

RESOURCE INDUSTRY NETWORK (RIN)  
**SUBMISSION**

**Submission to the Economics  
and Governance Committee  
of the Queensland Legislative  
Assembly**

**Inquiry into the Queensland  
Government's economic  
response to COVID-19**

JUNE 2020



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# INTRODUCTION

Resource Industry Network (RIN) is a peak industry association representing companies actively engaged in the resource sector and those allied to the sector, i.e. including the engineering and heavy industrial sectors.

While we are located in Mackay, Queensland, on the doorstep of Australia's Bowen and Galilee Basin mining regions, the businesses we represent work across Queensland and Australia, as well as servicing international markets.

Businesses in this sector assisted the region's 43 operating mines to deliver record coal production of more than 215 million tonnes in 2015/16.

The region's diverse range of businesses provide services in project management, engineering and design, maintenance services and manufacturing, and work with mining houses to deliver innovative, cost-effective and production-efficient solutions.

All of this has seen the region's heavy industrial and engineering sector rise to a world-class standard.

RIN has effectively introduced international mining operators to specific suppliers in our region and aims to connect the right people with the right levels of influence in the resource sector, as well as provide a valuable member network.

RIN also develops practical pathways to businesses succeeding and assists in developing regional capability.

The organisation promotes the area as a region of excellence in the resources services sector, highlighting the innovation and capability of its members and industry as a whole.

Resource Industry Network actively pursues opportunities for its members by continually promoting their strengths to commercial decision makers in the resource sector, as well as to key stakeholders including peak bodies and governments.

RIN welcomes the opportunity to make a submission to the Economics and Governance Committee of the Queensland Legislative Assembly's Inquiry into the Queensland Government's Economic Response to Covid-19.

# COVID19 AND THE METS & RESOURCES SECTORS

Resource Industry Network (RIN) acknowledges that up until now, Covid19 has not had a major impact on the resources sector and ultimately its member base, which is primarily in the METS (mining equipment technology services) sector.

As of the week ending April 28, 2020 (5 weeks after Australia recorded its 100th Covid19 case), the Mackay-Isaac-Whitsunday region recorded a 5.7% decrease in jobs. This was significantly lower than the Queensland and Australian figures of 7.4% and 7.1% respectively.

(Source: Australian Bureau of Statistics - <https://absstats.maps.arcgis.com/apps/MapSeries/index.html?appid=8145ccc521ac457bb838ae63355c98b3>)

Move forward to the week ending May 30, 2020 (11 weeks after Australia recorded its 100th Covid19 case), the region recorded a 5.5% decrease in jobs, compared to Queensland at 6.7% and Australia at 7.5% indicating that the impact has been minimal. RIN believes this decrease this can be attributed to the easing of a number of restrictions around May 16, 2020.

(Source: Australian Bureau of Statistics - <https://www.abs.gov.au/ausstats/abs@nsf/Lookup/6160055001main+features11Week%20ending%2030%20May%202020>)



Mackay-Isaac-Whitsunday Region percentage change in number of weekly payroll jobs over time (%)

(Source: Australian Bureau of Statistics - <https://www.abs.gov.au/ausstats/abs@nsf/Lookup/6160055001main+features11Week%20ending%2030%20May%202020>)

At the outset of Covid19, the early protection of the mining sector as an essential industry is applauded by RIN. Workforces associated with resources and METS were able to move around the state and country, shielding many businesses from the immediate effects of Covid19 that were felt by so many other sectors.

However, while the impacts have been minimal, we believe the sector and this region (Mackay-Isaac-Whitsunday) will experience a delayed effect and is yet to feel the full impact of Covid19.

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# COVID19 AND THE METS & RESOURCES SECTORS (continued)

RIN has observed several notable activities occurring in the resources industry indicating that the effects of Covid19 on the resources and METS sector are yet to be fully reached. These include the mining houses pulling back on projects and cancelling major shutdowns across the region, a downward trend on coal pricing, an increase in the Australian Dollar, and the continued restrictions imposed on the State's borders.

With the recent announcement that Australia was in a recession, RIN believes the Mackay-Isaac-Whitsunday region and its core industries, will experience a delayed effect with demand only starting to noticeably drop off in recent weeks. As stated previously, the resources sector has somewhat been buffered from Covid19 impacts, but RIN believes the full impacts to our region are on the way.

After discussions with several RIN member SME companies, we believe the impacts may last anywhere between 6 months and 3 years.

