

# Minerals Industry 2000

**SURVEY REPORT**

SURVEY CONDUCTED BY

PRICEWATERHOUSECOOPERS 

data funds  
balance  
expenditure  
labour costs ratios  
outlook  
profit  
assets



**MINERALS  
COUNCIL**  
OF AUSTRALIA

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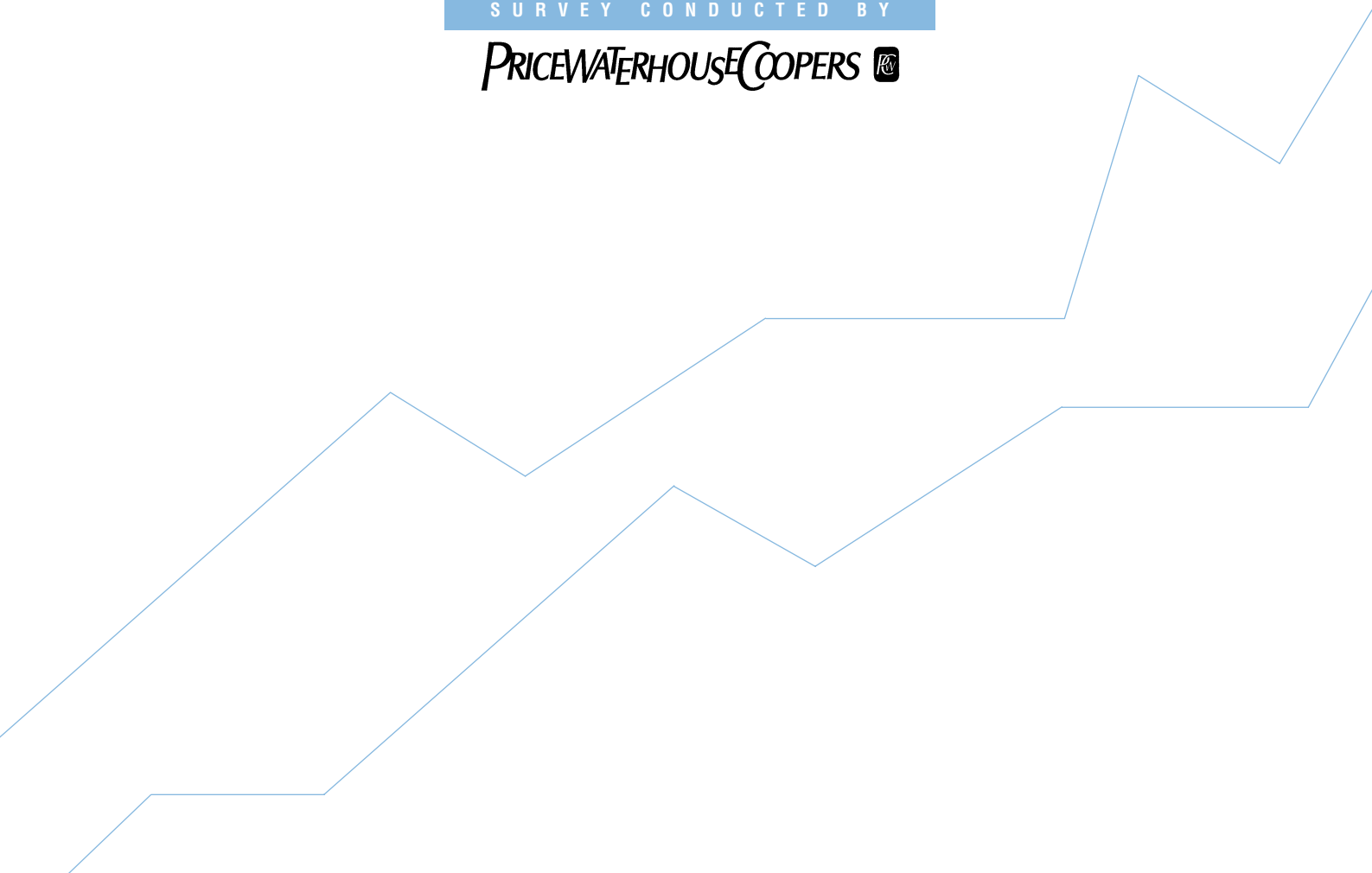
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# Background

The aim of this annual survey is to provide timely and accurate financial data on the Australian minerals industry and to facilitate more informed debate on the industry's role and importance in the economy. The report also includes information on the safety and health performance of the industry and overseas exploration expenditure by the respondents.

This twenty-fourth survey relates to the year ended 30 June 2000, although a number of respondents reported data relating to earlier balance dates.

*The Minerals Council of Australia is very grateful for the support of all respondents without whose assistance this report could not have been completed.*

## Survey sample and execution

The survey sample and design was developed by the Council in association with the Australian Aluminium Council, the NSW Minerals Council and the Queensland Mining Council.

PricewaterhouseCoopers prepared the tables in this survey, based on information supplied to them in confidence by the respondents. This information was occasionally supplemented by publicly available reports.

While PricewaterhouseCoopers has reviewed the responses for consistency, it has not audited them and cannot be held responsible for errors in the data supplied. The Council prepared the text commenting on the tables.

## Definition of the minerals industry

The minerals industry is defined as including exploration for, and extraction and primary processing of, minerals in Australia. Primary processing is taken to include the processing of minerals up to the first pouring of the refined metal but fabrication beyond that stage is excluded. The oil and gas and iron and steel industries are also excluded from the survey.

The definition of the minerals industry used in this survey differs from that employed by the Australian Bureau of Statistics (ABS) and the Australian Bureau of Agricultural and Resource Economics (ABARE). While the definitions in all three sources are consistent in terms of the definition of individual commodity sectors, they differ in terms of the range of sectors included.

The ABS distinguishes 'metal product industries' from 'mining' which includes the oil and gas industry. The ABARE category 'mineral resources sector' is similar to that used in this report except that ABARE includes the iron and steel and the oil and gas industries.

## Coverage

The survey aims to report on the financial position of all of Australia's minerals industry activity as defined above. This has been successful in that the survey coverage accounts for:

- All Australian bauxite, diamond and uranium production and over 90 per cent of alumina, iron ore, lead, silver, tin and zinc production.
- Around 80 per cent of copper, black coal, ilmenite, nickel and rutile production, over 70 per cent of gold production and around 60 per cent of aluminium production.

The respondent companies range from the largest companies to small exploration ventures. The survey has not captured some of the smaller mining, prospecting and exploration companies, some overseas controlled companies and a portion of some joint venture operations.

The proportion of activity covered in this year's survey is comparable with the 1999 survey.

## Constant group

As respondents vary slightly from year to year, figures are not precisely comparable between annual surveys and it is not practical to correct for this by 'weighting' the data. For a more precise comparison, companies that responded to the survey in 1998/99 and 1999/2000 are treated as a smaller constant group.

The major accounting items for this constant group are separately reported and compared with the total group in Appendix 2. This procedure allows the removal of any bias in trends across survey years arising from changes in survey coverage. The companies included in the constant group had a total value of assets equal to 96 per cent of the total value of assets of all survey respondents.

# Overview for 1999/2000

Industry profitability improves moderately, but remains well below the ten year average for the industry.

The low level of net profit return on average shareholders' funds since 1996/97 reflects a number of major asset write downs.

Reflecting the investment cycle in the industry, a slowdown in the recent strong growth in Australian minerals industry investment has occurred.

