

# 14. Economic Impacts

## 14.1 Existing Economic Environment

Current economic activity at Clermont is mostly related to its role as a service centre for the BAM, the rural hinterland around Clermont, and for Clermont residents. Clermont has a good range of local services and businesses (see **Appendix O**). Around 900 persons are employed in the Clermont township, with 19% of these employed in the mining industry and the balance spread across a wide of industry sectors and occupations.

The economy of Clermont has been flat over recent years as a result of short and long term trends. In the short term, recent restructuring at the BAM has tended to stabilise economic activity. Over the longer term, improvements in transport have favoured the development of several large service centres (Mackay, Emerald, Rockhampton) at the expense of smaller towns. There are possible gold and copper ventures in the area, but other than the Clermont Coal Mine Project, long term economic opportunities for the Clermont area appear to be limited.

## 14.2 Economic Impacts

A major project such as the proposed Project would have a substantial impact on the economic environment. These impacts would be felt locally, and would also have large flow-on effects throughout the Mackay region and State-wide. The potential economic impacts of the Project have been assessed at two levels:

- impacts on the regional and state economy; and
- impacts on the local economy, workforce and housing market.

### 14.2.1 Economic Modelling

The evaluation of the economic impact of the Project takes place in a regional economy undergoing some change. In addition, economic modelling is not an exact science. However, accurate base data, an appreciation of the economic environment within which the development is taking place, and the correct choice of methodology can result in accurate predictions of impacts. Two models were used to estimate the impacts flowing from the construction and operation of the Project:

- the Multi-Regional Impact Model (MRIP) to analyse the construction phase of the Project; and
- the Queensland Multi-Regional Model (QMRM) to analyse the annual operations of the Project.

Both models were compiled at the University of Queensland using data and input-output tables from official sources. Both models are spatial allocation models that allocate impacts across regions and across industries using estimates of inter-regional trade flows.

The MRIP and the QMRM are similar in construction. The QMRM model is designed primarily to examine industry significance of existing projects. It assigns economic significance over Queensland (sub-divided into six regions) and the rest of Australia, and it is able to identify economic significance over 32 industry sectors. The methodology used to construct the QMRM is outlined in **Appendix P**. The MRIP model is a specialist model designed primarily to evaluate the construction aspects of green field projects (it assesses impacts over 10 regions and 32 industry sectors).

The primary economic impact measures derived from the models are:

- Gross Output (regional turnover);
- Value Added;
- Factor Income; and
- Jobs.

Gross Output (regional turnover) refers to the gross value of increased production from an additional economic activity. This gross value includes the value of raw materials that, in most cases, have already been counted as part of Gross Output from earlier production. Therefore, there is a tendency

for Gross Output figures to include some double counting. As a result, more concentration is placed upon incremental (additional output created) or Value Added. Gross Output is a good indicator of the level of turnover in the economy and a good measure of the total level of economic activity.

Value Added refers to added or net output. Value Added is equivalent to the Gross State Product as used by the Australian Bureau of Statistics. It is the measure usually preferred when measuring economic impact. It measures the added value placed on intermediate products (raw materials) from the productive process. It is made up of margins, wages, profits and transfers.

Factor Income - relates to the share of Value Added (and Gross Output) which is directly paid to individuals or firms in the form of wages and or profits. By definition it is a percentage of Value Added and cannot exceed Value Added.

Jobs - relates to the amount of labour required for the level of production. Depending upon the type of activity, job numbers measure either the use of existing labour (continuing jobs) or hiring new staff. Full Time Equivalent (FTE) employment refers to the number of full time person-years of employment generated by a particular project or event. This alleviates the overstating of the level of job growth due to the stimulus.

#### **14.2.2 Construction Phase Impacts**

The construction phase of the Project is scheduled to take place, at an accelerating rate, over the period from mid-2005 to mid-2008. The construction phase includes the establishment of the box-cut, up to the stage of coal production. The full cumulative expenditure over the construction phase, including box-cut, is expected to be \$697 million (2004 prices).

There are two common errors made in the evaluation of the impacts of construction expenditure:

- unduly discounting such impacts by stressing their temporary and essentially one-off nature, particularly with regards to their contribution to employment; and
- treating construction impacts as if they were continuing economic activity.