*"With respect to the road to recovery, the government needs to lift their eyes as it's not going to be 6 months but more along the lines of 2-3 years for everything to get back to normal. They also need to acknowledge there will be a lag in returning to how things were, especially with education and training."* RIN member

# STRATEGIES FOR RECOVERY

As a result of this predicted industry delay and consultation with its members, RIN strongly suggests the following as strategies for recovery for the sector.

## **Financial support for wages and staff of METS businesses**

An extension/review/improvement of the JobKeeper program (or similar) would help with wages and enable greater staff retention. Up until now, most of these businesses have not needed the JobKeeper subsidy. Prior to Covid19, staff retention/attraction was the number one barrier to growth for METS businesses in the MIW region. Businesses were doing everything within their power to retain the staff that they had within the business. The potential slow down that is developing in the region leaves businesses exposed to having to downsize to survive. This will lead to talent leaving the industry and the region. Once the demand for coal increases, mines will look to increase production rapidly. As suppliers, if our local METS businesses do not have the staff available to them for this increase, it will stifle production numbers and therefore decrease royalty benefits to the state.

## **Stimulus package for small to medium businesses**

Assistance to maintain or accelerate business capabilities and technology throughout the road to recovery so SMEs are ready to hit the ground running once in recovery mode. The industry is not looking for handouts based purely on the fact that the coal price has decreased. The Covid19 situation is much bigger than that. Businesses have had to completely overhaul their production processes and redesign the way that they do business on the back of this pandemic. This takes time and resources, and ultimately money. Our METS businesses are only just now recovering from the last downturn and have now invested in restructuring their businesses to keep the doors open during this period. They don't have the cash reserves to ride out another downturn, even if it is only a short one.

## **Supply chain resilience strategies**

Given the issues relating to supply in the sector experienced throughout Covid19, a more focused look at manufacturing in the region is suggested not only to secure supply chains and domestic logistics in the future, but to provide a diverse industry base that complements existing industries in the region.

## **Utilities pricing**

An extension to the control that the government has on utilities pricing would be another benefit to the many METS businesses operating in this region. The sheer size of some of these facilities would benefit from any downward pricing associated with these costs.

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# STRATEGIES FOR RECOVERY (continued)

## **Future-proofed high-speed fibre connectivity**

One of the issues faced by several RIN member businesses in this region was the ability to work online at speed. Infrastructure for high-speed fibre connectivity would alleviate the need to disseminate work to other locations and enhance the region's ability to attract large national and international businesses to establish branches in the region. With the development of the Queensland Government-funded Resources Centre of Excellence almost complete, this would serve as a major incentive for attracting big business, as well as serve the businesses in a far greater capacity that already based here. If the government is serious about regionalising the State, this is an essential roll out for regional Queensland.

## **Video capability**

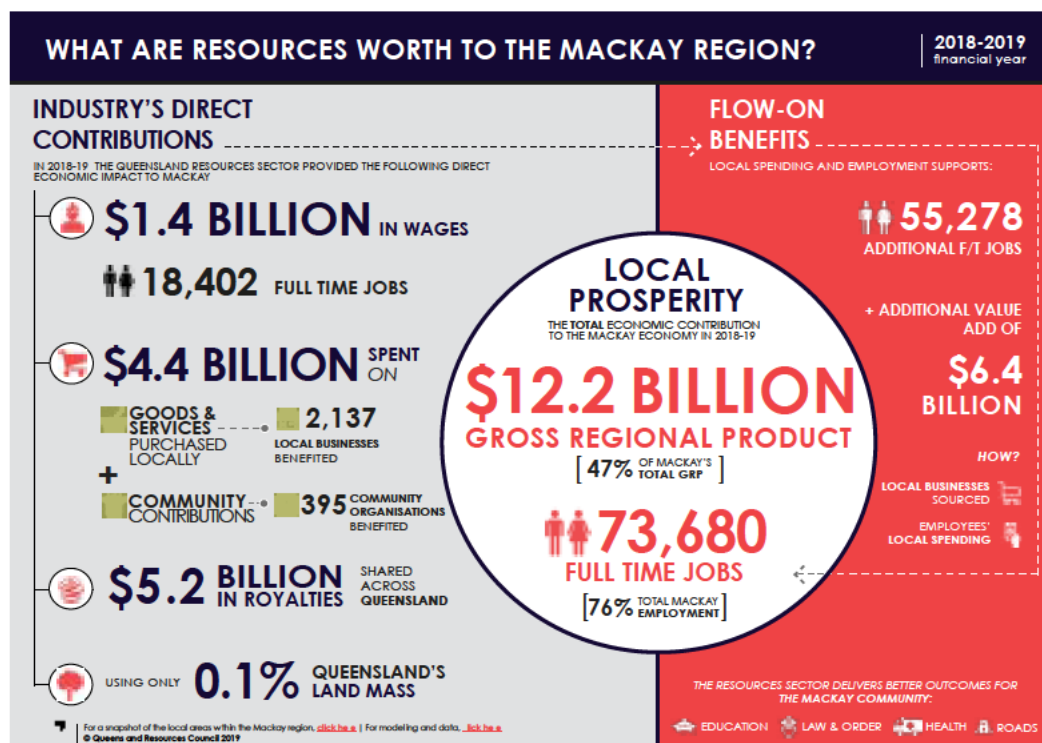
More funding to help METS businesses build video capabilities. A program that assists businesses financially to invest in activities that promote their capabilities to not only the resources sector, but to industries where capability is transferable. Business leaders from around the world are openly saying that business travel will not return to what it was pre-Covid19. The way that businesses interact with their customers and each other has changed for the foreseeable future. The ability to connect with opportunities online will become an important facet of business development. Tools such as capability videos will become essential in increasing awareness of our METS businesses.