The overall industry balance sheet remains sound. This reflects the significant refreshing of "old" capital and new capital investment in recent years.

Continuing micro-economic reform and cost-reductions, combined with prudent macroeconomic policy are vital if Australia is to capitalise on its minerals growth potential.

## Safety and Health

Despite a fall in the main lag indicator for safety and health performance, the Lost Time Injury Frequency Rate (LTIFR), fatalities continue to occur in the Australian minerals industry. With 18 deaths in 1999/2000, safety and health remains the Council's highest priority.

The industry's LTIFR for 1999/2000 is estimated at 10 per million hours worked, down from 12 per million hours worked in 1998/99. Work continued during 2000 to initiate the reporting of a more meaningful safety and health outcome measure as well as the facilitation of site-based positive performance indicators. Further work is being undertaken to develop a useful and relevant positive performance indicator.

In accordance with the high priority given to this issue, an extensive leadership strategy is being implemented by the Council to pursue the vision of *an Australian minerals industry free of fatalities, injuries and diseases*. The strategy is based on four key drivers – leadership, recognition, continuous improvement and performance measurement and reporting.

## Profitability

On all indicators of profitability, the performance of the minerals industry in 1999/2000 reflected an improvement on recent years. Net profit return on average shareholders' funds was 4.0 per cent in 1999/2000, compared with 3.7 per cent in 1998/99, 1.8 per cent in 1997/98 and 2.9 per cent in 1996/97. This is however, still well down on the long-term average for the industry of 6.7 per cent.

Items of Interest	1999/2000 \$ million	1998/99 \$ million	1997/98 \$ million
Operating Revenue	30,482	30,383	30,111
Total Assets at Year End	57,410	56,823	55,911
Borrowings at Year End	15,081	15,006	12,056
Interest Expense	1,644	1,249	1,528
Direct Taxes	1,903	1,547	1,258
Operating Profit Before Abnormal Items	3,891	3,666	2,220
Net Profit	1,121	1,057	567
Net Capital Expenditure (Investment) on Mining, Smelting and Refining Assets	4,884	6,716	8,367
– mining fixed assets	3,790	4,535	6,127
– smelting and refining assets	1,095	2,181	2,239
Employees at Year End	52,053	56,459	61,675
– Contractors considered a substitute for full time employees	17,633	16,556	14,427
Total Employment	69,686	73,015	76,102
Rates of Return	per cent	per cent	per cent
Operating Profit Before Abnormals Return on Average Shareholders' Funds	13.8	12.8	7.2
Net Profit Return on Average Shareholders' Funds	4.0	3.7	1.8
Net Profit Return on Average Assets Employed	2.0	1.9	1.0
Gross Debt to Equity Ratio	0.52	0.54	0.41

Forecasts	2000/01 forecast \$ million	1999/2000 actual \$ million	Forecast percentage change
Net expenditure on mining assets	3,790	3,790	0.0
Net expenditure on smelting and refining assets	734	1,095	-32.9
Total net expenditure on mining, smelting and refining assets	4,524	4,884	-7.0
Employees at Year End	47,609	52,053	-8.5

The moderately improved 1999/2000 profitability result reflects the impact of on-going asset write downs, and the effect of a small decrease in revenue being more than offset by a decrease in expenses.

Net profit return on average assets employed rose, from 1.9 to 2.0 per cent, but also remains down on the long-term average for the industry.

### **Prices**

In 1999/2000, average US dollar world mineral prices fell by 1 per cent, following an 11 per cent fall in the previous year. With the Australian dollar steady on average between 1998/99 and 1999/2000 (despite falls in the first half of 2000), this translated into a 1 per cent fall in the Australian dollar commodity price index between 1998/99 and 1999/2000.

Despite the overall fall in the price indexes, average US dollar prices for many mineral commodities rose in 1999/2000. These increases were largely driven by a recovery in commodity demand due to renewed economic activity in Asia. The overall indexes were pulled down by price falls for Australia's largest export, coal.

However, official expectations from ABARE are for world prices for most mineral commodities to rise in 2000/01. This is expected to be the result of stronger growth in some European and most Asian countries (including Japan), combined with sustained growth in the United States, which will act to increase demand for mineral commodities.

### **Production**

Overall mine production by respondents to the survey, as measured by the Minerals Council of Australia Mine Production Index, fell 0.4 per cent in 1999/2000, following growth of 0.1 per cent in the previous year. Australian mine production has grown over the past ten years, with the Mine Production Index rising by 33 per cent over this period. Production of many mineral commodities was at record levels in 1999/2000.

The Smelting and Refining Production Index rose 3.2 per cent in 1999/2000, with respondents' production results varying across the range of metals produced. Production of alumina, as reported by respondents, rose by 4 per cent in 1999/2000, while reported production of aluminium fell by 12 per cent (this result has been affected by the relatively low coverage of aluminium in the survey). Refined base metals production in 1999/2000 rose by 17 per cent. Australian smelter and refinery production is expected to increase strongly over the next few years with new capacity coming on line.

### **Industry revenues**

Total revenue fell 2 per cent to \$31,755 million. Smelting and refining sales revenue actually rose 13 per cent, while mining revenue fell 5 per cent. While average US dollar prices for most commodities were higher in 1999/2000 than in the previous year, the effect of this on export earnings was largely offset by the fall in the price of coal.

As foreshadowed in last year's report, increased export volumes underpinned a 1 per cent improvement in exports. In 2000/01, exports are expected to increase further, with rises expected for most commodity exports. This increase is expected to result from higher average world prices and a lower Australian dollar during 2000/01.

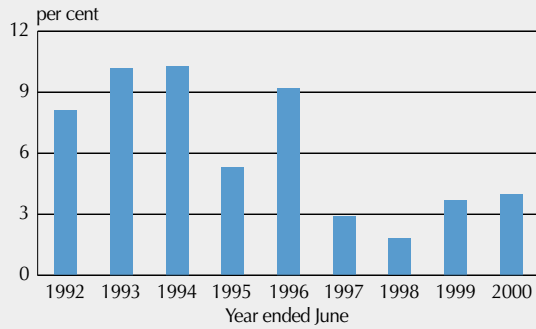
### **Expenses**

Total expenses fell by 3 per cent, following a 3 per cent fall in 1998/99. This decrease in costs reflected a number of factors, particularly the continued productivity and efficiency gains in the industry. Labour costs fell 14 per cent, associated with the lower level of employment in the industry. These falls were partly offset by a 32 per cent rise in interest expenses.

### **Taxation**

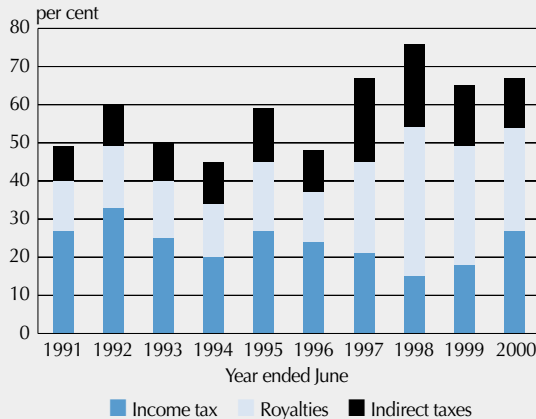
The total amount of direct and indirect taxes incurred by respondents was \$2,356 million, up 14 per cent on 1998/99. In 1999/2000, total tax paid by companies represented 68 per cent of net profit before all taxes, compared with 66 and 76 per cent in 1998/99 and 1997/98 respectively. Income tax expense rose by 68 per cent in 1999/2000, mainly as a result of the improvement in industry profitability. This outcome was also affected by the restatement of deferred tax balances at the end of the year to reflect the stepped decrease in the company tax rate from 36 per cent to 34 per cent on 1 July 2000 and from 34 per cent to 30 per cent on 1 July 2001. The share of royalties and indirect taxes in total payments decreased during 1999/2000. The major reason for the decrease in the share of indirect taxes in total taxation was a higher level of profitability in the industry, which resulted in the significant increase in direct tax in the total share of taxes paid.

