



MINING, ELECTRICITY AND GAS OPERATIONS

**AUSTRALIA
PRELIMINARY**

EMBARGO: 11.30AM (CANBERRA TIME) MON 26 FEB 2001

C O N T E N T S

	<i>page</i>
Notes	2
Summary of findings	3

T A B L E S

MINING OPERATIONS, MANAGEMENT UNIT LEVEL

1 Mining operations, by industry, summary, 1998–99 and 1999–2000	10
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ELECTRICITY, GAS, WATER AND SEWERAGE OPERATIONS, MANAGEMENT UNIT LEVEL

2 Electricity operations, summary, 1998–99 and 1999–2000	11
3 Gas operations, summary, 1998–99 and 1999–2000	12
4 Water and sewerage operations, summary, 1998–99 and 1999–2000	12

A D D I T I O N A L I N F O R M A T I O N

Explanatory notes	13
Glossary	17

- For further information about these and related statistics, contact the National Information Service on 1300 135 070 or Andrew Middleton on Adelaide 08 8237 7306.

NOTES

ABOUT THIS PUBLICATION

This publication presents preliminary national results for 1999–2000 from the Mining Collection, Electricity and Gas Industries Collection and the Water and Sewerage Survey. This issue of the publication differs from previous issues in that it also includes management unit data for ANZSIC Subdivision 15 (Services to mining) and ANZSIC Subdivision 37 (Water supply, sewerage and drainage services).

Final data, which will also include State and Territory estimates for selected industries, will be available in the final publications, *Mining Operations, Australia, 1999–2000* (Cat. no. 8415.0) and *Electricity, Gas, Water and Sewerage Industries, Australia, 1999–2000* (Cat. no. 8208.0) scheduled for release later in 2001.

DATA COMPARISONS

Data for 1999–2000 relates only to management units. Comparisons with data for earlier periods should only be made with previous management unit data, not previous establishment data.

There has also been substantial restructuring within the electricity, gas and water and sewerage industries in recent years which has continued in 1999–2000.

Further notes on the scope and definitions are provided in the Explanatory Notes, paragraphs 4–15.



ABBREVIATIONS

\$b	billion dollars—thousand million
\$m	million dollars
\$US	United States dollars
ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
EBIT	Earnings before interest and tax
ESAA	Electricity Supply Association of Australia
IVA	Industry value added
MCA	Minerals Council of Australia
n.a.	not available
n.e.c.	not elsewhere classified
OPBT	Operating profit before tax
RIU	Resource Information Unit
RSE	Relative standard error
SE	Standard error

Dennis Trewin
Australian Statistician

SUMMARY OF FINDINGS

MINING

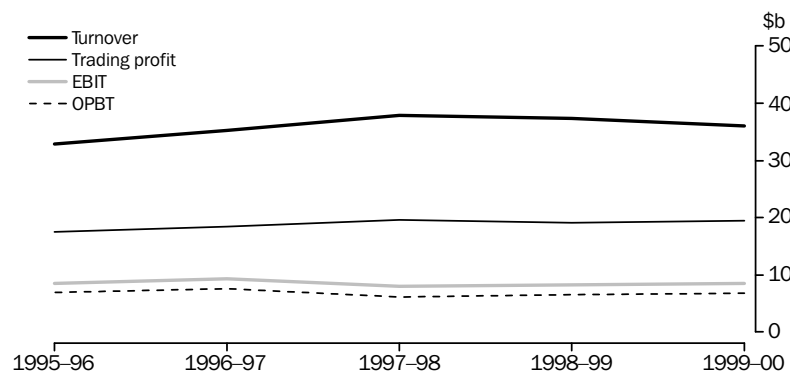
After a sustained period of price decreases, several mining industries experienced price increases during 1999–2000. The standout among these was the oil and gas extraction industry where the price of oil climbed from a low of around \$US12 per barrel in mid-1999 to well over \$US30 per barrel during 2000. Lead, copper and nickel prices also rose during the reference period. However, the major commodities of coal and gold remained under pressure. Australian producers and exporters though, retained some measure of protection against relatively low prices for many commodities through the continued weak position of the Australian dollar as most contracts are written in US dollars.

The coal mining industry continued to experience falling prices and an excess world supply situation that acted to counter a recovering Asian economic situation. This situation has caused significant industry restructuring with several key producers rationalising their role and level of involvement in the coal industry. Staff cuts and mine closures, along with improvements in efficiency, have been the order of the day as producers strive to remain competitive.

The gold ore mining industry has experienced low prices and uncertainty caused by central bank gold sales, although the latter has now stabilised following the 1999 Washington Accord. Production has fallen and several high cost mines have closed. A number of mergers have also occurred as producers attempt to reduce costs and improve their asset base position.

Other mining grew during 1999–2000 as construction activity increased prior to the introduction of the Goods and Services Tax. Diamond prices also recovered during the year. The services to mining industry experienced a major fall in most indicators as exploration activity during 1999–2000 decreased significantly.

MINING(a), Selected Indicators



(a) ANZSIC Subdivisions 11–13 only.

