

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Budget Senate Estimates

31 May 2011

Question: **BR10**
Topic: **Tertiary Institutions**
Proof Hansard Page: **23**

Ms Constable: The companies have relationships with many of the tertiary institutions around Australia. In Western Australia, Queensland, New South Wales, and certainly in South Australia, every company has a relationship with their tertiary institutions to provide a program and requests on ensuring that they bring the appropriate skills through those tertiary institutions so that they are available to come on line at appropriate times for projects. There is certainly a lot of work being done by the companies themselves.

Senator CAMERON: So there is a lot of work being done. How many apprentices are being employed by the mining companies?

Ms Constable: Every year?

Senator CAMERON: You can take that on notice—if you can give me some advice on the number of apprentices over the last five years, and company projections into the next five years, if that is possible, on their direct employment of apprentices. In relation to the \$170 billion worth of investment, are there any figures for engineering projects being built within Australia and what the value of those projects is? I am not talking about projects actually building the mine but about suppliers—steel supplies, engineering supplies—to the companies. This is basically the downstream manufacturing capacity for the mining industry. Is there a figure on that?

Ms Constable: We can certainly get you those figures. The mining companies, in particular, source most of their local content from Australia as it relates to engineering activities. Thinking about a company yesterday talking about a specific new project, it can be as high as 85 per cent of their project; the local content is going to come from Australia. That is not unique in the mining industry per se. It is quite common for a large proportion of it—

Answer:

In relation to the question on “*How many apprentices are being employed by the mining companies*” the following is provided.

The National Centre for Vocational Education Research (NCVER) publishes information about tertiary and vocational education and training statistics (<http://www.ncver.edu.au>). NCVER’s statistics indicate that there has been a rapid increase in the number of apprentices employed in the mining sector, with just over 7,800 apprentices and trainees employed in the mining sector in the December quarter 2010, compared to just over 2,800 apprentices and trainees in the December quarter 2005 (average growth rate of 22.7% per year).

Table 1 at **Attachment A** includes a breakdown of the number of persons undertaking training in selected industries, from 2005 to 2010. The mining sector's 1.8 per cent share of the persons in training is comparable to the sector's 1.8 per cent share of Australia's workforce as at February 2011, seasonally adjusted.

The NCVET database does not include projections of future numbers of apprentices. However, analysis undertaken as part of the National Resources Sector Employment Taskforce (NRSET) report *Resources the Future* (July 2010) includes projections of the number of technicians and tradespeople required from 2010 to 2015. The modelling suggests overall mining sector employment average growth of 4.9 per cent a year from 2008 to 2015. Of this technicians and tradespeople required 2008 base employment of 37,833 is expected to grow by a further 15,080 to 2015, reaching a total of 52,913. The *Resourcing the Future* report can be found at: <http://www.deewr.gov.au/Skills/Programs/National/nrset/Pages/default.aspx>

In relation to Senator Cameron's question about the value of Australian supplies with respect to ***“downstream manufacturing capacity for the mining industry”***:

The figure of \$173.5 billion for the 94 projects that are at an advanced stage of development as listed in ABARES' *Minerals and energy major development projects – April 2011 listing*, as these projects have commencement dates that range from 2011 until at least 2018, so that the capital expenditure would be spread over at least seven years. The listing can be found at: http://adl.brs.gov.au/data/warehouse/pe_abares99010544/MEprojectsApril2011_REPORT.pdf.

Australian Bureau of Statistics (ABS), most recent single year estimate of all private new capital expenditure in the mining sector in 2009-10 was \$35.7 billion. In addition, private new capital expenditure for primary Metal and Metal Product Manufacturing in 2009 – 2010 was \$3.021 billion.

RET does not have a capital expenditure estimate for mining's domestic manufacturing and engineering component.

However, ABARES has estimated the revenue earned by Australia's Mining Technology Services and Equipment (MTSE) sector. In 2008 – 2009 the estimate for MTSE domestic sales revenue was \$6.2 billion and MTSE export sales revenue was \$2.5 billion.

The ABARES definition of the MTSE sector includes: technology applications; equipment and machinery manufacture and supply; consulting services (incl. geological, mining and geotechnical engineering); and contract services. It does not include transportation and infrastructure, or commercially available goods and services of a general nature that may be used by the mining but cannot be identified as minerals industry specific, for example material inputs, such as steel supplies.

Attachment A

Table 1: Employer Industry (ANZSIC) by Reporting period, for Estimates, In-training