## **Exposure to other types of mining**

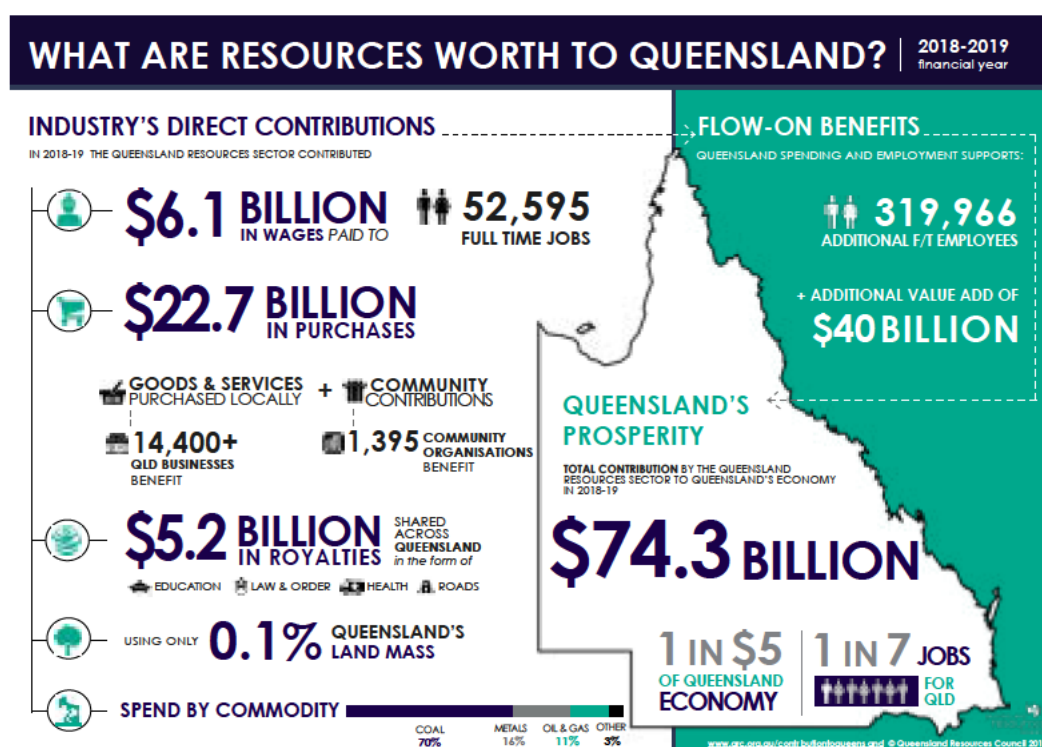
A program that delivers information and opportunities to our METS businesses about diversification into other types of mining, for example, gold mining. Helping these businesses identify other types of mining that suits their capabilities, not only helps diversify their offering, but provides more stability when it comes to downturns. The work that the Queensland Government is doing on the North West Queensland Mineral and Energy Province is a great start but education into how Mackay-Isaac-Whitsunday METS businesses can break into the supply chain for those projects will be a huge step forward in promoting diversification for the region.

# ROYALTIES AT RISK

Queensland resources alone contributed \$5.2 billion in royalties to the state in the 2018–2019 financial year, according to Queensland Resources Council economic contribution data.