### Net Profit – Return on shareholders' funds



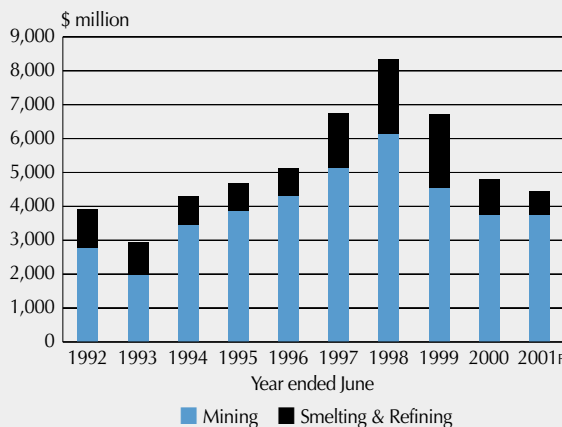
### Taxes and Royalties

Share of profit before all taxes



### Real spending on fixed assets

(1998/99 dollars)



The survey data show that indirect taxes (such as fuel tax) remain a large component of total industry tax payments. During the second half of the 1990's there was an increase in the share of indirect taxes in total taxes paid by the industry. With the introduction of the Commonwealth Government's *New Tax System* on 1 July 2000, this year represents the final year the current range of indirect taxes will be included in the survey.

### Employment

In 1999/2000, there was a sharp fall in direct employment by respondents. Employee numbers fell by 8 per cent from 56,459 at the end of 1998/99 to 52,053 at the end of 1999/2000. Direct employment has fallen in each of the past four years after being fairly constant in the previous five-year period. Respondents forecast their direct employment levels to be 9 per cent lower next year.

Part of the decline in direct employment can be explained in terms of an increased use of contract labour, which has been a trend reported by respondents in recent years. In 1999/2000, respondents engaged 17,633 contractors that were considered a substitute for full time employees. This is an increase of 7 per cent on result in 1998/99. The share of contractors in total employment rose from 22 per cent to 25 per cent. Thus, around one in four full-time employees engaged in minerals activities is a contractor. This does not include part-time contractors.

Taking contractors into account, total employment by respondents to the survey fell by 7 per cent, from 73,015 to 69,686.

### Borrowings

Reflecting the level of investment activity in the minerals industry and movements in the \$A/\$US exchange rate, borrowings were \$15,081 million at the end of 1999/2000, 0.5 per cent higher than at the end of the previous year. The debt to equity ratio fell from 0.54 to 0.52, reflecting industry borrowings for investment purposes in recent years.

### Exploration

In 1999/2000, respondents spent \$250 million on overseas exploration activities and \$582 million in Australia. Exploration expenditure in Australia by larger survey respondents was down by 26 per cent while overseas exploration expenditure by larger survey respondents was down by 50 per cent. After rising every year since 1990/91, there was a fall in the share of total exploration expenditure directed towards offshore spending.

Notwithstanding this, changing geo-political conditions and the opening up of various countries in South America, Asia and Africa to foreign investment is resulting in increasing opportunities for exploration in these countries. Larger Australian mineral companies are on average currently spending over 36 per cent of their exploration budgets overseas. In the previous five years, this figure averaged 44 per cent. This underlines the critical importance of Australia's mineral investment climate remaining competitive.

### Investment

Net expenditure on fixed and deferred assets fell by 27 per cent in 1999/2000 to \$4,884 million. It fell by 16 per cent in the mining sector and by around 50 per cent in the smelting and refining sector of the industry.

This decrease in investment spending reflects the completion of a number of large projects recently. Many of these projects were commissioned during 1999/2000 and will, in coming years, add significantly to Australian minerals production.

### Outlook for 2000/01

Following the significant investment activity in the minerals industry since 1992/93, investment activity is expected to fall in coming years, consistent with the expectations outlined in previous survey reports.

Net expenditure on fixed and deferred assets is forecast to fall by 7 per cent in 2000/01. Fixed asset expenditure in the mining sector is expected to be unchanged while in smelting and refining it is expected to fall by 33 per cent.

Exploration expenditure in Australia is forecast to fall by 10 per cent in 2000/01. The outlook for research and development expenditure is also lower, with the 2000/01 result forecast to be down 10 per cent on the 1999/2000 outcome. This represents the fifth year in a row where research and development expenditure has fallen and, together with the decline in total exploration expenditure, is a concern for the next generation of minerals developments.

### The policy environment

Recently constructed projects in the industry and those subject to consideration will result in an increase in Australian minerals production over the coming years. Apart from market conditions, government taxation and regulatory policy will have an important influence on decisions to proceed.

The Commonwealth Government recognised the urgent need for **indirect tax reform** to address the problem of taxation on inputs to production (which

reduces Australia's international competitiveness) and reliance on a narrow base for indirect taxation in the economy. The industry applauded the Government on introducing its indirect tax reforms, including the goods and services tax, from 1 July 2000.

In the context of international competitiveness, the issue of **fuel tax** has been a major issue for the minerals industry for many years. The fuel excise changes, introduced as part of the Government's indirect tax reform package, include reductions to the tax component of transport costs, particularly in remote and regional Australia. The industry also welcomes the removal of the 12 per cent wholesale sales tax equivalent tax impost on eligible activity under the Diesel Fuel Rebate Scheme (DFRS) – although this is being phased in over a six month period. An important issue for industry over the coming year will be the development of the new **Energy Credits Scheme**, which is set to commence on 1 July 2002, and will subsume the current DFRS. The industry will be particularly keen to ensure the Government's commitments, that the future Scheme will maintain benefits that are equivalent to those available under the current Scheme, are honoured.

In relation to **direct taxation**, the Council has long argued that it is the combination of all business tax rates and measures, and not just the corporate rate (or any other single tax measure), that is important in assessing project viability. In relation to the range of **business taxation reforms** under way, much will depend on the implementation process and in particular on the continuation of a pragmatic and genuine consultative process with the minerals industry over the legislative and administrative details involved. In particular, there is a need to continue the consultative process regarding capital allowances, effective lives for assets, consolidation, entity taxation and the basis of calculation of taxable income. Such a process would provide greater certainty as to the interpretation of the new law and, therefore, a reduced compliance burden by both government and industry.

From the minerals industry's point of view, confirmation of the continuing immediate deductibility for exploration and prospecting expenditure, mine site rehabilitation expenditure and of key operating expenditures is particularly welcome. Any change to this treatment would have impacted adversely on working capital requirements for minerals companies and the economic viability of individual mining operations. The industry has also welcomed the establishment of the Board of Taxation, headed by Mr Dick Warburton.

A key factor in improving Australia's attractiveness to investors is sustained improvements in productivity. Issues affecting competitiveness and the ability to improve productivity include **native title**, **environmental requirements** and **microeconomic reforms**, including removal of tariffs and other imposts on business inputs, labour market policies and practices, provision of world class economic infrastructure and streamlining of approvals processes. A **macroeconomic environment** featuring stable growth, low inflation, fiscal prudence and steady monetary policy must also be maintained.