Each of the selected indicators is discussed separately below. However analysis of the selected indicators for the combined coal mining, oil and gas extraction industry and metal ore mining industry over a five-year time period shows that, in current prices, turnover grew strongly during the mid-1990s but has fallen in recent years as a result of economic conditions in parts of Asia and weaker commodity prices. Profits have been affected with both earnings before interest and tax as well as operating profit before tax both showing dips in 1997–98 before a slight rise in 1998–99, the latter situation having

SUMMARY OF FINDINGS *continued*

MINING *continued*

been brought about by concerted efforts on the part of mining companies to cut costs and maintain, or even increase, production. While the major commodities of coal and gold remain subdued this has been offset by increases within the oil and gas extraction industry.

Turnover

Total turnover for the Australian mining industry decreased by \$2.7b (6%) to \$40.4b in 1999–2000.

Turnover in the coal mining industry decreased by \$1.2b (10%) to \$10.6b in 1999–2000. Pressure on the industry from overseas buyers, particularly Japanese buyers, to accept lower prices has continued during the reference period. This has occurred as a result of world over-supply, despite an improved situation with respect to the Japanese steel industry.

Turnover in the oil and gas extraction industry increased by \$1.1b (12%) to \$9.7b in 1999–2000. The increase was attributable to several factors. Higher prices were obtained during the year as the world price climbed from a low of around \$US12 per barrel in late 1998–99 to over \$US35 per barrel during 2000. The Resource Information Unit (RIU) in their publication *Register of Australasian Petroleum, 2000* noted that there was also an increase in production as the Laminaria development in the Timor Sea came on line (RIU 1999:4).

The gold mining industry recorded a decrease in turnover of \$549m (10%) falling to \$4.9b in 1999–2000. Rationalisation, hedging, central bank sales and the lowest prices in 20 years all affected gold turnover. Gold mining businesses have adopted a range of strategies in this tight environment in an effort to remain viable. These include cuts in employment and changes to mining methods.

Turnover in the iron ore mining industry decreased by \$283m (6%) to \$4.2b in 1999–2000. Much of this was caused by decreases in the price being obtained for iron ore during the year. The RIU publication *Register of Australian Mining, 2000–01* suggests that this situation should improve in 2000–2001 as an increase in prices was secured in April 2000 (RIU 2000:22).

Increased production from the Ernst Henry and Mount Gordon mines in Queensland, and the Olympic Dam mine in South Australia, resulted in copper production increasing during the reporting period. These increases offset the classification of several producers to manufacturing industries (see Explanatory Notes, paragraphs 13–16). Turnover for copper ore mining was \$2.3b in 1999–2000, marginally up on the previous year. Turnover in the silver–lead–zinc ore mining industry increased by \$277m (18%) to \$1.8b during 1999–2000. The commencement of the Century mine in Queensland and the commissioning of a new refinery in Townsville, have enabled the industry to take advantage of the renewed growth in the Asian markets (RIU 2000:311).

Turnover in other mining remained steady, increasing by only \$31m (1%) to \$2.3b in 1999–2000. Turnover in the services to mining sector fell by \$1.5b (41%) to \$2.1b during the reference period. The Australian Bureau of Statistics (ABS), in its *Mineral and Petroleum Exploration, Australia* (Cat. no. 8412.0) publication, and the Minerals Council of Australia (MCA) in its *Minerals Industry, Survey Report 2000* highlighted the dramatic fall in exploration expenditure during 1999–2000 (MCA 2001:4) with many

SUMMARY OF FINDINGS *continued*

<i>Turnover continued</i>	exploration companies attempting to break into the technology sector in order to remain viable (RIU 2000:4).
<i>Industry value added</i>	<p>Despite the 6% fall in turnover, industry value added for the mining industry decreased by only \$8m (less than 0.1%) to \$22.9b in 1999–2000. An increase in industry value added in the oil and gas extraction industry of \$1.0b (14%) to \$8.2b, brought about by a dramatically increased commodity price, offset decreases in other industries.</p> <p>Industry value added in the coal mining industry decreased by \$108m (2%) to \$5.3b. This relatively small fall compared with the fall in turnover, was brought about by efficiency improvements at a number of mines, staff cuts and mine closures. Several coal mining businesses have been reassessing their situation with a number of major mines being placed on the market.</p> <p>The gold ore mining industry recorded a decrease in industry value added of \$308m (13%) falling to \$2.0b in 1999–2000. Producers have continued to trim costs, although several high cost mines have closed, in the face of lower prices and sales from Central European banks. The latter situation has now stabilised following the 1999 Washington Accord, thereby putting some confidence back into the industry (RIU 2000:39).</p> <p>Industry value added decreased in the iron ore mining industry by \$359m (12%) to \$2.7b while it increased by \$209m (31%) to \$893m in the silver–lead–zinc ore mining industry during 1999–2000.</p> <p>Industry value added decreased by \$380m (34%) to \$740m in the services to mining sector during the reference period.</p>
<i>Trading profit</i>	<p>Trading profit for the mining industry increased by \$72m (less than 1%) to \$21.1b in 1999–2000. Trading profit in the oil and gas extraction industry increased by \$931m (14%) to \$7.7b. This was attributable to improved oil prices and increased production. Increases in trading profit were also recorded in the copper ore mining industry, up \$117m (15%) to \$874m, and silver–lead–zinc ore mining industry, up \$208m (32%) to \$856m.</p> <p>These increases were offset by decreases in several industries. Trading profit decreased by \$408m (43%) in the services to mining industry in 1999–2000. Falls were also recorded in the iron ore mining industry, down \$365m (12%) to \$2.6b and in the gold ore mining industry, down \$155m (8%) to \$1.7b.</p>
<i>Earnings before interest and tax</i>	<p>Earnings before interest and tax (EBIT) increased by \$324m (4%) to \$8.9b in 1999–2000. EBIT in the coal mining industry increased by \$317m (19%) to \$2.0b. Although prices remained under pressure, producers reduced costs through a variety of measures including staff cuts and mine closures. The weakness of the Australian dollar has also assisted coal producers as contracts are negotiated in US dollars.</p> <p>In line with increases in other indicators EBIT increased in the oil and gas extraction industry, rising \$358m (11%) to \$3.7b in 1999–2000. In the iron ore mining industry EBIT decreased by \$346m (16%) to \$1.9b mainly due to lower prices.</p>