Source: Queensland Resources Council



Source: Queensland Resources Council



## ROYALTIES AT RISK (continued)

Queensland resource companies and their employees pay billions of dollars a year in taxes, charges, and royalties to all three levels of government in Australia. Taxes are paid to the Queensland Government through payroll tax, rents, stamp duty, and royalties. Taxes and royalties are spent by the government on behalf of taxpayers across the entire community towards shared services such as health, education, police, community services, and roads.

Given the amount of royalties afforded to the Queensland Government each year from resources, and the benefits this provides all members of the community, RIN believes it is important that the sector and the region is supported during this forecast lag period. Because of the flow-on effects that the resources sector provides, our ability to respond in the recovery will make a huge difference in the lives of every Queenslanders.

If the resources sector and METS sector does not receive assistance because of any Covid19 impacts, then this will result in reduced royalties to the Queensland Government. Royalties that help pay for healthcare, education, roads and much more. The flow-on effect is massive and while we have seen mining houses generously pitching in to assist local business, the Queensland government also needs to find a way to support this crucial industry base.

*"BHP has been great with contributing their assistance throughout all of Covid19, especially by providing mental health initiatives and also by keeping everyone informed."* RIN member

RIN would like to see the aforementioned strategies implemented through the slowdown period so businesses can minimise the impact and continue to keep royalties flowing to the whole of Queensland.

# FEEDBACK FROM RIN MEMBERS

The following is a selection of general feedback received from RIN member companies in relation to Covid19 issues.

## BORDER CLOSURES

- >> The border closures have had a major and negative impact on our business and has created a delay on shutdowns as scheduling has become difficult.
- >> The closure of borders has also made it harder for sourcing contract work and exporting.
- >> The government needs to provide clarity for either reviewing or a direct date for the reopening of borders.
- >> We are happy that restrictions have eased off slightly and that people are able to travel throughout Queensland.
- >> Borders being reopened is an essential need.
- >> All restrictions and bans need to be lifted immediately.

## HIGH RISK GROUPS

- >> In the resources sector, not everyone can work from home. Their work is hands on. With these high-risk categories for workers, clients have put in massive restrictions where people are not allowed to enter the site. This has impacted our business as our employees that do fall under these categories are not allowed to work until the restrictions have been lifted.
- >> Casual employees in the high-risk categories cannot receive any government assistance under JobKeeper. One of our workers cannot receive assistance and is 65 and fit for work. But because he is on casual and in the high-risk category, he is not allowed to work. He has been calling in weekly to see if he can return. We need clarification on when the restriction of high-risk category employees will be lifted so they can return to work and have some form of income.
- >> Our business has been lucky compared to others as we have been able to work from home. The only difficulty was the strain on communication with clients when conduction meetings through platforms like Zoom, as they had to work out how to share screens and it was difficult know if the client understood everything that was said.

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# FEEDBACK FROM RIN MEMBERS (continued)

## COMMUNICATIONS

- >> The information which is available on State websites is frequently kept up-to-date and provides robust information.
- >> There has been a bit of information overload, however, it all was well received and although not all relevant to us, the information was good to know as we could pass it on to those who it was relevant to.
- >> Positive to see how quickly the government acted with getting a policy out and trying to maintain the situation, especially with communications/grants/funding aspects. The grants did not suit everyone but suited a majority.
- >> The media did not provide full information about the grants and funding and we needed to go searching for the information, which was sometimes confusing.
- >> There has been a lot of great communication and great support from all levels of government.
- >> Communications appeared to be politically motivated than definitive community information.

## GRANTS

- >> Grants have been used well by local businesses, especially the RIN grant (using the Local Buying Foundation's grant), which was used to conduct a suite of free webinars. They provided great insight and supported many local businesses.
- >> We found the webinars were good however a lot did not relate directly to us.

# CONCLUSION

RIN believes that the Queensland Parliament Legislative Assembly's inquiry into the Queensland Government's economic response to Covid19 is crucial in paving a way to economic recovery for those who have experienced major disruption, as well as those industries who are yet to feel the impacts, including the resources and METS sectors.

Not only does RIN believe that there are potentially significant impacts in the near future for parts of the mining supply chain, but also many other negative repercussions if strategies for support are not implemented.

The resources sector plays a valuable role in Queensland's economy. All Queenslanders will be affected if the resources sector is stifled as a result of delayed impacts of Covid19. In relation to the impacts of Covid19, regional Queensland and its capacity to thrive depends on swift and robust action from the Queensland Government.





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