There is a growing acknowledgment within the broader community of the need to put in place effective and efficient legislative mechanisms to support the **interaction of the minerals industry and indigenous interests**. The industry actively seeks to form cooperative partnerships with indigenous peoples. All arrangements, however, need to be underpinned by effective legislation that produces workable outcomes within realistic time frames.

In addition, the industry is concerned that **regulation**, including **environmental regulation** and **land access**, should not impose unnecessary cost, time and administrative burdens.

The on-going international and Australian response to the issue of **greenhouse gas emissions** will be critical to decisions on locating energy intensive mineral processing operations in Australia and will also influence Australia's coal sector. It is important that Australia's response to greenhouse issues continue to be considered as part of a broader global solution. The industry supports the need for all parts of the Australian economy to make a fair contribution to the international effort to reduce greenhouse emissions. Within this context, the suspension of climate change negotiations at the COP6 meeting in The Hague in November 2000 should not be seen as a failure but a step in the right direction to achieving greenhouse gas abatement. Only when all implementation issues – both overseas and domestically – are decided will minerals companies be in a position to pursue future investments while tackling our fair share of the greenhouse load. These investments will not only enhance the industry's significant contribution to the economy but will continue the technological change needed to abate emissions. The meeting, in not reaching agreement, reinforced the importance of taking into account different national circumstances and upholding the principles already negotiated at Kyoto in December 1997.

Domestically, consideration of the implementation of emission reduction policies requires a more complete recognition of the potential effects of a national **emissions trading system** on the international competitiveness of Australia's major export industries. In this context, the industry welcomed the statements by the Government in August and September 2000 that a mandatory domestic trading scheme would only be implemented if the Kyoto Protocol is ratified by Australia, has entered into force and there is an established international emission trading regime in place. The decisions taken provide a crucial underpinning for the development of a more strategic Australian response to the greenhouse gas emissions issue, as well as greater investor certainty in Australia. The minerals industry will continue to work in partnership with the Government to develop further greenhouse policies and measures based on the firm underpinning provided by these decisions.

As part of this commitment, in October 2000 the Council launched a major study into the implications of greenhouse gas reduction policies on regional Australia. The study also sought to understand how the global greenhouse gas emissions policy imperative might be addressed more effectively were the Kyoto Protocol not to enter into force. The results support earlier work in indicating that compliance with the Kyoto Protocol is likely to be costly for Australia. The main findings from the study are that:

- complying with the Protocol will reduce Australia's GDP by around 1.9 per cent a year (over \$140 billion over a decade);
- some States are disadvantaged much more than others, with Gross State Product in Western Australia being 3.3 per cent lower than otherwise compared with Tasmania which becomes better off;
- some industries experience severe production declines, particularly aluminium and alumina (-24 per cent) and black coal (-17 per cent); and
- employment will fall by almost 40 per cent more in non-metropolitan than in metropolitan areas.

Further details of this study, undertaken by the Allen Consulting Group, can be found on the Council's web site (at [www.minerals.org.au/pages/page13\\_268.asp](http://www.minerals.org.au/pages/page13_268.asp)).

# Safety and Health Performance

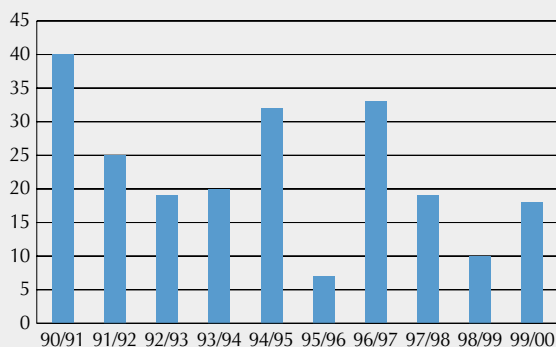
The Council's highest priority remains the elimination of minerals industry fatalities, injuries and diseases.

Regrettably, the Australian minerals industry recorded 18 deaths in 1999/2000, compared with ten fatalities for the previous reporting year. While work continues to identify a more effective and meaningful outcome-based measure, the Lost Time Injury Frequency Rate (LTIFR) remains the most widely utilised lag indicator and has shown an incremental improvement during 1999/2000.

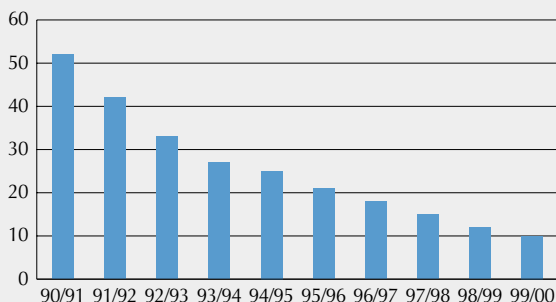
Though extremely disappointed with the 1999/2000 outcome, the minerals industry is by no means discouraged and continues its vigorous leadership drive to improve safety and health performance. Council member companies remain committed to achieve the vision of an *Australian minerals industry free of fatalities, injuries and diseases* and the Council's Safety and Health Committee continues to undertake a range of strategic leadership activities designed to realise this vision.

The information provided below is based on the Minerals Council's quarterly *Safety Survey Report*, which is available from the Council's web site (at [www.minerals.org.au/pages/page2\\_14.asp](http://www.minerals.org.au/pages/page2_14.asp)) and the annual *Safety and Health Performance Report 1999-2000*, which will be available in the first quarter of 2001.

**Fatalities 1990/91 to 1999/2000**



**Total Industry Lost Time Injury Frequency Rate 1990/91 to 1999/2000**



## Fatalities

Sadly, a total of 18 fatalities occurred in the Australian minerals industry during the 1999/2000 reporting year (at the time of writing this figure did not include one other fatality for which the coroner's report was still pending). The total compares poorly with ten deaths for the previous year and is little better than the 19 fatalities that occurred in 1997/98. In the past ten years 223 families have lost loved ones to the industry, while the average number of deaths each year over that time remains at 22.

Of the 1999/2000 fatalities, fourteen occurred in underground mining operations – ten in the underground metalliferous sector and four in underground coal. Three fatalities took place in open cut metalliferous and one in open cut coal.

Six of the deaths were associated with the use of machinery or vehicles and two with rockfalls underground. Two multiple fatalities occurred underground – four men died from a massive air blast when a block cave mine caved to the surface and three men died when a bulkhead failed.

## Lost Time Injuries

The *Safety Survey Report* estimates the Australian minerals industry's LTIFR for 1999/2000 at 10 lost time injuries per million hours worked. This figure is an improvement on 1998/99 when the industry recorded a rate of 12 per million hours worked, and continues the downward trend in this series evident since 1990/91.

Underground coal continues to have the highest LTIFR with a rate of 30, which however is a marked improvement on the rate of 41 reported last year. Open cut coal continued to improve (from 14 to 11), as did underground metalliferous (from 12 to 9). Open cut metalliferous recorded the next lowest injury rate (six) with exploration recording the lowest (four).

## Minerals Council of Australia activities

Since making safety and health its highest priority in 1996, the Council has implemented a strategy to provide and foster leadership to drive improvements in safety and health performance. In 2000 the strategy involved four key drivers – leadership, recognition, continuous improvement and performance measurement and reporting – and is implemented by the Council's Safety and Health Committee, which reports directly to the Council's Executive Committee.