Both approaches are incorrect and both fail to identify the true role of large construction projects to the building and construction industry specifically and the state economy in general. Individual construction projects should be seen as part of the established building and construction industry and as such, the existing industry base may be used as the initial impacting sector. This assumes that the characteristics of the new activity in terms of capital/labour ratios and factor usage patterns are broadly in step with the average of those industries used to construct the initial model. Where this is not the case a new sector would need to be created specific to the new activity. Unless there is serious displacement of existing activity, new construction projects, particularly major ones, expand the size and influence of construction activity on the host economy and help stabilise what is an essentially unstable industry. That is, a series of non-displacing construction projects are essential to the maintenance of a healthy domestic construction industry and their role in maintaining jobs and skilled workers within the state is often overlooked.

In this sense there are a number of synergy effects derived from such projects that go beyond their immediate or apparent impact. In considering the real value of construction activity to a region or state economy a number of parameters need to be established. These include:

- the length of the construction period (i.e. the longer the period, the less likely that the project would displace existing projects and the more likely there would be significant and quasi-permanent employment effects);
- the source of the workforce (e.g. would local labour be used or would other arrangements such as commute labour be used); and
- the source of raw materials such as capital equipment and building materials.

The construction phase of the Project is set to take place over a 33 month period. It is therefore likely to expand the construction industry in Queensland, although some initial displacement and crowding out of other projects cannot be discounted. This is a limitation in terms of the precise timing of the

impacts, however, the output, Value Added and Factor Income components are additive may be summed over the period, making the actual yearly distribution less important.

The model provides low and high estimates, differentiated by assumptions made regarding the importance of consumption effects.

The actual allocation between high and low estimates, particularly in a construction phase, is dependent upon knowledge of the level of activity in the economy and in the impacting sector in general.

In a heated economy, each project would compete for increasingly scarce resources, particularly in terms of labour. This may lead to inflation of wages and raw material prices and/or to supply inelasticities where there are added delays in obtaining the required inputs. Under such a scenario, the economic benefits relating to any one particular project are muted and the “low estimates” more accurately reflect the real effects. Conversely, where the project takes place in a less heated economy, the benefits from each individual project are greater, the full consumption impacts are likely to flow and the “high” estimates are the more appropriate.

**Table 14-1** documents low estimates (associated with a heated economy) by region. **Table 14-2** documents the higher end estimates (associated with a less heated economy). Based on the results of economic modelling, the potential range of annual economic impacts during the construction period is estimated to be:

- \$298 million to \$413 million in Gross Output;
- \$142 million to \$202 million in Value Added;
- \$ 70 million to \$97 million additional Factor Income; and
- support for 3,000-4,340 jobs, with 1,858-2,732 in the Mackay region.

It should be noted that some of the economic activity generated by the construction phase would be sustained by the operational phase of the Project and by on-going maintenance of the Project. Therefore, it would be incorrect to regard the economic impact from the construction phase as purely transitory. However, the direct impact of the construction phase would start to reduce significantly after 2008.

### 14.2.3 Operational Impacts

The annual impacts flowing from the operation of the Project are shown in **Table 14-3** and **Table 14-4**. To arrive at this table, two methods of estimation were used:

- the QMRM (making the estimates directly comparable with earlier work undertaken for Rio Tinto Coal Australia (formerly Pacific Coal); and
- the QNLMM (which is an experimental non-linear model in construction, which offers increased accuracy of measurement).

The results show that the economic impacts flowing from the operation of the Project are substantial. The QMRM (traditional) results suggest an annual impact of:

- \$908 million in Gross Output/regional turnover (\$857 million specifically in Queensland);
- \$505 million in net additions to Value Added;
- \$171 million in additions to Factor Incomes in the form of increased profits, wages and transfers; and
- support for almost 3,800 jobs throughout the Queensland economy, with over 3,000 in the Mackay region.

**Table 14-1 Annual Average Impacts from Project Construction Operations 2005-2008 (Low Estimates)**

Region	Brisbane-Moreton	Darling-Downs	South West	Wide-Bay Burnett	Mackay Region	Central West	Fitzroy-Region	North-Region	Far North	North-West	Total
Gross Output (\$m)	62.91	7.65	3.92	5.69	188.88	1.59	11.01	7.31	5.14	3.72	297.82
Value Added (\$m)	32.73	4.13	2.32	2.86	86.00	0.94	5.40	3.62	2.54	1.67	142.21
Factor Income (\$m)	15.60	1.61	0.44	0.98	45.24	0.20	1.63	2.22	1.08	0.34	69.34
Jobs supported (FTEs)	638	102	31	70	1858	12	85	80	52	25	2953

