ABC

HD **Mining downturn: Bowen Basin communities face tough times but industry talks up coal's future**

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As central Queensland **mining** towns struggle, some still voice optimism in the future of **coal**.

All too often the heady days of a **mining** boom end with a bust but few could have predicted hard times would last so long in central Queensland's resources sector.

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"This has been some of the toughest times for the **coal** industry in about 20 years," said Queensland Resources Council CEO Michael Roche.

He also expressed a **firm** belief in the future of **coal** and the State Government, saying it was working to ensure jobs were created by the approval of new mines further west in the Galilee Basin.

But falling prices resulting from global overproduction mean it could be a tough few years before things turn around in the **coal** sector.

For families at the **coal** face of the Bowen Basin **mining** region, recent announcements of job cuts have cast a grey cloud over the immediate future.

The BHP Mitsubishi Alliance (BMA) continues to talk with workers after announcing last month it would cut 700 jobs across its seven **coal** mines in the Bowen Basin.

BMA is the region's largest employer, with more than 10,000 staff and contractors.

In January, another 300 jobs are set to disappear from the Isaac Plains mine, east of Moranbah, when Sumitomo Corporation shuts down **operations**.

'Entire state will be affected'

Trehan Stenton from Moranbah Traders Association said the loss of so many jobs at once was worrying.

"We need something on the ground now to help us transition during this period," he said.

"It's the entire state that will be affected from Cairns right through down to the **Gold** Coast.

"The cyclical nature of the business is the problem that we have – we need to diversify and look at different ways in which we can manage our resources sector and support services.

"Look at ways and industries we need to bring into the area that will allow us to ride the peaks and flows."

The **mining** slowdown will have a much economic broader impact.

In Rockhampton, **mining**-related businesses are already feeling the pinch of the downturn.

Kent Haggarty runs the **mining** exploration supply **company**, ABC Products.

"We have had to retrench a couple of staff members, we have had to get rid of a few vehicles and lower our stock levels," he said.

Mr Haggarty said the company had about $6 million worth of stock but there was far less demand compared with the boom a few years ago.

"When it is not moving we are probably carrying only 30 percent of what we were in peak times," he said.

His company has branches in Brisbane and recently went in search of gold in Mount Isa to help buffer the bleak returns related to coal exploration.

"The Mt Isa branch is ... for hard rock minerals, so that is your gold, your copper, your zinc and it is basically keeping the wolf from the door for us," he said.

'Our eyes are on the future'

Rockhampton Mayor Margaret Strelow said she remained optimistic despite the downturn.

"From our economy's point of view it is less of a blow than say it might be in Mackay," she said.

"There's an impact, but our eyes are very much on the future."

In communities closer to the mines, the strain of the slowdown is more evident.

There are hundreds of empty houses in Moranbah, Dysart and Blackwater.

In 2011, "sold" signs were a common feature in front yards, but more recently "for lease" and "for sale" placards have taken their place.

Mr Stenton acknowledged one benefit of this was that homes had become more affordable for families who had not been in a position to pay rents of up to $1,000 a week for a basic house.

"When it was booming, the whole market was overheated and unsustainable - housing prices were high and trying to get labour was difficult," he said.

Michael Roche from the Queensland Resources Council said the slowdown was a global issue due to the oversupply of coal.

"It is really the double whammy - a collapse in coal prices and a legacy of high cost structures from the heady days of the boom," he said.

Mr Roche said during the boom many companies took their eye off the ball on costs.

"What we are seeing with the industry right now overall is record levels of production but that's being produced with fewer people," he said.

"This is about ensuring the industry is viable long term and that's why we had to reset costs downwards."

Mr Roche says the cycle would turn because there was still strong demand for coal and markets were performing well in Asia, Japan, Korea, China and India.

"We are very confident of the future of coal."

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