solar panels.

8. Conclusion

This document is Part One of the McKell Institute's Mount Isa Transition Response, a four-part report that devises a holistic transition framework for Mount Isa's response strategy, informed by best practice from past industry closures. It has employed best practice findings from past closures to devise an overarching holistic framework for Mount Isa's transition response which has then been deployed over the following three reports.

It is intended as an overview document, but it is vital that decision makers engage comprehensively with all four parts of this report. **Part Two: Understand the Regional Context** outlines the current and historical status of the labour market in Mount Isa in the context of the closure. **Part Three: Map the Threat – Impact Analysis** summarises both the direct and indirect impacts on employment and gross regional product impacts from the closure. Finally, **Part Four: Identify the Opportunity - Diversification Analysis** introduces a method of diversification analysis and applies it for Mount Isa to reveal industrial opportunities based on occupation and industry employment.

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