**Table 14-2 Annual Average Impacts from Project Construction Operations 2005-2008 (High Estimates)**

Region	Brisbane-Moreton	Darling-Downs	South West	Wide-Bay Burnett	Mackay Region	Central West	Fitzroy-Region	North-Region	Far North	North-West	Total
Gross Output (\$m)	89.14	10.36	5.11	7.66	262.16	2.00	14.69	10.32	7.00	4.91	413.35
Value Added (\$m)	46.74	5.83	3.21	4.00	122.85	1.29	7.39	5.25	3.55	2.31	202.42
Factor Income (\$m)	22.14	2.24	0.63	1.39	63.61	0.28	2.30	3.14	1.52	0.48	97.73
Jobs supported (FTEs)	957	145	43	99	2732	16	120	118	75	34	4340

Due to unavailability of inter-regional trade data the model is unable to distinguish the Mackay region from other parts of the northern region. However, given the positioning of the Project and the past experience of the Mackay region in hosting coal mining developments it can be expected that the large bulk of the benefits defined in the Northern region would be contained within the Mackay region.

**Table 14-3 Annual Operational Impacts of Project using Traditional Methods of Estimation**

Region	Gross Output (\$m)	Value Added (\$m)	Factor Income (\$m)	Employment (FTE)
Brisbane-Moreton	51.08	30.13	10.22	226
Wide Bay	28.38	16.74	5.68	126
Southern	17.03	10.04	3.41	75
Central West	28.38	16.74	5.68	125
Northern	709.38	418.53	141.88	3142
Western	22.70	13.39	4.54	100
Rest of Australia	51.08	30.13	10.22	226
<b>Total</b>	<b>908.00</b>	<b>535.72</b>	<b>181.60</b>	<b>4022</b>

**Table 14-4 Annual Operational Impacts of Project using Non-Linear Methods of Estimation**

Region	Gross Output (\$m)	Value Added (\$m)	Factor Income (\$m)	Employment (FTE)
Brisbane-Moreton	73.00	30.00	13.60	299*
Wide Bay	2.00	1.00	5.00	9
Southern	3.00	1.80	0.70	12
Central West	9.00	4.30	1.37	27
Northern	696.00	316.00	108.00	2509
Western	8.00	3.70	2.00	13
Rest of Australia	103.00	46.00	16.00	414
<b>Total</b>	<b>894.00</b>	<b>402.80</b>	<b>146.67</b>	<b>3283</b>

The impact of non-linearities is to slightly reduce the estimates in terms of Gross Output, Value Added and Factor Income but to substantially reduce estimates of employment impacts. As well, non-linear modelling alters the distribution of benefits away from the host region towards greater impact in Brisbane and the Rest of Australia. It must be noted that, at this stage, the non-linear model is still in development and is included only for comparison with the QMRM model.

Placing the significance of the operation of the Project in the context of the total size of the regional economy is difficult because no estimates of the regional Value Added of the Mackay region have been undertaken since 1995. However, working on an estimate of Mackay region Value Added of \$5.5-6 billion, the operation of the Project by itself would increase Gross State Product by between 8-10%, and employment in the region by approximately 5%.

Another consideration in assessing the actual impacts of the Project relate to the timetable for the phasing down of the BAM operations. Economic modelling takes place on the assumption that other factors in the economy either remain constant or behave in a predictable fashion. Reduction in BAM operations would move to reduce the size of the Mackay economy at the same time as the economy is being expanded by the Project, i.e. there would be some trade-off and the net expansion of the regional economy as a whole would be less than the impact of the Project considered in isolation.

Reduced activity at the BAM produces some positive impacts. Principally, it would free-up resources and remove supply constraints that might have reduced the benefit of the Project (i.e. some of the

potential benefits from the Project would actually be enhanced by the freeing-up of resources in the region as the BAM winds down).

#### 14.2.4 Impacts on Regional Workforce

The Mackay region currently faces a relatively tight labour market. Estimates provided by the Department of Employment and Training place the unemployment rate at between 6 and 7% but Census data puts the all persons unemployment rate significantly lower at 4.4-5%. In either case, the region has an unemployment rate equal to the state average.