The industry's main lag indicator, the Lost Time Injury Frequency Rate, is estimated to have fallen to 10 per million hours worked for 1999/2000, compared with 12 per million hours worked for 1998/99.

Work is under way to initiate a more effective and meaningful outcome-based measure.

### Safety and Health Leadership

The Council's activities are based on the fundamental role that leadership plays in the creation of change and the achievement of performance improvement. Key leadership activities during 1999/2000 included:

- *Providing leadership* – Facilitating and demonstrating on-going senior industry support for the Council's safety and health objectives and activities by industry leaders. The Council's Executive Committee continued to hold its meetings in conjunction with major Council safety and health events and to address safety and health as the first substantive agenda item at their meetings. Individual Executive Committee members shared information on fatalities and significant incidents as well as their own efforts to improve safety and health performance.
- *Fostering leadership* – The third annual Chief Executive Officer (CEO) Safety and Health Session focussed on the implications of the safety culture survey for CEOs.
- *Responding to emerging issues* – A research report on the industry's occupational health priorities and data needs has been completed and will underpin activities in this area during 2001.
- *Maintaining a strategic approach* – In considering the apparent disconnection between injury performance and the increasing number of fatalities, the Council changed its focus during 2000 to encompass three additional priority issues. These can be summarised as the need to generate (1) industry-wide commitment and motivation to eliminate fatalities, injuries and diseases, (2) improved understanding and management of catastrophic risk and (3) enhanced learning from performance indicators.
- *Influencing policy formulation and implementation* – The Council continued its involvement in the Australia and New Zealand Minerals and Energy Council (ANZMEC) Mine Safety Taskforce's development of a strategic national framework for mine safety regulation. A commitment has been made by ANZMEC Ministers to complete the framework by July 2001.

### National Safety and Health Recognition

While there is still much work to be done to improve safety and health performance, the Council believes that it is important to recognise and promote excellence and innovation where it occurs. By doing so, the Council aims to encourage the continuation of excellent behaviour as well as to

foster improvements through the identification of best practice benchmarks. The Council has two national awards that provide this recognition:

- *2000 MINEX Awards* – Pacific Coal's Tarong Coal received the 2000 MINEX Award, becoming the first coal operation to do so. Alcoa World Alumina Australia's Pinjarra Refinery received a high commendation. Two commendations were awarded to Pasminco Limited's Rosebery Mine and Rio Tinto Limited's Dampier Salt. Two other operations, Wesfarmers Coal Limited and BHP Coal's Goonyella Riverside Mine, received acknowledgments from the MINEX Judges.

Planning for the 2001 MINEX Awards has resulted in a new marketing approach, enhanced criteria and more flexible eligibility guidelines to encourage increased participation in the process.

- *2000 National Safety and Health Innovation Awards* – The second National Safety and Health Innovation Award was presented to Bayswater Colliery for an employee-based approach to communicating a core risk management plan.

Case studies on previous MINEX Award winners and a booklet on the 2000 Innovation Award finalists are available from the Council's web site. The 2000 MINEX case study will be available in the near future.

### Continuous Improvement in Safety and Health Performance

The Council's 2000 safety and health work program included a new focus on continuous improvement as a means of achieving sustained progress in safety and health performance. In seeking to provide and foster industry utilisation of continuous improvement opportunities the Council undertook several activities:

- *Safety and Health Culture Conference* – The Council's first national safety and health conference, which focussed on the results of the safety culture survey, was well attended and considered by participants to be extremely worthwhile. This conference and the CEO Safety and Health Session were the main safety culture activities to take place in 2000.
- *Catastrophic risk* – Having resolved to improve the understanding, identification, communication and management of catastrophic risk, the Council's 2001 national safety and health conference will focus on this issue.

## National Safety and Health Performance Measurement and Reporting

The Council also fulfils a leadership role by providing reliable, timely, comprehensive and consistent data on the industry's safety and health performance.

The Council publishes the data with two audiences in mind. Firstly, it is targeted at the minerals industry, which uses the data for monitoring and benchmarking purposes. Secondly, it is directed to the community (and their representatives) to raise awareness and to report on progress towards the industry's safety and health objectives.

The Council provides safety and health performance data through two publications:

- An annual *Safety and Health Performance Report*.
- Quarterly *Safety Survey Reports*.

Work continued during 2000 to initiate the reporting of a more meaningful safety and health outcome measure as well as the facilitation of site-based positive performance indicators. Further work is being undertaken to develop a useful and relevant positive performance indicator.

A significant incident reporting scheme and database has also been developed and will be trialed during 2001 before being launched nationally.

### SAFETY AND HEALTH VISION

An Australian minerals industry **free** of fatalities, injuries or diseases.

### SAFETY AWARENESS

The state of mind where we are constantly aware of the possibility of injury and act accordingly at all times.

### SAFETY AND HEALTH BELIEFS

- All fatalities, injuries and diseases are preventable.
- No task is so important that it cannot be done safely.
- All hazards can be identified and their risks managed.
- Everyone has a personal responsibility for the safety and health of themselves and others.
- Safety and health performance can always improve.

# Price Movements

The overall prices index falls as prices for major commodity exports, particularly coal, fall.

However, average \$US prices have risen for a number of commodities.

Official expectations are for improvements in average \$US prices in 2000/01.

In 1999/2000, average US dollar world mineral prices fell by 1 per cent, following a 11 per cent fall in the previous year. With the Australian dollar steady on average between 1998/99 and 1999/2000 (despite falls in the first half of 2000), this translated

into a 1 per cent fall in the Australian dollar commodity price index between 1998/99 and 1999/2000.

Despite the overall fall in the price indexes, average US dollar prices for many mineral commodities rose in 1999/2000. These increases were largely driven by a recovery in commodity demand due to renewed economic activity in Asia. The overall indexes were pulled down by price falls for Australia's largest commodity export, coal.

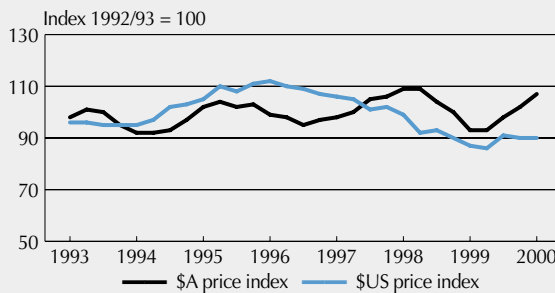
However, official expectations (from ABARE) are for world prices for most mineral commodities to rise in 2000/01. This is expected to be the result of growth in some European and most Asian countries (including Japan), combined with sustained growth in the United States, which will act to increase demand for mineral commodities.

US dollar lead, copper and nickel prices rose by 2, 25 and 106 per cent respectively in 1999/2000. Australian dollar copper prices rose by 12 per cent (from a record low base in real terms) while nickel rose by around 84 per cent in Australian dollar terms. Lead prices fell by 9 per cent in Australian dollar terms during the year.

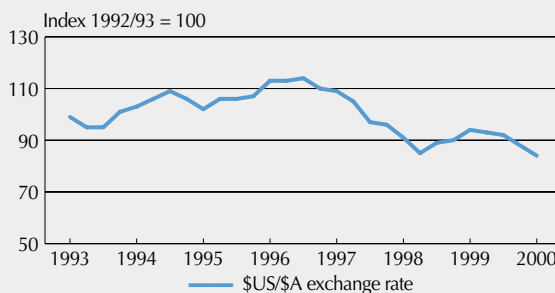
Continued subdued demand in Asia and excess production capacity has contributed to a fall in US dollar prices for steaming coal of 1 per cent in 1999/2000. This followed an 11 per cent decline in the previous year. Compared to steaming coal, coking coal demand was even weaker and the fall in US dollar prices, at 7 per cent, was more pronounced.

