

Minerals Council of Australia

Response to questions on notice from Senator Doug Cameron

Bulga Milbrodale Progress Association Inc. v Minister for Planning and Environment and Warkworth Mining Limited [2013] NSWLEC 1948 (15 April 2013).

1. Would you advise the Committee whether the criticisms in the judgement can be equally applied to the economic predictions arising from economic modelling made by the Minerals Council in its submissions on behalf of its members to this inquiry?
2. Given the Court's criticism of the company's economic analysis in the Warkworth mine expansion case, how can the Committee be confident that the economic analysis put by the Minerals Council of Australia to the committee does not suffer from the same weaknesses and flaws exposed in the Warkworth decision?
3. How many of the jobs created in the minerals sector results in displacement of jobs in other areas of the Australian economy?
4. What proportion of job vacancies in the minerals sector are filled by new entrants to the labour market?
5. What proportion of job vacancies in the minerals sector are filled by employees who in the period immediately prior to their employment in the sector were unemployed?

Response:

The Minerals Council of Australia notes that this question does not appear to relate to the terms of reference of the inquiry. However, the Minerals Council can provide the following information which may be of assistance to Senator Cameron and the committee:

As outlined in our submission, there is a significant body of evidence on the positive contribution of mining to Government revenue, the Australian economy and the broader Australian community. Much of this evidence includes research by Government bodies including the Bureau for Resource and Energy Economics (BREE), Reserve Bank of Australia (RBA) and Australian Treasury.

BREE research shows that over the period of the mining boom, between 2002-03 to 2011-12, Australia performed better across a range of key economic variables compared with the preceding eight years. Recent RBA research finds that resource economy accounted for around 18 per cent of gross value added in 2011/12 and around 10 per cent of total employment given the flow through of mining to business services, construction, transport and manufacturing.

This research is publicly available at:

<http://www.rba.gov.au/publications/rdp/2013/pdf/rdp2013-02.pdf>

http://www.bree.gov.au/documents/presentations/ANCRE-SEP2012_ProfGrafton_speech-text.pdf

In relation to the labour market impacts of the mining boom, in addition to the above mentioned BREE and RBA research outlining the positive impact on employment in Australia, the MCA's submission notes Treasury analysis shows that over the course of the mining boom a smaller proportion of regional areas have experienced high unemployment.

<http://www.treasury.gov.au/PublicationsAndMedia/Speeches/2011/The-macroeconomic-and-structural-implications>

The MCA KPMG Analysis of the Changing Resident Demographic Profile of Australia's Mining Communities (February 2013) shows that there is higher full-time employment in mining regions – 66 per cent compared with 58 per cent across regional Australia in general.

All but two mining regions recorded an unemployment rate below the national unemployment rate (5.2 per cent) and the regional Australian unemployment rate (5.4 per cent)

Unemployment rate

Region	%
Bowen Basin	2.5
Galilee Basin	2.8
Surat Basin	4.0
NW Qld	9.0
Pilbara	2.1
Kalgoorlie-Boulder	2.0
Central West	6.9
Hunter Valley	3.6
Central SA	2.6

Mining represents 17 per cent of the total workforce in mining regions compared to 2% nationally.

Around 5 per cent of the minerals workforce is comprised of apprentices and trainees (Training and Education Activity in the Minerals Sector, NCVET, 2013).

Further, the mining industry is also the biggest employer of indigenous Australians, many in regional and remote areas.