At 65%, the participation rate is at the average state level. This indicates that there is little scope for quick expansion of the regional labour market, except at the lower end of the skill level through school leavers and/or retirees re-entering the workforce. The initial impact of the construction and operation of the Project would be to tighten the local labour market and increase job vacancies. The implications of this for skill shortage and local wage inflation would depend upon a number of factors including the extent of inward migration, the output of local educational facilities and in-house training schemes and the potential movement of workers from the BAM as it begins to reduce operations.

The construction phase of the Project would see the use of some imported labour. However, this is characteristic of most construction projects in the state. The real test for the local labour market would come from the operational phase of the Project. The QMRM model predicts that approximately 3,000 jobs would be added to the regional labour market from 2004/05. The unusual aspect of the model's results are that these jobs would be spread across a range of industries and occupations, with only 25% of newly created jobs being within the mining industry.

**Table 14-5** lists where increases in labour demand would arise, suggests where the required source of labour would be derived, and examines the immediate labour market implications.

**Table 14-5 Labour Market Implications of Expanded Labour Demand**

Industry	Additional jobs	Skill mix required	Source of Labour supply/Labour market Implications
Agriculture	207	Intermediate technical and manual. Some managerial expertise.	Predominantly the Central Queensland labour market. Some importation of specialist skills in mining and finance may be required.
Mining	955	Range of skills, intermediate to skilled and professional.	New project would be competing with already significant demand for mining skills in region. Likely to result in some short-term bottlenecks, but may benefit from downsizing of Blair Athol Mine.
Manufacturing	769	Intermediate / clerical, trade skills / managerial / professional	Central Queensland has a slightly below average skill base than the rest of Queensland. Labour shortages in short-run may impede development.
Utilities	55	Intermediate and Skilled Clerical/ technical	General shortage of specialist labour in this area would mean training schemes of regional labour or importation.
Building	114	Trades / skilled trades	Skill profile of region and increased demand and competition for skilled labour may produce short-term labour bottlenecks. Need to liaise with local TAFE.
Trade	275	Low/intermediate skill	Regional labour market would be able to cope with increased demand especially if coordinated with local TAFE.
Transport	281	Intermediate skilled/clerical	Regional labour market should cope. May led to growth in small business.
Finance and Business	216	Intermediate clerical / professional/managerial	Current labour force profile in area suggests that some shortages would occur in the short run.
Public Administration	38	Sub-professional / professional	Small numbers should not present large recruitment problem especially if job positions are flexible (e.g. use of part-time and fixed contract workers).

Industry	Additional jobs	Skill mix required	Source of Labour supply/Labour market Implications
Community Services	75	Professional	Output of regional university should provide sufficient numbers although recruitment of experienced staff may be difficult as Queensland as a whole would experience a growth in the demand for community service professionals.
Recreation and Personal	31	Low/intermediate /trades	Should be adequately dealt with by local labour market but state wide shortage in Chefs/Cooks.
<b>Total</b>	<b>3016</b>		

Central to the conclusions drawn in **Table 14-5** is the current state of the Central Queensland labour market in terms of its skill profile and current industrial structure. According to the latest data on industrial structure, the region has a higher proportion of residents with Certificate level qualifications but is below the state average in the categories Advanced Diploma and Diploma, Bachelor Degrees, Graduate Diploma and Graduate Certificate, and Post Graduate Degrees (see **Table 13-10**). This educational profile reflects an industrial structure which already has an above average concentration in mining and related industries, rail transport and miscellaneous manufacturing. The Department of Employment and Training estimates that those employment specialisation ratios for the Mackay region are above state average in Mining and Related Industries, Transport and some Manufacturing. The occupational distribution of the workforce of the Mackay statistical district at the 2001 Census is shown in **Table 14-6**.

**Table 14-6 Occupational Distribution Mackay Region**

Occupation	% of Workforce
Managers and Administrators	9.7
Professionals	11.9
Associate Professionals	10.5
Tradespersons and Related Workers	14.9
Advanced Clerical and Service Workers	2.8
Intermediate Clerical, Sales and Service Workers	13.6
Intermediate Production and Transport Workers	14.3
Elementary Clerical, Sales and Service Workers	9.0
Labourers and Related Workers	11.2
Inadequately Described	0.8
Not stated	1.4

Source: Census 2001 Profiles Mackay S.D. (OESR, 2003)

The largest broad occupational group were Tradespersons and Related Workers. Central Queensland as a whole has 10.3% of the total Queensland workers in this group. The other main groups were Intermediate Clerical, Sales and Service Workers and Intermediate Production and Transport Workers.