SUMMARY OF FINDINGS *continued*

Operating profit before tax Operating profit before tax (OPBT) mirrored movements in EBIT. OPBT increased by \$424m (6%) to \$7.2b in 1999–2000. OPBT in the oil and gas extraction industry increased by \$358m (13%) to \$3.1b. The industry accounted for 43% of total OPBT. The coal mining industry recorded an increase in OPBT of \$337m (25%) rising to \$1.7b during the reporting period.

The group of industries included in other metal ore mining (i.e. mineral sand mining, nickel ore mining and metal ore mining n.e.c.) reported a decrease in OPBT of \$433m falling to a loss of \$313m in 1999–2000. Factors affecting this result were expenses associated with new mines and several abnormal operating items.

A downturn in exploration activity contributed to OPBT for services to mining being a loss of \$206m. However a reduction in activity has also acted to reduce expenses, particularly wages and salaries, meaning that OPBT for 1999–2000 is actually \$50m higher than in 1998–99.

Employment

Employment in the mining industry decreased by 8,673 persons (12%) falling to 63,239 persons in 1999–2000. The services to mining industry reported the largest relative and absolute decrease, falling 5,134 persons (34%) to 9,958 persons. This decrease is attributable to a significant reduction in the level of exploration activity.

The coal mining industry, in an effort to remain competitive, reduced its employment by 2,678 persons (13%) to 17,232 persons. Staff reductions at several mine sites along with a number of closures have contributed to the decrease. Coal mining, however, remains the largest employer accounting for 27% of all employment within the ANZSIC division.

Employment in the gold ore mining industry decreased by 916 persons (11%) to 7,671 persons. Lower prices resulting in rationalisation of operations and closure of high cost mines were contributing factors.

Employment in the oil and gas extraction industry increased by 315 persons (5%) to 6,137 persons in 1999–2000. Improved prices and the coming on-line of the Laminaria development in the Timor Sea have acted to increase the level of employment.

Employment in the copper ore mining industry decreased by 67 persons (2%) to 3,999 persons although several mines increased production. This is because several producers are classified to ANZSIC divisions outside of mining at the management unit level (see Explanatory Notes).

Wages and salaries

Total wages and salaries for the mining industry decreased by \$786m (14%) to \$4.8b in 1999–2000. Most of this decrease was in the coal mining industry where wages and salaries fell by \$395m (20%) to \$1.6b as producers endeavoured to remain competitive by reducing the size of their workforces.

Wages and salaries in the services to mining industry decreased by \$358m (39%) to \$568m highlighting the downturn in exploration activity during the reporting period. Wages and salaries expenses were also down in the gold ore mining industry, falling \$48m (9%) to \$474m.

SUMMARY OF FINDINGS *continued*

Wages and salaries continued

Wages and salaries increased in both oil and gas extraction, up \$26m (5%) to \$586m and in the other mining industry (i.e. construction material mining and mining n.e.c.), up \$29m (10%) to \$327m in 1999–2000.

ELECTRICITY

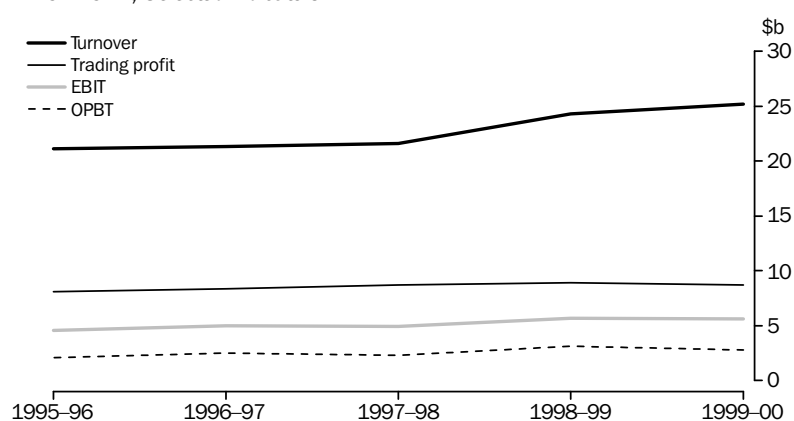
Since 1991, both the Commonwealth and State Governments have been working to introduce structural reforms that will result in the disaggregation of the vertically integrated State-owned utilities. Both vertical and horizontal disaggregation has occurred resulting in competing units within the same marketplace. Restructuring of these business units is now well advanced in all States.