Stronger expected demand means US dollar coal prices are expected to rise slightly in 2000/01. Long-term steaming coal contract prices with Japanese importers for the current Japanese fiscal year were reduced by 4 to 5 per cent and according to official estimates were the lowest recorded for around thirty years. However, spot prices for thermal coal rose over the past year and tight stock levels are expected to see a continuation of this trend into 2000/01. Coking coal demand is expected to improve in 2000/01 in response to increased demand by Asian steel makers, especially in Japan. Coal prices negotiated with Japanese buyers for JFY 2000 were lower than for JFY 1999 but are expected to improve for JFY 2001 (as a result of reduced global capacity and strong demand).

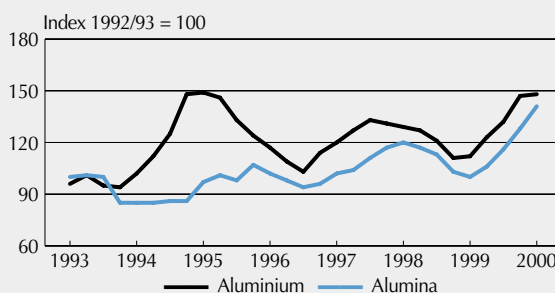
## Price Indexes



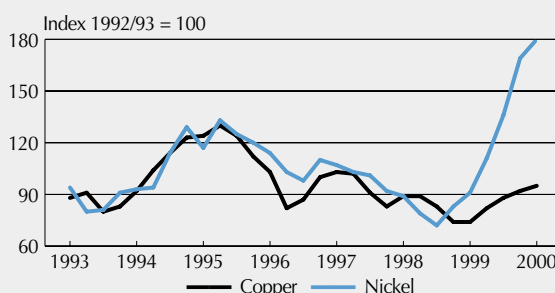
## Exchange Rate



## Alumina/Aluminium Prices

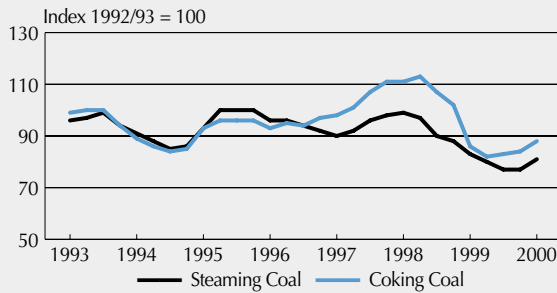


## Copper/Nickel Prices

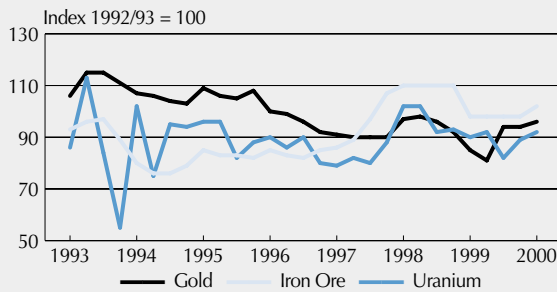


Iron ore prices rose by 4 per cent in 1999/2000 in US dollar terms. World blast furnace steel production increased during 1999/2000. Demand for iron ore is expected to improve in 2000/01 as a result of stronger Asian demand, particularly in Japan, China and Korea.

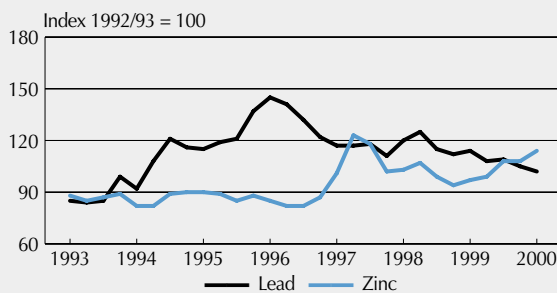
### Steaming Coal/Coking Coal Prices



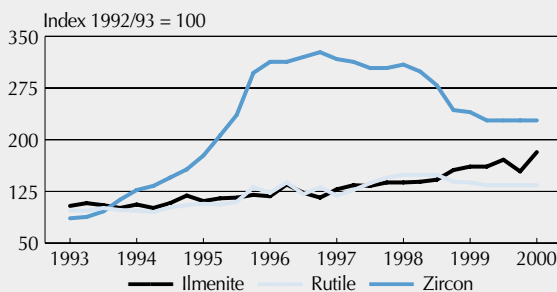
### Gold/Iron Ore/Uranium Prices



### Lead/Zinc Prices



### Mineral Sands Prices



In 1999/2000, higher aluminium demand combined with moderate world aluminium production resulted in significantly higher world aluminium and alumina prices, with rises of 31 and 27 per cent respectively recorded over the previous year.

US dollar gold prices rose by 10 per cent in 1999/2000, following a 7 per cent fall in the previous year. In Australian dollar terms, gold prices fell by around 2 per cent in 1999/2000, after a 1 per cent rise in the previous year.

Australian gold producers, in general, retain a measure of protection against short-term price fluctuations due to the hedging programs that major companies have in place.

Recent announcements about future gold sales by central banks and official sector gold lending to producers have improved certainty in the market. This is so notwithstanding the fact that official gold sector sales in 2000 are expected to be at their highest level since 1968. The level of official gold sector sales is expected to fall in 2001.

Australian dollar prices for ilmenite rose by 12 per cent in 1999/2000, while rutile and zircon prices fell by 7 and 14 per cent, respectively. Since the early 1990's, prices have risen substantially as a result of constrained supply in other exporting countries, and continuing strong demand in the developed economies. Price increases are expected for ilmenite, rutile and zircon prices in 2000/01, reflecting expected growth in key export markets.

ABARE reports that improvements in average \$US prices are expected in 2000/01, underpinned by strong demand growth. ABARE notes the lower expected Australian dollar, combined with the higher expected \$US prices, should see the \$A prices for most mineral exports increase significantly during this period.

**Note:** The charts describe movements in Australian dollar prices for major minerals. Prices are presented in the form of quarterly indexes with the base year, 1992/93, equal to 100. The prices shown on the graphs for lead, copper, nickel and zinc are London Metal Exchange (LME) spot prices expressed in Australian dollars at average quarterly exchange rates. Alumina, aluminium, coking coal, steaming coal, iron ore, uranium and mineral sands prices are unit export values (export values divided by export tonnages). Gold prices are from the London bullion market. The Index of Mineral Commodity Prices is a weighted average of prices, using each mineral product's contribution to the total value of mineral exports over the period 1991/92 to 1993/94 to apportion weights. Raw price data are from Australian Bureau of Agricultural and Resources Economics, *Australian Mineral Statistics*, various issues.

# Production

Australia retains its position as one of the world's leading minerals producing nations.

Growth in mine production steadies: the Minerals Council of Australia Mine Production Index has increased by 33 per cent over the ten years to 1999/2000.

Smelting and refining production rises by over 3 per cent.

The value of exports rises by 1 per cent as a result of volume increases and stronger \$A world prices for many commodities.