The Mackay region is already significantly dependent upon the mining industry (approximately 15% of the regions workforce) and this dependence would grow as the Project goes into production. Unless human resource policies are enacted, labour shortages in this industry may occur particularly in skilled areas.

The implications for the labour market conditions of other industries are less problematic. Throughout Queensland there is a shortage of skilled trades workers and the Project would most likely add to this shortage in the short run (although it may help reduce this shortage in the longer run if in-house or sponsored training is offered to workers). Local residents report a shortage of general tradesmen in the area, a fact that is increased by the higher returns to tradesmen in the South East corner of

Queensland. The development process associated with the Project should have the spin-off effect of attracting more skilled workers into the region.

The other predicted job growth is expected to be catered for by school leavers, the use of part-time workers (especially in retail and community services), and re-entrants into the workforce. The unknown factor is the occurrence of competing projects in the Central Queensland area. The Project by itself would create short-run excess demand. This would be intensified if other projects occur in the local labour market. On the other hand, the decline of projects such as the BAM, would have the effect of moderating labour demand and therefore reducing some of the dangers of an overheating regional economy.

#### **14.2.5 Impacts on the Regional Economy**

The affect of the Project may be offset by declines in other activities, such as the BAM, or intensified by other new projects starting simultaneously. The impact of any project is governed by the source of purchases (within or outside the region) and the type of purchases. For example, if a significant amount of construction work and commodity purchases occur within the region and the labour force is essentially local, the regional impacts would be maximised.

The MRIP, QMRM and QNLMRM are all based upon default projects, which attempt to correctly identify the leakages from the region. For example, all the results suggest that a significant proportion of the benefits would flow to Brisbane-Moreton and to the Rest of Australia. Nevertheless, the results also show the large impacts on the Mackay region.

During the construction phase Value Added would grow by over \$200 million and, of more immediate significance, up to \$100 million would be injected as wages, profits and transfers. In the context of a regional economy this is a large additional injection.

During the operational phase the effects are larger because these injections are seen as regular rather than one-off and would form the basis of investment and expansion decisions. Using the standard QMRM results the annual impacts were found to be:

- \$908 million in Gross Output/regional turnover (\$857 million specifically in Queensland);
- \$505 million in contributions to Value Added (this represents an expansion of 8-10% of the regions economy);
- \$171 million in additions to Factor Incomes in the form of increased profits, wages and transfers; and
- Support for over 3,800 jobs throughout the Queensland economy, with over 3,000 in the Mackay region.

Such a large injection does create some short term difficulties (such as crowding-out of established economic trade, and competition for relatively scarce resources such as labour, housing and land) but this is short run and such effects occur whenever any major development occurs in regional Queensland.

The benefits would be maximised if spin-off industries could be encouraged to run off the mine, and if the company engages in job training and other forms of staff value adding.

Currently, the main economic activities in the immediate local area are confined largely to services for BAM and the rural and town areas. In the short to medium term these would expand, by volume if not by number as Clermont and Blair Athol Mines both require local services. Their longer run future is less predictable, and would be heavily influenced by the future level of activity at both mines.

In terms of other potential activities in the local area there are possible gold and copper ventures being investigated. The future of the district is closely tied to coal mining. Therefore, the challenge to be faced by local authorities is to use the large benefits that would flow from the Project to broaden the economic base of the area.

The Proponent is not aware of any other future economic activities that would lose or gain opportunities as a result of the Project.

### 14.2.6 Impact on the Regional Housing Market

Already the Mackay region has a relatively high percentage of rented accommodation. At the 2001 Census, from a total of 51,576 dwelling structures:

- 15,866 were commercially rented;
- 1,598 were State Housing authority; and
- 407 were being rented under a rent/purchase scheme.

Overall, approximately 34% of all dwellings were rented. However a high percentage of all dwellings were separate houses. That is, a significant number of families rent detached houses in the Mackay area, and most accommodation is located in Mackay City.

The Project would significantly increase the demand for accommodation in the Mackay region. In the short term this may lead to an acceleration of rents and a relative scarcity of housing stock. In 2001, most renters were in the \$ 150-\$ 199 range (31.2%), followed by those paying in the \$200-\$249 range (24.7%). While below Brisbane prices, this is relatively high for the remainder of Queensland and suggests that, at the time of the Census, there a relative shortage of housing.