These reforms have had a significant impact on the data presented for the industry. The formation of separate businesses responsible for generation, transmission and distribution has resulted in increases in values for data items such as purchases and sales as transactions take place between units that were previously part of vertically integrated operations.

The concept of State-bounded entities has also progressively been dismantled. A significant trend has been the diversification of energy businesses with the aim of providing their customers with a wider range of energy services. This has seen electricity businesses enter the gas supply market and conversely, gas businesses enter the electricity market as opportunities arise within these markets.

Further detail about the effects of reform appear in the ABS publications *Electricity, Gas, Water and Sewerage Industries, Australia, 1997–98* (Cat. no. 8208.0), released in September 1999 and *Electricity, Gas, Water and Sewerage Operations, Australia, 1998–99* (Cat. no. 8226.0) released in September 2000.

ELECTRICITY, Selected indicators



Turnover in the electricity industry increased by \$918m (4%) to \$25.2b in 1999–2000. This partially reflects the growth in consumption which the Electricity Supply Association of Australia (ESAA) estimates to be 2.8% during 1998–99 in its publication *Electricity Australia 2000* (ESAA 2001:33). However, industry value added decreased by \$121m (1%) to \$9.6b while trading profit decreased by \$223m (2%) to \$8.7b.

Operating profit before tax fell by \$225m (7%) to \$2.8b in 1999–2000. Employment within the industry remained steady, decreasing by just 107 persons (less than 1%) to 32,594 persons. Wages and salaries paid increased by \$68m (3%) to \$2.1b.

SUMMARY OF FINDINGS *continued*

GAS

In recent years, the statistics for the gas industry have been affected by industry reform and business restructuring. This process has continued through the 1999–2000 reference period. Restructuring has seen both the formation of some vertically integrated units covering selling and distributing activities previously carried out by separate business units and conversely disaggregation of some vertically integrated units into more than one business unit. Where vertically integrated units have been formed from separate business units, transactions between those units cease to be recorded in the statistics. Conversely, when existing vertically integrated units have been broken down into a number of separate units, transactions between those units are recorded for the first time.

The effect of this type of restructuring is mostly reflected in the statistics for turnover. For items such as industry value added, trading profit, earnings before interest and tax and operating profit before tax, the effects on income and the effects on expenses tend to cancel each other out. The cancelling out effect is reduced where some of the new units fall outside the scope of the gas industry survey.

GAS, Selected Indicators



Recorded turnover for the gas industry rose by \$158m (3%) to \$5.3b in 1999–2000. Industry value added increased by \$221m (16%) to \$1.6b. Industry restructuring and rationalisation to gain efficiencies has resulted in expenses being reduced. Trading profit rose by \$222m (16%) to \$1.6b while OPBT rose by \$211m (26%) to \$1.0b in 1999–2000. Reductions in expenses such as wages and salaries were a contributing factor.

Employment within the gas industry fell by 182 persons (6%) to 2,891 persons in 1999–2000 mainly due to restructuring of electricity and gas management units that resulted in activity within the gas industry being reported by the electricity industry at management unit level (see Explanatory Notes). This situation has occurred as electricity units take advantage of market opportunities that arise within the gas industry to expand that ability to provide consumers with a range of options to satisfy their energy needs. Wages and salaries paid have decreased by \$29m (16%) to \$153m.

WATER AND SEWERAGE

Data for 1999–2000 for the water supply and sewerage and drainage services industries presented in this publication includes operations by private and public trading enterprises. It also includes the operations of government where the water supply and sewerage and drainage activities are represented as separate management units. Data for

SUMMARY OF FINDINGS *continued*

WATER AND SEWERAGE *continued*

1998–99 was collected via the Economic Activity Survey which excluded this latter category of units. Consequently data for the two years is not directly comparable, hence only data for 1999–2000 is presented here.

Turnover in the water and sewerage industries was \$6.2b in 1999–2000 while industry value added was \$3.9b. Trading profit was \$3.4b while operating profit before tax was \$1.9b.

Employment within the industries was reported at 15,557 persons at the end of the reference period. Wages and salaries paid amounted to \$754m during 1999–2000.