	Numbers						Growth (% annual increase)						Contribution (% of total)					
	Oct - Dec 2005	Oct - Dec 2006	Oct - Dec 2007	Oct - Dec 2008	Oct - Dec 2009	Oct - Dec 2010	Oct - Dec 2006	Oct - Dec 2007	Oct - Dec 2008	Oct - Dec 2009	Oct - Dec 2010	Average Growth Rate	Oct - Dec 2005	Oct - Dec 2006	Oct - Dec 2007	Oct - Dec 2008	Oct - Dec 2009	Oct - Dec 2010
Agriculture, Forestry and Fishing (A)	4,914	4,338	3,945	4,303	4,424	5,661	-11.7%	-9.1%	9.1%	2.8%	28.0%	2.9%	1.3%	1.1%	1.0%	1.0%	1.1%	1.3%
Mining (B)*	2,830	3,138	4,131	5,264	6,741	7,858	10.9%	31.6%	27.4%	28.1%	16.6%	22.7%	0.7%	0.8%	1.0%	1.3%	1.6%	1.8%
Manufacturing (C)	64,518	61,472	58,707	56,021	53,257	55,849	-4.7%	-4.5%	-4.6%	-4.9%	4.9%	-2.8%	16.5%	15.5%	14.5%	13.5%	12.8%	12.7%
Electricity, Gas, Water and Waste Services (D)	10,232	11,295	13,010	12,791	11,542	11,455	10.4%	15.2%	-1.7%	-9.8%	-0.8%	2.3%	2.6%	2.9%	3.2%	3.1%	2.8%	2.6%
Construction (E)	55,934	61,527	67,371	71,159	71,058	77,014	10.0%	9.5%	5.6%	-0.1%	8.4%	6.6%	14.3%	15.5%	16.6%	17.1%	17.1%	17.5%
Wholesale Trade (F)	15,456	14,450	14,035	12,068	12,127	12,314	-6.5%	-2.9%	-14.0%	0.5%	1.5%	-4.4%	4.0%	3.6%	3.5%	2.9%	2.9%	2.8%
Retail Trade (G)	31,973	32,545	32,731	36,401	34,917	36,630	1.8%	0.6%	11.2%	-4.1%	4.9%	2.8%	8.2%	8.2%	8.1%	8.7%	8.4%	8.3%
Accommodation (H)	36,064	37,099	38,916	40,392	43,659	46,311	2.9%	4.9%	3.8%	8.1%	6.1%	5.1%	9.2%	9.4%	9.6%	9.7%	10.5%	10.5%
Transport, Postal and Warehousing (I)	24,966	24,654	23,630	24,525	25,862	25,216	-1.2%	-4.2%	3.8%	5.5%	-2.5%	0.2%	6.4%	6.2%	5.8%	5.9%	6.2%	5.7%
Information Media and Telecommunication (J)	5,363	5,149	5,715	5,546	5,963	7,152	-4.0%	11.0%	-3.0%	7.5%	19.9%	5.9%	1.4%	1.3%	1.4%	1.3%	1.4%	1.6%
Financial and Insurance Services (K)	5,836	6,572	6,019	5,906	5,770	7,272	12.6%	-8.4%	-1.9%	-2.3%	26.0%	4.5%	1.5%	1.7%	1.5%	1.4%	1.4%	1.7%
Rental, Hiring and Real Estate Services (L)	2,930	2,739	2,592	2,243	3,208	4,212	-6.5%	-5.4%	-13.5%	43.0%	31.3%	7.5%	0.7%	0.7%	0.6%	0.5%	0.8%	1.0%
Professional, Scientific and Technical Services (M)	7,680	8,603	9,536	10,228	9,990	12,124	12.0%	10.8%	7.3%	-2.3%	21.4%	9.6%	2.0%	2.2%	2.4%	2.5%	2.4%	2.8%
Administrative and Support Services (N)	40,240	40,587	38,506	37,686	35,438	37,455	0.9%	-5.1%	-2.1%	-6.0%	5.7%	-1.4%	10.3%	10.3%	9.5%	9.1%	8.6%	8.5%
Public Administration and Safety (O)	17,935	17,126	17,787	18,555	15,994	15,538	-4.5%	3.9%	4.3%	-13.8%	-2.9%	-2.8%	4.6%	4.3%	4.4%	4.5%	3.9%	3.5%
Education and Training (P)	6,822	7,138	6,983	8,586	8,446	8,258	4.6%	-2.2%	23.0%	-1.6%	-2.2%	3.9%	1.7%	1.8%	1.7%	2.1%	2.0%	1.9%
Health Care and Social Assistance (Q)	22,596	22,226	23,954	26,554	28,127	31,423	-1.6%	7.8%	10.9%	5.9%	11.7%	6.8%	5.8%	5.6%	5.9%	6.4%	6.8%	7.1%
Arts and Recreation Services (R)	2,021	1,957	2,514	3,215	3,822	4,453	-3.2%	28.5%	27.9%	18.9%	16.5%	17.1%	0.5%	0.5%	0.6%	0.8%	0.9%	1.0%
Other Services (S)	30,395	32,015	33,854	33,856	33,478	33,967	5.3%	5.7%	0.0%	-1.1%	1.5%	2.2%	7.8%	8.1%	8.4%	8.1%	8.1%	7.7%
Not Known	2,090	1,310	828	968	654	488	-37.3%	-36.8%	16.9%	-32.4%	-25.4%	-25.2%	0.5%	0.3%	0.2%	0.2%	0.2%	0.1%
Total	390,795	395,940	404,764	416,267	414,474	440,650	1.3%	2.2%	2.8%	-0.4%	6.3%	2.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source: NCVET - COT Collection 67 - Regions

*Note: the mining industry engages apprentices and trainees in many subject areas (e.g. lab technicians, horticulturalists, cooks etc), as well as mining positions. The data above includes all of these subject areas, not just persons directly engaged in mining.