## Mine Production

Australia continued its position as one of the world's leading minerals producing nations in 1999/2000. This position should be maintained well into the future as official estimates by the Australian Geological Survey Organisation (AGSO) note that Australia has the world's largest economic demonstrated resources (mineral resources for which profitable extraction or production is possible) of lead, mineral sands, nickel, silver, tantalum, uranium and zinc (see AGSO, *Australia's Identified Mineral Resources 2000*, or [www.agso.gov.au](http://www.agso.gov.au), for further details).

Overall mine production by respondents to the survey, as measured by the Minerals Council of Australia Mine Production Index, fell by 0.4 per cent in 1999/2000, following growth of 0.1 per cent in the previous year. Australian mine production has grown steadily over the past ten years, with the Mine Production Index rising by 33 per cent over this period. Production of many mineral commodities was at record levels in 1999/2000.

Bauxite production by respondents rose by 8 per cent in 1999/2000 following a 1 per cent rise in 1998/99.

Iron ore production by respondents rose by 0.1 per cent in 1999/2000. The volume of iron ore exports rose by 10 per cent in 1999/2000. Iron ore export volumes are expected to increase further in 2000/01, as a result of stronger Asian demand. The possibility of a continued low Australian dollar is expected to see the value of iron ore exports rise strongly. However, the global outlook for crude steel production is more subdued in 2000/01, in line with modest increases in world industrial activity.

Black coal production by respondents fell by 0.7 per cent in 1999/2000, following a 2 per cent fall in the previous year. In response to low profitability, the Australian coal industry is continuing to undergo restructuring that may limit production growth over the next few years. Recently a number of mines have closed, either temporarily or permanently and a number of planned expansions have been deferred. In addition, growth in the world coal trade is expected to moderate in 2000/01 after an increase in 1999/2000, as coal fired electricity generation grows but blast furnace steel production moderates.

Mine production of copper rose 18 per cent in 1999/2000, lead production rose 6 per cent and zinc production rose 11 per cent. The increase in copper production during the year was partly the result of production at M.I.M.'s Ernest Henry mine in Queensland, WMC's Olympic Dam mine in South Australia and Western Metals' Mount Gordon mine in north west Queensland. Following the rise in

production in 1999/2000, lead output is expected to fall in 2000/01 as a result of the closure of the Western Metals' Hellyer mine in Tasmania in June 2000. The increase in zinc production was the result of a substantial on-going expansion in the industry.

Nickel production rose by 1 per cent following a 19 per cent decrease in 1999/2000. Strong increases in nickel production are expected in the next few years. The commissioning of the Cawse, Bulong and Murrin Murrin laterite nickel mines will result in significant increases in mine production and export returns in coming years. All three mines are in the process of expanding production towards capacity.

Respondents' gold production fell by 5 per cent in 1999/2000, following a 3 per cent increase in 1998/99. While, in Australian dollar terms, the price of gold is relatively high, a persistent lack of major investor interest in the industry placed it under significant pressure and saw the closure of a number of smaller, higher cost mines. Production is expected to remain flat in 2000/01, although increases are expected in the second half of the year as a number of operations reach capacity production levels.

Uranium production rose in 1999/2000, following an increase in 1998/99. WMC's Olympic Dam mine continues to expand production towards full capacity and the ERA Ranger mine remained at a near capacity rate during the year. This boost to production is expected to see uranium production increase further in 2000/01, with the expected start of commercial production at the Heathgate Resources Beverley mine in South Australia in 2001.

Ilmenite and rutile production fell in 1999/2000 following falls in 1998/99, while zircon production was 5 per cent higher. The decrease in ilmenite production was mainly due to the relocation of Consolidated Rutile's activities to the Yarraman deposit in Queensland, and the consolidation in Western Australian operations following the formation of Iluka Resources in May 1999. As this process is completed, production is expected to recover in 2000/01.

## Smelting and Refining Production

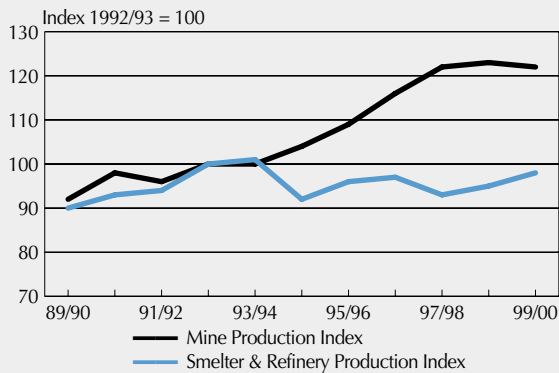
The Smelting and Refining Production Index rose 3.2 per cent in 1999/2000, with respondents' production results varying across the range of metals produced. Production of alumina, as reported by respondents, rose by 4 per cent in 1999/2000, while production of aluminium fell by 12 per cent.

However, the figure for aluminium has been affected by the survey's relatively low level of coverage of aluminium compared to other commodities. This relatively low level of coverage will make Government estimates a more reliable guide.

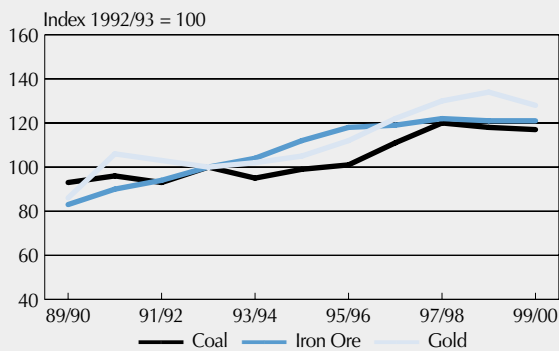
According to Government figures, aluminium production rose by 3 per cent in 1999/2000. A further small increase is expected in 2000/01 as a result of the recommissioning of idle capacity at Alcoa's Portland and Port Henry smelters.

Refined base metals production in 1999/2000 rose by 17 per cent. Respondents' production of refined copper rose by 58 per cent, following increases at WMC's Olympic Dam mine and Western Metals' Mount Gordon mine, both of which refine copper on site. Refined zinc production rose by 3 per cent.

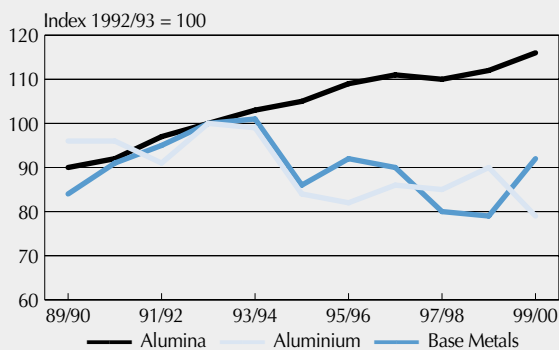
### Mineral Production



### Mine Production



### Smelting and Refining



The commencement of operations at the new Sun Metals zinc refinery in Queensland is expected to see refined zinc production increase strongly in 2000/01. Production of refined nickel rose 13 per cent, while production of lead bullion rose by 5 per cent and production of refined lead by 19 per cent. Production of refined nickel is expected to increase in the coming year, reflecting increases in production by WMC, Billiton (through its QNI operations) and the three laterite nickel producers. Australian smelter and refinery production is expected to increase strongly over the next few years with new capacity coming on line.

Alumina production is also expected to rise following higher output from the expanded Worsley refinery in Western Australia.

Production of refined silver rose significantly, by 38 per cent. This is due largely to expanded refinery production capacity.

There are also a number of minerals processing facilities under construction. The largest of these is the Billiton Worsley alumina refinery, which is expected to be completed by the end of 2000.