MINING OPERATIONS, Management Unit Level(a)—Summary

Industry class	TURNOVER		INDUSTRY VALUE ADDED(b)		TRADING PROFIT		EARNINGS BEFORE INTEREST AND TAX		
	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00	
ANZSIC code	Industry	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
11	Coal mining	11 761.4	10 595.0	5 380.2	5 272.6	5 066.7	4 958.0	1 675.4	1 992.7
12	Oil and gas extraction	8 692.5	9 743.0	7 194.0	8 190.7	6 762.6	7 693.1	3 347.3	3 704.9
1311	Iron ore mining	4 474.9	4 191.8	3 105.0	2 746.1	2 941.2	2 576.7	2 213.8	1 868.2
1313	Copper ore mining	2 279.0	2 284.3	818.8	930.1	757.2	874.1	51.3	147.6
1314	Gold ore mining	5 447.5	4 898.8	2 303.1	1 994.7	1 829.8	1 674.5	612.2	611.2
1317	Silver-lead-zinc ore mining	1 497.8	1 774.3	683.8	893.2	648.2	856.3	205.1	359.5
	Other metal ore mining(c)	3 127.2	2 482.7	1 158.9	973.8	1 053.6	907.8	226.5	-158.7
13	Total metal ore mining(d)	16 826.3	15 631.9	8 070.5	7 537.9	7 230.9	6 889.4	3 290.7	2 827.8
	Total coal, oil and gas extraction and metal ore mining	37 280.2	35 969.9	20 644.7	21 001.2	19 060.2	19 540.5	8 313.4	8 519.4
14	Other mining	2 303.7	2 334.3	1 103.5	1 118.3	1 040.6	1 039.6	490.4	588.1
15	Services to mining	3 543.2	2 081.3	1 120.0	739.9	951.1	542.7	-182.5	*-161.7
	All mining	43 127.1	40 388.0	22 868.2	22 860.5	21 051.9	21 123.5	8 621.3	8 945.4

* estimate is subject to sampling variability too high for most practical purposes

(a) See Explanatory Notes, paragraphs 13-15.

(b) Available from 1997-98. The item replaces Industry Gross Product.

(c) ANZSIC Classes 1315 (Mineral sand mining), 1316 (Nickel ore mining) and 1319 (Metal ore mining n.e.c.).

(d) ANZSIC Class 1312 (Bauxite mining) is not included in this table because no management units are classified to this industry (see Explanatory Notes, paragraphs 13-15).

1

MINING OPERATIONS, Management Unit Level(a)—Summary *continued*

		OPERATING PROFIT BEFORE TAX . . .		EMPLOYMENT AT 30 JUNE		WAGES AND SALARIES	
<i>Industry class</i>		1998-99	1999-00	1998-99	1999-00	1998-99	1999-00
<i>ANZSIC code</i>	<i>Industry</i>	\$m	\$m	\$m	\$m	\$m	\$m
11	Coal mining	1 364.8	1 701.6	19 910	17 232	1 981.9	1 587.3
12	Oil and gas extraction	2 719.6	3 077.8	5 822	6 137	560.3	586.2
1311	Iron ore mining	1 833.7	1 494.1	4 968	5 044	441.5	431.0
1313	Copper ore mining	11.9	113.9	4 066	3 999	289.2	289.8
1314	Gold ore mining	423.7	487.1	8 587	7 671	522.5	474.3
1317	Silver-lead-zinc ore mining	108.1	269.2	2 534	2 494	189.7	190.3
	Other metal ore mining(b)	120.3	-312.6	4 909	4 272	328.8	297.7
13	<i>Total metal ore mining(c)</i>	<i>2 474.6</i>	<i>2 051.7</i>	<i>25 064</i>	<i>23 480</i>	<i>1 771.6</i>	<i>1 683.1</i>
	<i>Total coal, oil and gas extraction and metal ore mining</i>	<i>6 559.0</i>	<i>6 831.1</i>	<i>50 796</i>	<i>46 849</i>	<i>4 313.8</i>	<i>3 856.6</i>
14	Other mining	427.9	531.0	6 024	6 416	297.5	326.5
15	Services to mining	-255.7	*-205.9	15 092	9 958	925.8	567.6
	All mining	6 731.2	7 155.5	71 912	63 239	5 537.1	4 751.5

* estimate is subject to sampling variability too high for most practical purposes

(a) See Explanatory Notes, paragraphs 13-15.

(b) ANZSIC Classes 1315 (Mineral sand mining), 1316 (Nickel ore mining) and 1319 (Metal ore mining n.e.c.).

(c) ANZSIC Class 1312 (Bauxite mining) is not included in this table because no management units are classified to this industry (see Explanatory Notes, paragraphs 13-15).

2

ELECTRICITY OPERATIONS, Management Unit Level(a)—Summary

<i>Items</i>	1998-99	1999-00
Turnover (\$m)	24 293.1	25 210.6
Industry value added(b) (\$m)	9 701.0	9 580.2
Trading profit (\$m)	8 921.0	8 698.0
Earnings before interest and tax (\$m)	5 652.7	5 643.7
Operating profit before tax (\$m)	3 055.5	2 830.3
Employment at 30 June (no.)	32 701	32 594
Wages and salaries (\$m)	2 007.9	2 075.6

(a) See Explanatory Notes, paragraphs 13-15.

