

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Budget Estimates

3 June 2013

Question: BR2

Topic: Coal Industry Jobs

Proof Hansard Page: 113-115

Senator Bushby asked:

Senator BUSHBY: Can you tell me how many coal industry jobs has actually disappeared in the past 12 months?

Ms Constable: I do not have that number at hand, but I would say that over the last few years about 9,000 jobs overall that have disappeared in the coal sector. I would have to get you the exact figures and timeframes. The figures are right but the exact timeframe I will have to take on notice.

Senator BUSHBY: How many are still employed in the coal industry?

Ms Harman: Sorry, Senator, could you please repeat your question?

Senator BUSHBY: We just heard that 9,000 jobs have been lost in the coal industry over the last few years. I am wondering how many are still employed directly in the industry.

Ms Harman: I may not have to hand all the job losses that have occurred. I could take you through the job losses.

Mr Comley: Just the total employed and still employed in the coal industry.

Ms Harman: That may take me a moment.

Senator BUSHBY: That is okay. If you have other interesting things you could read out along the way I would probably be interested in that.

Ms Harman: I do not think I have that figure.

Ms Constable: We will have to take that on notice, Senator. Sorry. [Answered on Page 115]

Senator BUSHBY: Presumably it is more than the 9,000 already lost, though? Last I heard there were 50,000-odd or that sort of scale. Is the department aware of any disruptions or delays to the construction of the Gorgon project in Western Australia?

Mr Comley: We are certainly aware that there has been a revision to the cost estimates for the Gorgon project. The reason I am hesitating a little bit is to remember the sequence of when announcements are made. We would certainly not be aware of additional delays other than what has been announced by the joint venturers, which was the announcement that, I think, changed the cost and timing schedule and increased the total project cost from \$43 billion to \$52 billion. That is the most recently available information on the Gorgon project.

Senator BUSHBY: In respect of that announcement, what is the department's understanding of the causes and the dimensions of any impacts from those delays?

Mr Comley: We have had a number of conversations with the joint venture partners. Some of it relates to the nature of the site that they are working on, which poses some logistical problems in terms of moving material and scheduling the work. That has had some impact on the productivity of

the site because it can affect the sequencing of the work and, therefore, whether materials are available at the right time. Other elements, I think, may be just related to when you do big one-off projects. You learn on the way as to what the best way to do it is. I think the site is the thing that is quite significant, as well as other productivity issues that have impacted on the overall timing.

Senator BUSHBY: Do other productivity issues include shortage of skilled labour?

Mr Comley: To be honest, that has not been much of an issue raised with me. I think there have been issues raised with me in terms of getting the teams themselves to increase their productivity and sequencing that with supplies available to the island. They have been the main issues raised with me.

Senator BUSHBY: Has a shortage of skilled labour been raised in the context of other construction projects or other offshore projects?

Mr Comley: Yes, some have raised issues of shortage of skilled labour. If you are thinking about the breakdown, people do not come and say: "There is three per cent associated with this and five per cent associated with that." It is a general list of concerns.

Senator BUSHBY: Each one of which cumulatively adds to the challenge.

Mr Comley: I think the project proponents themselves, when you have a discussion with them and you actually ask for a breakdown to try and get a sense of what is important from a policy perspective, do not typically give a precise disaggregation, because I think that they think these things interact.

Senator BUSHBY: A lot of these projects seem to use to some degree controversially-457 visas. Does the department see that the use of 457 visas assists the viability of these projects in meeting a shortage of skilled labour?

Mr Comley: Obviously, overall immigration policy is not the responsibility of the department, but it is clear that some skill shortages are alleviated by the access to 457 visas.

Senator BUSHBY: If they were not available, either absolutely or as easily or readily, would there be consequences for some of these projects in terms of their viability? We mentioned before the cumulative nature of these things. This will be one of those factors but-

Mr Comley: I think anything that reduces the available pool of labour to a project is going to have implications for that project.

Senator BUSHBY: I note your comment a moment ago that immigration issues are for another department, but have you had any feedback about the 457 visa system, how it works and whether it is working adequately to meet the needs of resource project proponents?

Mr Comley: I will ask Ms Constable to comment. I must admit that in most of the interactions I have had with the larger companies they have certainly found access to 457 as being very useful for their projects. I have not, to be honest, in the three months I have been in the job, had a long list of concerns about the 457 operation, but Ms Constable has been in the area for longer.

Ms Constable: The 457 visas have certainly been used appropriately by the resources sector. They have found, where they have not been able to fill positions with Australian workers, that the 457 visa has been very useful for skilled and semiskilled positions. That has been augmented

recently, of course, with the introduction of the enterprise migration agreement process. Some projects have been going through the process of doing appropriate labour market testing to determine whether there are Australian workers available, and, where they are not, have put their projects forward for enterprise migration agreements. So the 457 visa class has certainly been effective for the resources sector over the last few years where we have seen a huge rise in resource projects in Australia. I would certainly say that it has been successful. That has been something that

has been put forward by the major resource industry associations as being helpful to the industry. Companies have put those views forward those as well.

Senator BUSHBY: Just a final question on that: are you aware of any projects or companies encountering difficulties in securing 457 visas for would-be employees?

Ms Constable: Not recently. We have not had any project proponents come forward and say that they have had difficulties securing 457 visas. Working very closely with the immigration department and through the National Resources Sector Workforce Strategy, which we put into place a few years ago, we had a panel that looked at how we might improve 457 access for the resources sector. The immigration department has certainly worked very hard to make sure that the resources sector, where it has been needed-where they have not been able to secure Australian workers-have been able to use this visa class to secure workers. I also have the answer to the question you asked on employment in coalmining. The numbers, as they stand at November 2012, are 46,700 direct workers in coalmining.

Senator BUSHBY: I do not know whether you have a figure for the broader employment impact. Is that something that you have readily? If not, maybe take it on notice.

Ms Constable: I will take that one on notice.

Answer:

Coal Mining Employment

Employment in the coal sector was estimated at 49,500 employees (total full time plus part time employment) as at May 2013 according to the Australian Bureau of Statistics (ABS) (latest ABS estimate, released 20 June 2013).¹ This latest ABS publication identifies that the comparable estimate for November 2012 was 46,200 employees. The peak employment in the coal mining sector was 63,100 employees at May 2012.

According to the Australian Coal Association, the coal industry peak body, an estimated 9,000 jobs has been lost in the past 12 to 15 months.²

457 Visas

The Department is not aware of any project proponents or companies that are encountering difficulties securing 457 visas for would-be employees.

¹ ABS *Labour Force, Australia, Detailed, Quarterly, May 2013* (6291.0.55.003), Table 06 Employed Persons by Industry Subdivision and Sex

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003May%202013?OpenDocument>

² <http://www.australiancoal.com.au/images/2013-05-14%20%20ACA%20MR%20%20Federal%20Budget%20-%20A%20missed%20opportunity%20to%20boost%20Australia's%20competitiveness%20and%20productivity.pdf>