### 14.2.7 Impacts on the Local Economy

The broader economic impacts of the Project are related to the direct and indirect economic effects of the Project as they filter their way through the entire regional and state economy. But at the local level, economic impacts are more closely linked to levels of employment in the local area and spending in the local community. Therefore the discussion of impacts on the local economy focuses on these direct effects.

### 14.2.8 Impacts on Local Workforce

The workforce associated with the Project would rise during the construction period before settling down to its long-term level during the operation phase. In addition, the permanent workforce at the BAM would start to reduce towards the end of the Project construction phase.

Project-related employment would rise to a peak of about 565 persons during the construction phase (including box-cut development) (**Table 13-2**). In the long-term, the Project would produce a net increase in direct local employment of some 250 jobs. It is anticipated that these jobs would be filled by a mix of permanent residents and persons who live in Clermont during their work rotation:

- 50 jobs are expected to be filled by permanent residents living with their families in the local community; and
- the other 200 jobs are expected to be filled by persons who live in Clermont in the Township Village while on roster.

The increase in short-term employment during the construction period, and long-term employment during the operational phase of the Project is likely to produce substantial benefits to the local economy. Spending by the additional permanent residents and their families would generate new economic activity in the Clermont township. The economic impact of workers who live in Clermont only during their work rotation would be smaller, but they are likely to spend money at local businesses (food, beverages, fuel, consumer goods) and contribute to the local economy. In addition, the Project would source some goods and services from local businesses and create further benefits to the Clermont economy.

This increase in economic activity can be expected to generate additional jobs as the effect filters through the local economy. However it is difficult to reliably predict employment flow-on effects on a local scale. With more than 250 new jobs produced directly by the Project, this is equivalent to an increase in employment in Clermont by more than 25%, and around a 10% increase in employment in the Belyando Shire. The employment benefits to the local area would be enhanced by maximising the use of local contractors and local businesses supplying products and services to the mine.

There would also be a short-term boost to the local economy during the construction phase of the Project. At peak employment levels during the construction period there would be around

200 construction workers. These workers would be sourced from the existing building and construction industry and most would be drawn from outside the Clermont area. Construction contractors would source some materials and services from the Clermont area, and construction workers are likely to spend money in local businesses. The construction phase would produce a short-term economic boost to the local economy, provided opportunities to use local suppliers are maximised.

Statistics from the 2001 Census indicate that Clermont and the Mackay region in general has a relatively tight labour market. Unemployment rates are lower (around 5%) and labour force participation rates are higher (around 65%) than the Queensland average. This indicates that there is limited scope for quick expansion of the local labour market, except through school leavers, experienced persons re-entering the workforce on a full or part-time basis, and migration of workers into the region. Therefore the initial impact of the construction and operation of the Project is likely to be to tighten the local labour market, increase job vacancies, and possibly to produce some increases in local wages.

In summary, the Project would create substantial employment opportunities for Clermont residents and new business opportunities for the Clermont community. In the long term, when the Project reaches full production and the BAM has wound-down, there would be a net increase in direct employment of 250 jobs, and an estimated 50 additional jobs created in Clermont businesses as a result of economic flow-on effects. These jobs would be filled from a combination of local residents entering or re-entering the workforce, and migration into the Clermont area as specific skills are sourced from outside the local area.

#### **14.2.9 Impacts on the Local Housing Market**

It is anticipated that there will be an extra demand for permanent accommodation for a net increase of around 50 employees and their families in the Clermont area.

The Clermont housing market, including houses currently owned by the BACJV, caters for current overall demand, but may have difficulty catering for the expected increase in demand produced by the Project during the operation phase. The existing stock of houses for rent and sale would be insufficient to cater for this expected increase in demand.

Therefore the Project would put pressure on the Clermont real estate market. There is likely to be a shortage of short and long-term rental accommodation for families moving into the area, and a scarcity of housing available for purchase. The likely outcomes are upward pressure on rents and house prices, and demand for construction of new houses. Available evidence indicates that Clermont housing costs are lower than average costs for the Mackay region. The effect of the Project is likely to be that housing costs at Clermont would increase, but continue to stay below the regional average.

There are 58 serviced housing blocks in Clermont. In addition, there are areas which would be available for subdivision if required. It is therefore expected that land availability will not constrain the ability to meet the anticipated demand for construction of new houses.