(b) Available from 1997-98. The item replaces Industry Gross Product.

3

GAS OPERATIONS, Management Unit Level(a)—Summary

<i>Items</i>	1998-99	1999-00
Turnover (\$m)	5 105.5	5 263.0
Industry value added(b) (\$m)	1 404.1	1 624.9
Trading profit (\$m)	1 376.2	1 597.8
Earnings before interest and tax (\$m)	1 047.9	1 274.9
Operating profit before tax (\$m)	818.9	1 030.1
Employment at 30 June (no.)	3 073	2 891
Wages and salaries (\$m)	182.5	153.3

- (a) See Explanatory Notes, paragraphs 13-15.
 (b) Available from 1997-98. The item replaces Industry Gross Product.

4

WATER AND SEWERAGE OPERATIONS, Management Unit Level(a)—Summary

<i>Items</i>	1999-00
Turnover (\$m)	6 218.3
Industry value added(b) (\$m)	3 886.6
Trading profit (\$m)	3 357.3
Earnings before interest and tax (\$m)	2 635.2
Operating profit before tax (\$m)	1 858.0
Employment at 30 June (no.)	15 557
Wages and salaries (\$m)	754.0

- (a) See Explanatory Notes, paragraphs 13-15.
 (b) Available from 1997-98. The item replaces Industry Gross Product.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents preliminary statistics on management units compiled from the 1999–2000 Mining Collection, the 1999–2000 Electricity and Gas Collection and the 1999–2000 Water and Sewerage Industries Survey.

2 The Mining and Electricity and Gas Industries Collections and Water and Sewerage Industries Survey are conducted as components of the ABS integrated economic statistics framework. Data from each industry sector conform to the same basic conceptual standards, allowing comparative analysis between and across different industry sectors. The collections aim to meet the demand of users who require annual financial statistics which can be related to other industry sectors in Australia on a consistent basis.

REFERENCE PERIOD

3 The period covered by these collections is in general the 12 months ended 30 June 2000. Where businesses are unable to supply information on this basis, the substitute accounting period is used for data other than that relating to employment.

SCOPE

4 Financial data presented incorporates all units in scope of the Mining and Electricity and Gas Industries Collections and Water and Sewerage Industries Survey that were in production stage at any time during the year. It also includes any temporarily inactive units ('temporary nils'), i.e. those units which were in development stage or which were not in production, but which still existed and held assets and liabilities and/or incurred some non-operating expenses (e.g. depreciation, administration costs). Prior to 1997–98 these temporarily inactive units were excluded from the collections. Their inclusion, however, has minimal effect on the estimates of the financial and employment data.

5 Employment data in this publication represents employment for all units operating as at 30 June.

6 The 1993 edition of the *Australian and New Zealand Standard Industrial Classification (ANZSIC)* (Cat. no. 1292.0) has been used to classify management units and establishments included in the collections.

7 Mining broadly relates to the extraction of minerals occurring naturally as solids such as coal and ores, liquids such as crude petroleum, or gases such as natural gas, by such processes as underground mining, open-cut extraction methods, quarrying, operation of wells or evaporation pans, dredging or recovering from ore dumps or tailings. Activities such as dressing or beneficiating ores or other minerals by crushing, milling, screening, washing, flotation or other processes (including chemical beneficiation) or briquetting are included. This is because they are generally carried out at or near mine sites as an integral part of mining operations. Natural gas absorption and purifying plants are also included.

8 The annual Mining Collection now covers all of the ANZSIC classes in Division B hence this preliminary publication provides data for coal mining, oil and gas extraction, metal ore mining, other mining as well as services to mining.

9 It should be noted that companies engaged in providing contract mining services are not always collected within the scope of the annual collection. Under the principles set down within ANZSIC, contract mining organisations will only be included in ANZSIC Subdivisions 11 to 14 if they are responsible for all facets of the mining operation at a particular site.

10 Companies engaged in providing contract mining services (such as drilling or exploration) for part of the operations at the mine site are classified to 'Services to mining' (ANZSIC Subdivision 15). In addition, other companies that are contracted to perform only some tasks at a mine site may be outside the scope of the annual Mining Collection, e.g. mine site preparation and/or

EXPLANATORY NOTES *continued*

SCOPE *continued*

construction, and removal of overburden, would be classified to the Construction Industry, and would therefore also be outside the scope of the Mining Collection.

11 The Electricity and Gas Industries Collection covers those management units mainly engaged in the generation, transmission or distribution of electricity (ANZSIC Class 3610); the manufacture of town gas from coal and/or petroleum; or the mains distribution of town gas, natural gas or liquefied petroleum gas (ANZSIC Class 3620). Note that management units mainly engaged in wholesaling petroleum or petroleum products or in retailing liquefied petroleum gas (in bulk or containers) are classified to ANZSIC Class 4521, Petroleum Product Wholesaling. The operation of pipelines for the transport of oil and gas is classified to ANZSIC Class 6501, Pipeline Transport. Neither of these classes are included in the Electricity and Gas Industries Collection.

