



Mining

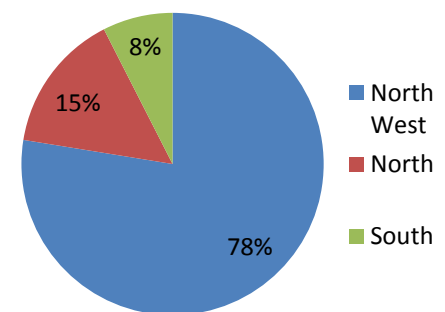
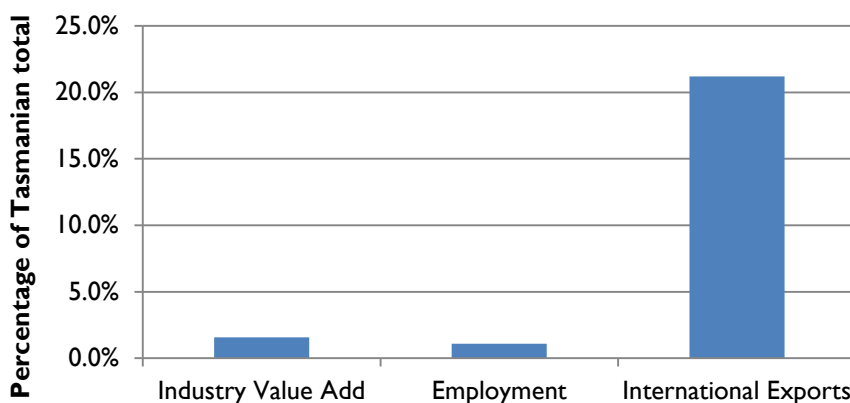
The trade and investment sectors contained in the sector summary series have been compiled from Australian and New Zealand Standard Industry Classification (ANZSIC) classes using a value chain approach. This means that industry classes from ANZSIC have been grouped together to provide estimates of the size of the particular sectors.

Coverage: the exploration for and extraction of metallic and non-metallic ores. Mineral processing is covered in a separate report.

Key indicators

Regional employment

Mining



The above statistics have been represented to the nearest whole number.

Key statistics at a glance

Indicator	Units	Period	Data	Change from five years ago	Per cent of Tasmania	Per cent of Australia
Industry value add ^(a)	\$M	2012-13	\$379	14.2%	1.6%	10.3%
Employment ^(b)	No.	2011	2 300	58.6%	1.1%	1.8%
International exports ^(c)	\$M	2012-13	\$644	NA	21.2%	59.3%
Incomes (average weekly) ^(d)	\$	2011	\$1 473	19.8%	167.0%	190.1%
Education ^(e)	No.	2011	591	NA	25.7%	50.3%
Employment (proportion full/part) ^(f)	Type	2011	Full-time	NA	92.4%	93.0%

Sources: Australian Bureau of Statistics (ABS) (2012, 2013), Department of Economic Development, Tourism and the Arts (2013), Department of State Growth (2014), AEC Group

(a) Source AEC Group. Industry value add (IVA) is a component of the ABS estimate of Gross State Product and measures the total value of goods and services produced by the sector, less the value of inputs. Estimated change in IVA from five years ago for a sector is heavily influenced by change at the highest "ANZSIC Division 1" level of industry aggregation and is not reported.

(b) 2011 ABS Census. AEC Group considers this the most accurate estimate of employment at the detailed four-digit ANZSIC level.

(c) Estimates of international exports using ABS data.

(d) 2011 ABS Census. This includes employment and non-employment related income (e.g. rents, dividends, interest, child support and government pensions and allowances). A percentage above 100 per cent of average weekly income suggests workers in this industry earn higher than the average wage.

(e) 2011 ABS Census. Education measured by the number of employees who have completed Year 12 (or equivalent studies). Per cent of Tasmania/Australia shows the proportion of workers in this sector who have attained this level of education.

(f) 2011 ABS Census. Per cent of Tasmania/Australia shows the proportion of workers employed in this manner.

Summary of sector

Tasmania is one of the most highly, and diversely, mineralised areas in the world, supporting an active and growing mining sector. Resource extraction in 2012-13 resulted in an estimated \$379 million contribution to Gross State Product, representing 1.6 per cent of GSP and 21.2 per cent of Tasmania's export earnings.

The mining and mineral processing sectors combined represent more than 50 per cent of the state's earnings from international exports.

A survey of Tasmanian mining companies commissioned by the Tasmanian Mineral and Energy Council identified that the sector in 2010-11, spent \$323 million on goods and services in Tasmania, dealt with 347 individual Tasmanian suppliers and businesses, and spent \$63.7 million in capital expenditure.

The survey also identified an increase of 12 per cent in expenditure on exploration of mining leases by those surveyed over the 2008-09 to 2009-10 period. The industry also paid \$40.2 million in mineral royalties to the state in the period 2012-13 this was the highest for twelve years with Tasmania's share of the total Australian exploration expenditure rising since 2005 from 1.2 per cent to 1.6 per cent in 2013-14.

As at June 2014, there were 560 mining leases held in Tasmania. The majority of these are for construction materials (road base and surfacing materials, gravel, sand and clay). There are currently 11 firms that conduct major mining operations in Tasmania. These are Cement Australia, Sibelco Lime, Dr Allan Bond and Associates, Tasmania Mines, Circular Head Dolomite, Bluestone Mines, Grange Resources, Tasmania Advanced Minerals, MMG, Unity Mining, and Copper Mines of Tasmania.

