

21 August 2013

Geographic Labour Mobility
Productivity Commission
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MELBOURNE VIC 8003

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Submission in response to the Issues Paper regarding Geographic Labour Mobility

On behalf of the Chair of RDA Hunter, Ms Gaye Hart AM, thank you for visiting us in July. We also appreciate the opportunity to comment on the geographic labour mobility Issues Paper.

Regional Development Australia (RDA) Hunter recognises the importance of an effective labour market that ensures the necessary workforce skills are available when and where required to deliver the level of productivity required to meet policy makers' goals for the State and National economies.

The Hunter - A Region of Opportunity

The Hunter is the seventh largest urban area in Australia and New South Wales' major region for economic activity. The region encompasses 11 local government areas and:

- contributed \$36.9 billion in 2011-12 to make it Australia's largest regional economy;
- contributed more than 8% of Gross State Product and 2.6% of GDP; and
- produces at least 60% of the State's electricity.

In *Prospects and challenges for the Hunter Region – a strategic economic study (2013)* Deloitte Access Economics* estimates that by 2036, the Hunter region's economy will grow by almost 75%, delivering a Gross Regional Product of \$64.8 billion.

* Deloitte Access Economics report available on RDA Hunter website: <http://www.rdahunter.org.au/>

Introducing RDA Hunter

Established in 2009, RDA Hunter is the peak regional development consultative organisation for the Hunter region. Funded by the Australian and NSW Governments, its activities are also supported through project grants and financial contributions from regional partners. Activities focus on collaboratively linking regional community members and businesses to government to address challenges and create opportunities for long-term and sustainable prosperity.

RDA Hunter's vision is for the Hunter region to continue to grow and be recognised nationally and internationally for high quality products and services, well-connected liveable places and a collaborative business culture that delivers Australia's largest regional economy.

This submission starts by following up two of the topics raised in our earlier discussions

1. Fly-in fly-out workers camp
2. Train trip time between Newcastle and Sydney

Proposed fly-in fly-out camp at Singleton

The NSW Government has expressed support for construction of a \$100million MAC camp for 1500 workers near Singleton. In response, Hunter Councils Inc., individual mayors and some locals have voiced concerns about social impacts, requested revisions to related planning laws and a desire to be more directly involved in decision-making for location and construction of temporary workers' camps.

In related developments, 140 mining workers in the Gunnedah Basin were recently retrenched. Despite the availability of this workforce, Whitehaven Coal's managing director Paul Flynn has announced that over the next five years it will hire FIFO workers at its Maules Creek mine, east of Narrabri, as "there is no viable alternative".

Sample of news stories:

Newcastle Herald: Fly-in fly-out alarm bells for Maules Creek by I Kirkwood, 11/06/2013
<http://www.theherald.com.au/story/1564479/fly-in-fly-out-alarm-bells-for-maules-creek/>

Australian Mining: No love lost for Hunter FIFO from councils by M Santhebennur 7/06/2013
<http://www.miningaustralia.com.au/news/no-love-lost-for-hunter-fifo-from-councils>

The Australian: FIFO camp to send mine town of Singleton off the rails by J Owens, 1/06/2013
<http://www.theaustralian.com.au/national-affairs/fifo-camp-to-send-mine-town-of-singleton-off-the-rails/story-fn59niix-1226654876582>

CFMEU: Mining and Energy Division: Communities not Camps: Hunter Mineworkers fear impact of Singleton Camp, 3/04/2013
<http://cfmeu.com.au/communities-not-camps-hunter-mineworkers-fear-impact-of-singleton-camp>

Newcastle Herald: Mining village not wanted, by M Carr 28/03/13
<http://www.theherald.com.au/story/1397240/mining-village-not-wanted/>

Slow train between Newcastle and Sydney

During the days of steam power, the Sydney to Newcastle train trip was typically completed in 2 hours 18 minutes, including a stop at Gosford to change locomotives. A showpiece event in June 1964 saw the infamous 3801 locomotive complete the journey in 2 hours 1 minute and 51 seconds. The XPT service in 1988 made the journey from Sydney Central to Broadmeadow station in 1 hour and 56 minutes.

A media release dated 3 October 2012 from then Infrastructure-NSW CEO, Paul Broad, reported something that is far too familiar to Hunter residents:

“Today it takes me around two hours and 40 minutes on the train from Newcastle to Sydney; that’s slower than the “Newcastle Flyer” steam train before the war,” Mr Broad said.

http://www.infrastructure.nsw.gov.au/media/17027/media_release_rail_.pdf

In response Infrastructure NSW recommends the acceleration of intercity services from a current average speed of 55-60 km/h to 80 km/h...(which) would reduce the journey time from Sydney to Newcastle to two hours. Implementation was proposed for after year 10 of the State Infrastructure Strategy, that is, after 2021.

Proposals have been submitted this year to Transport for NSW and Transport Minister The Hon. Gladys Berejiklian MP by groups such as *Hunter Commuter Group* and *Hunter Transport for Business Development* for a two hour train service with fewer stops between the first and second cities in the State.

Regional economic incentives

Take home pay is not the only determinant of where one chooses to live. And that the majority of Hunter residents enjoy a high quality lifestyle is by and large taken for granted by locals. In a recent comparative analysis of average salaries for 2012-13, workers in Newcastle (+3.4%) and the upper Hunter (+4.0%) appear to have experienced wage increases, whereas Sydney workers have experienced a decrease (-0.7%) in salaries. The impact of the mining boom has somewhat distorted the figures, as the commentary on the figures indicates.

The first four months of the 2012-2013 financial year were the last months of the mining boom. Most annual salaries were locked in which is reflected in this survey snapshot. The experience of the latter half of that financial year is likely to be reflected in 2013-2014 average salaries, many of which would have been budgeted to commence in the past six weeks.

“2012 -2013 Hunter & Central Coast Salary Snapshot” prepared by Forsythes Recruitment.

<http://forsythesrecruitment.com.au/news/2013/8/16/2012-2013-local-salary-survey-results-out-now-/?6331>

Advances in communication technologies

We believe that comments by participants in two strategic conversations hosted by RDA Hunter this year regarding the future of creative industries in the region may also be of interest to this labour mobility study.

On the topic of digital content and delivery, business leaders and practitioners told RDA Hunter that they see:

- High speed broadband is a catalyst for change.
- A great deal of interest in the digital space is bringing opportunities for cross-industry collaborations.
- The digital economy is a driver of economic transformation.
- Social media is now a natural part of what is carried out in a normal working day.
- There is now an expectation that organisations will use social media as a part of their business.
- High speed internet will help connect people, but will also create fierce competition on a global scale for jobs.
- A future in which cluster incubators create opportunities for 3 or 4 specialisations to link with a business manager thereby creating a 'small business' out of micro businesses.
- Working in co-located spaces will become increasingly important.

On behalf of RDA Hunter, thank you again for the opportunity to contribute to the study and we look forward to reading the report.

If you have any questions or would like further information, please call **02 4908 7302**.

Yours faithfully

Trevor John
Acting Executive Director
RDA Hunter