12 The Water and Sewerage Industries Survey covers those management units engaged in the storage, purification or supply of water or the operation of sewerage or drainage systems, including sewerage treatment plants (ANZSIC Class 3701: Water Supply, and Class 3702: Sewerage and Drainage Services).

STATISTICAL UNITS

13 The basic units for which statistics are reported in ABS integrated industry collections are the management unit and the establishment. This publication presents data for management units only. The final publication includes data at both the management unit and establishment levels.

14 The management unit is the highest-level unit within a business, having regard to industry homogeneity requirements, for which accounts are maintained; in nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.

15 Each management unit is classified to a single industry irrespective of any diversity of activities undertaken. The industry allocated is the one which provides the main source of income for the management unit. This means, for example, that a management unit which derives most of its income from mining activities would have all operations included in the aggregates and ratios for the mining industry group, even if significant secondary activities (e.g. manufacturing, construction) were undertaken. Likewise, a management unit which derives most of its income from electricity generation activities would have all operations included in the aggregates and ratios for the electricity industry, even if significant secondary activities (e.g. water supply, coal mining, retailing) were undertaken. For example, the electricity data collected for the Australian Capital Territory and the Northern Territory includes their major water supply companies, since at the management unit level they are classified as part of the electricity industry.

RELIABILITY OF ESTIMATES

16 Data presented in this publication for Other mining (ANZSIC Subdivision 14), Services to mining (ANZSIC Subdivision 15), and Water supply, sewerage and drainage services (ANZSIC Subdivision 37) are partly based on information collected from a sample of businesses and are, therefore, subject to sampling variability: that is, they may differ from the figures that would have been produced if the data had been obtained from all businesses in the population. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because the data were obtained from only a sample of units. There are about 2 chances in 3 that a sample estimate will differ by less than one SE from the

EXPLANATORY NOTES *continued*

RELIABILITY OF ESTIMATES

continued

figure that would have been obtained if the data had been produced from all units, and about 19 chances in 20 that the difference will be less than two SEs.

17 The SE can also be expressed as a percentage of the estimate, and is known as the relative standard error (RSE). Estimates highlighted with an asterisk (*) indicate they are subject to sampling variability between 25% and 50%. Those estimates highlighted with ** are subject to sampling variability greater than 50%. Detailed estimates of RSEs can be made available upon request.

18 The size of the RSE may be a misleading indicator of the reliability of some of the estimates for trading profit, operating profit before tax (OPBT), earnings before interest and tax (EBIT) and industry value added (IVA). This situation may occur where an estimate may legitimately include positive and negative values reflecting the financial positions of different businesses. In these cases the aggregate estimate can be small relative to the contribution of individual businesses resulting in an SE which is large relative to the estimate.

19 The imprecision due to sampling variability, which is measured by the SE, should not be confused with inaccuracies that may occur because of inadequacies in available sources from which the population frame was compiled, imperfections in reporting from providers, errors made in collection such as recording and coding data, and errors made in processing data. Inaccuracies of this kind are referred to collectively as non-sampling error and they may occur in any enumeration, whether it be a census or a sample. Every effort is made to reduce non-sampling error to a minimum by careful design of questionnaires, editing processes, and efficient operating procedures.

ACKNOWLEDGMENT

20 ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated: without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the *Census and Statistics Act 1905*.

RELATED PUBLICATIONS

21 For details of other related ABS publications to be issued, refer to the *Catalogue of Publications and Products* (Cat. no. 1101.0). The ABS also issues on Tuesdays and Fridays a *Release Advice* (Cat. no. 1105.0) which lists publications to be released in the next few days. The Catalogue and the Release Advice are available from any ABS office.

22 Mining and related statistics are contained in a number of other publications produced by the ABS, the Australian Bureau of Agricultural and Resource Economics (ABARE) and the Australian Geological Survey Organisation (AGSO). Users are also referred to the annual reports of the State Mines Departments, which contain mineral statistics. Data covering the public supply of electricity is available from the Electricity Supply Association of Australia, while the Australian Gas Association provides data covering the distribution of reticulated natural gas.

23 A list of ABS, ABARE and AGSO publications may be found in the ABS publication *Australian Mining Industry, 1998–99* (Cat. no. 8414.0).

UNPUBLISHED STATISTICS

24 The statistics presented in this publication are only part of the information which is available from the Mining Industry and Electricity and Gas Industries Collections and Water and Sewerage Industries Survey. Unpublished information is generally made available on request, subject to it satisfying quality and confidentiality guidelines associated with the release of such data. The charges for these services vary according to the time required to extract, tabulate and evaluate the data.

EXPLANATORY NOTES *continued*

UNPUBLISHED STATISTICS
continued

25 Inquiries should be made to the officer named on the front cover of this publication.

GLOSSARY

As the data presented in this publication have been compiled from the standard financial accounts of businesses, the definition of each reported item aligns closely with that adopted in standard business accounting practice. In those instances where more than one standard or definition is available, the following paragraphs indicate which one has been chosen.