Tasmania has extensive high-grade mineral deposits that are close to transport, water and power infrastructure, and supportive legislation for exploration and development. Major minerals extracted include copper, gold, lead, silver, tin, zinc and ultra-high purity silica flour. Some natural gas from offshore Tasmania (in Bass Strait) is processed onshore in Victoria.

The major factors affecting the performance of the mining sector will continue to be the pace of world economic growth and associated resource demand, the competitiveness of Australian producers and the value of the Australian dollar. In particular the demand for commodities from growth economies in Asia will impact on the industry in Tasmania. Australian and Tasmanian governments have little control over these factors.

There are also some perceptions relating to sovereign-risk issues (primarily in relation to environmental matters and security of land access) in Tasmania. Working to address these, where they exist, will assist the state's mining sector maximise its potential for growth.

Due to a variety of global forces, the prices received for minerals tend to be particularly volatile. Forecasting for the Tasmanian mining sector is difficult due to this uncertainty. However, the industry sector has achieved strong growth in the past and a growth trend is likely to continue in the medium term as long as global demand, in particular from Asia, continues to grow.

As of early 2014, Shree Minerals and Venture Minerals have iron-ore mines under development, Torque Mining and BCD have been developing the Stormont gold mine, and several projects are under study that will expand the mining sector in Tasmania. These include projects by Tasmania Magnesite (magnesite), Torque Mining (silver, gold, lead zinc), Venture Minerals (iron, tin, tungsten), the potential reopening of the MMG Auebury mine (nickel), King Island Scheelite Ltd (tungsten), Stellar Resources (tin), Australian Bauxite (bauxite), Hardrock Coal Mining (coal), TNT Mines (tin, tungsten), Bass Metals (gold, zinc, lead, silver, copper), Cresswell Transport (dolomite), Elementos (tin, copper), Mancala (gold, zinc, lead, silver, copper) and Forward Mining (iron).

Investment and demand from emerging markets, particularly in Asia, continue to underpin the growth in mining operations and exploration in the state, despite some recent weakness in commodity prices. Additionally, exploration activity and mining sector investment have recovered from the effects of the Global Financial Crisis, pointing towards the continued growth of the mining sector. The production of high-quality, globally-competitive, geoscientific data also supports increased exploration.

Constraints and opportunities

Constraints/risks

- Rising energy costs.
- The low population base in Western Tasmania can lead to skill shortages in times of high demand if not carefully managed.
- Possible constraints on transport infrastructure in the North West.
- Industry's concerns regarding environmental regulation and uncertainty of land access in Tasmania, as expressed in the Fraser Institute's Annual Survey of Mining Companies 2012-13, in which Tasmania ranks 95 out of 112 jurisdictions globally, second only to Victoria at rank 98.
- Economic uncertainty and exposure to changes in exchange rates and commodity prices.

Opportunities

- Further encouragement of downstream processing by existing and new mining operators and the facilitation of value adding opportunities.
- Opportunities to market Tasmania as an investment location to international markets.
- Increasing the generation and promotion of the pre-commercial geological information.
- Ensuring the capacity of infrastructure to support emerging projects as they are developed, and supporting the outcomes of the Western Tasmania Industry Infrastructure Study.
- Working to remove infrastructure bottlenecks and support the potential sharing of processing infrastructure. The development of a Class C land fill cell to address the current lack of a controlled-waste disposal site.
- Making energy costs more competitive, through alternative energy sources and co-generation.

As a key export sector of the Tasmanian economy, promoting a competitive, business-enabling environment for the continued sustainable growth of the mining sector in Tasmania is a priority. Key focuses for promoting growth include maintaining a sound regulatory environment, providing efficient and effective infrastructure (including world-quality geoscientific information), and marketing Tasmanian mineral opportunities worldwide.

Strategy summary

Industry strategy

The Tasmanian mining sector, through its peak body the Tasmanian Minerals and Energy Council, promotes the development of a safe, profitable and sustainable minerals sector, which operates within community expectations, through the following four areas:

- Supporting public policy settings that allow for environmentally sustainable economic growth, a competitive investment environment, and a skilled and productive workforce.
- Ensuring that safety at work is a priority issue for Tasmania's mines and mineral processors.
- Meeting community expectation that the principles of good environmental management underlie mining activity in Tasmania.
- Encouraging a pipeline of future minerals resource projects by supporting the development of an active exploration sector.

Government strategy

The Tasmanian Government is committed to supporting the growth of the mining sector in Tasmania through a range of targeted measures:

- Providing a stable world-class regulatory framework for exploration, development, project approval, safety and environmental assessment.
- Encouraging the development of a skilled, productive and flexible workforce.
- Maintaining efficient export infrastructure, and planning for future growth, in consultation with the industry and the community.
- Assisting in planning for a controlled waste disposal site in Tasmania.
- Ensuring the investment community has correct perceptions about the Tasmanian investment environment.
- Reducing commercial risk in exploration by generating and disseminating geoscientific data.
- Marketing Tasmania as an investment location and supporting further downstream processing by existing mining operators and the identification of value adding opportunities.