A complete glossary of available data items is presented in both *Australian Mining Industry, 1998–99* (Cat. no. 8414.0) and *Electricity, Gas, Water and Sewerage Operations, Australia, 1998–99* (Cat. no. 8226.0).

Capitalised purchases	Goods drawn from inventories for use as fixed tangible assets in capital work done for own use.											
Capital work done for own use	Capitalised work done by the employees or proprietors of a business for use by the business or for rental or lease to other businesses. The main types of work are manufacturing, constructing, installing or repairing assets and development of computer software. Also included is the value of own account mineral/petroleum exploration. These activities are valued at the costs of the materials and the wages and salaries involved.											
Earnings before interest and tax (EBIT)	A measure of profit prior to the deduction of interest expenses and income tax.											
Employment	Includes working proprietors, working partners, permanent, part-time, temporary and casual employees, employees on paid leave and managerial and executive employees working for a business during the last pay period ending in June.											
Industry value added (IVA)	<p>IVA represents the value added by an industry to the intermediate inputs used by the industry. IVA is the measure of the contribution by mining industries at management unit level to gross domestic product. Intermediate inputs consist of materials (including any inventories) and certain services which are used up in the production process.</p> <p>The derivation of IVA is as follows:</p> <table border="0" style="margin-left: 40px;"> <tr><td>Turnover</td></tr> <tr><td><i>Plus</i></td></tr> <tr><td> Closing inventories</td></tr> <tr><td><i>Less</i></td></tr> <tr><td> Opening inventories</td></tr> <tr><td><i>Less</i></td></tr> <tr><td> Capitalised purchases</td></tr> <tr><td><i>Less</i></td></tr> <tr><td> Intermediate input expenses</td></tr> <tr><td><i>Equals</i></td></tr> <tr><td> IVA</td></tr> </table> <p>However, it should be noted that IVA is not a measure of operating profits before tax. Wages, salaries and most other labour costs are not taken into account in its calculation and nor are most insurance premiums, interest expenses or depreciation and a number of lesser expenses.</p>	Turnover	<i>Plus</i>	Closing inventories	<i>Less</i>	Opening inventories	<i>Less</i>	Capitalised purchases	<i>Less</i>	Intermediate input expenses	<i>Equals</i>	IVA
Turnover												
<i>Plus</i>												
Closing inventories												
<i>Less</i>												
Opening inventories												
<i>Less</i>												
Capitalised purchases												
<i>Less</i>												
Intermediate input expenses												
<i>Equals</i>												
IVA												
Intermediate input expenses	<p>Includes two categories of operating expenses:</p> <ul style="list-style-type: none"> ■ purchases of materials, components and services used in production; and ■ expenses related to the sale of goods and administrative expenses. <p>Purchase of materials, components and services used in production includes:</p> <ul style="list-style-type: none"> ■ purchases of materials, components, explosives, containers and packaging materials, electricity, fuels and water; ■ purchases of minerals or other goods for resale without processing or assembly; 											

GLOSSARY *continued*

Intermediate input expenses <i>continued</i>	<ul style="list-style-type: none">■ motor vehicle running expenses, freight and cartage expenses, repair and maintenance expenses;■ rent leasing and hiring expenses (except for finance leases); and■ payment for contract, subcontract and commission expenses. <p>Expenses related to the sale of goods and administrative expenses include:</p> <ul style="list-style-type: none">■ advertising expenses, audit and accounting expenses, bank fees and charges (except interest), cleaning expenses, environmental protection expenses, intellectual property royalty expenses, legal fees, management fees, paper, printing and stationery expenses, postal and telecommunication expenses, staff training expenses and travelling, accommodation and entertainment expenses.
Inventories—Opening and Closing	The value of all inventories of finished goods, work-in-progress, raw materials, fuels, containers, etc. at the beginning and end of the financial year, respectively.
Management unit level	Refer to Explanatory Notes, paragraphs 13–15.
Operating profit before tax (OPBT)	A measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
Sales of goods and services	Includes revenue from the sale of minerals and other goods (e.g. minerals bought for re-sale, electricity, gas and gas by-products, water and wastewater, electrical or gas appliances, waste materials), service income (e.g. transmission and distribution income, repair and maintenance income, contract, subcontract and commission income, delivery charges) and rent, leasing and hiring income. Sales are valued net of sales tax, excise and other duties collected on behalf of governments (e.g. the coal export levy and petroleum production excise duty).
Trading profit	A measure of profit directly attributable to trading in goods and services. It is derived by subtracting the cost of sales from the value of sales of goods and services.
Turnover	Includes all proceeds from operating revenue (i.e. sales, service income, rent, leasing and hiring income, and government subsidies) plus the value of capital work done for own use, or for rental or lease.
Wages and salaries	Refers to payments made to all permanent, part-time and temporary employees on the payroll during the financial year. Such payments include severance, termination and redundancy payments, overtime earnings, penalty payments and shift allowances, all paid leave, leave loadings and bonuses. Also includes capitalised wages.

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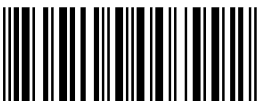
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2840100007992
ISSN 1329 1920

RRP \$18.00