### Exports

Around 90 per cent of Australian mineral production is exported directly or indirectly. According to ABARE statistics, the value of exports of minerals covered by this survey rose by 1 per cent in 1999/2000 to \$33.5 billion, with decreases in coal exports largely offsetting increases in most other minerals exports. This outcome mainly reflected the stronger world prices facing a number of commodities over the year.

As foreshadowed in last year's report, improved prices and increased export volumes underpinned the improvement in exports. In 2000/01, exports are expected to increase further, with rises expected for most commodity exports. This increase is expected to result from higher average world prices and a lower Australian dollar during 2000/01.

**Note:** The Minerals Council of Australia Mine Production Index and Smelting and Refining Index are based on production of survey respondents. The indexes are weighted averages with individual commodity weights based on each commodity's contribution to export earnings in the three years 1991/92 to 1993/94. The production figures reported in this survey generally differ slightly from Government estimates for the entire industry. As company coverage varies from year to year, the figures in the table may, in some cases, give a misleading impression of the movement in production volumes. In these cases, the commentary will point this out.

### Production of Major Mineral Commodities by Survey Respondents<sup>(a)</sup>

	1999/2000 '000	1998/99 '000	1997/98 '000
<b>Mine Production</b>			
Bauxite	51,723	48,049	47,644
Black Coal (saleable) <sup>(b)</sup>	176,701	178,022	181,299
Copper <sup>(c)</sup>	643	545	508
Diamonds ('000 carats)	41,681	40,843	40,175
Gold <sup>(c)</sup> ('000 troy ounces)	7,866	8,277	8,025
Iron Ore	147,763	147,612	148,684
Lead <sup>(c)</sup>	648	610	526
Mineral Sands – Ilmenite <sup>(c)</sup>	1,746	1,847	2,242
– Rutile <sup>(c)</sup>	157	196	216
– Zircon <sup>(c)</sup>	321	305	339
Manganese Ore <sup>(c)</sup>	1,501	1,579	1,681
Nickel <sup>(c)</sup>	101	100	123
Silver <sup>(c)</sup> ('000 troy ounces)	56,244	41,704	33,297
Tin <sup>(c)</sup>	9	8	10
Uranium (tonnes)	8,244	6,375	5,900
Zinc <sup>(c)</sup>	1,233	1,110	980
<b>Smelting and Refining Production</b>			
Alumina	14,202	13,647	13,435
Aluminium	889	1,011	953
Refined Copper	425	269	258
Lead Bullion	165	157	172
Refined Lead	233	196	198
Refined Zinc	333	323	312
Refined Nickel	86	76	80
Iron Ore Pellets	3,498	2,833	1,618
Refined Silver ('000 troy ounces)	13,057	9,464	3,602
Synthetic rutile	459	581	492

**Notes:** (a) Thousand tonnes unless otherwise specified.

(b) Raw coal production less rejects removed at coal washeries plus unexplained stock adjustments at the mine.

(c) Metallic content of mine production.

# Aggregate Balance Sheet

Reflecting the levelling off of recent investment activity, the total value of assets employed increases by a modest 1 per cent from 1998/99.

Reflecting the completion of financing requirements for a number of recently commissioned large projects, borrowings rise by a modest 0.5 per cent.

The overall industry balance sheet remains sound.

At the end of 1999/2000, the total value of assets employed in the minerals industry by survey respondents was \$57,410 million, an increase of 1 per cent on the previous year.

The value of fixed and deferred assets fell 6 per cent to \$38,502 million. This followed a 3 per cent increase in the previous year. The decrease in the value of fixed assets is a result of the depreciation of assets coming 'on line' after the significant investment activity in the industry in the last year.

Shareholders' funds rose by 3 per cent. Borrowings rose by a modest 0.5 per cent in 1999/2000 to be \$15,081 million at the end of the year. The levelling off of borrowing activity reflects the financing requirements for a number of recently commissioned large projects as they move into the operational phase. These projects involve significant debt financing, including significant overseas borrowing.

As a result of increased shareholders' funds and relatively steady borrowings, the debt to equity ratio fell. At the end 1999/2000, the gross debt to equity ratio was 0.52, lower than in the previous year, but still well above the average for the past ten years of 0.41.

The ratio of current assets to current liabilities rose from 1.15 in 1998/99 to 1.25 in 1999/2000.

The revenue to fixed and deferred assets ratio rose from 0.76 to 0.77. The funds turnover ratio fell, from 0.77 to 0.75.

The overall industry balance sheet remains sound. The slowing in the level of investment in fixed assets and the relatively high debt to equity ratio follow a period of high investment levels in the industry. This investment will provide a good base for the industry to capitalise on any future upturn in world commodity prices.

	1999/2000	1998/99	1997/98	1999/2000	1998/99	1997/98
	\$ million			Percentage of total assets		
Shareholders' Funds	28,748	27,690	29,529	50.1	48.7	52.8
Borrowings	15,081	15,006	12,056	26.3	26.4	21.6
<b>Total Funds Employed</b>	<b>43,829</b>	<b>42,696</b>	<b>41,585</b>	<b>76.4</b>	<b>75.1</b>	<b>74.4</b>
Income Tax Provision	3,528	4,118	3,557	6.2	7.2	6.4
Other Provisions	4,913	4,720	4,328	8.6	8.3	7.7
Trade Creditors and Accruals	3,527	3,893	5,537	6.2	6.9	9.9
Other Liabilities	1,601	1,396	904	2.8	2.5	1.6
<b>Equity and Liabilities</b>	<b>57,410</b>	<b>56,823</b>	<b>55,911</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Fixed and Deferred Assets	38,502	40,788	39,675	67.1	71.8	71.0
Operating Current Assets	10,513	10,566	10,703	18.3	18.6	19.1
Other Assets	8,396	5,468	5,533	14.6	9.6	9.9
<b>Total Assets</b>	<b>57,410</b>	<b>56,823</b>	<b>55,911</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	<b>Average ratios</b>					
Revenue to Fixed Assets	0.77	0.76	0.79			
Funds Turnover Ratio	0.75	0.77	0.76			
Gross Debt to Equity Ratio	0.52	0.54	0.41			
Current Ratio	1.25	1.15	1.22			

# Aggregate Profit and Loss Statement

Price falls partly offset by the lower \$A/\$US exchange rate in the second half of the year mean that sales revenue records a modest decrease.

Total expenses decrease.

Further abnormal losses (reflecting asset write downs) impact on profitability.

Industry profits increased modestly in 1999/2000, due to the combination of a modest decrease in sales revenue, lower costs and a lower level of abnormal losses than in 1998/99.

Total revenue fell 2 per cent to \$31,755 million. Within this total, smelting and refining sales revenue rose by 13 per cent, while mining revenue fell by 5 per cent. These results reflected the combination of world price movements, maintained production volumes and the lower \$A/\$US exchange rate in the second half of 1999/2000.

Total expenses fell by 3 per cent, following a 3 per cent fall in 1998/99. Labour costs and production and other operating costs contributed most to this fall.

The rise in interest expenses, of 32 per cent, occurred despite the slight increase in the level of borrowings at year-end. This has been caused by changes to the significant level of interest capitalisation on major projects, an increase in interest rates, the impact of exchange rate changes and changes in the level of inter-company borrowings.

Resource based taxes fell by 3 per cent. This reflected the impacts of the changes in production levels on royalty payments.

Depreciation and amortisation expenses rose 1 per cent. This increase is broadly consistent with the level of industry fixed and deferred assets. Labour costs fell sharply in 1999/2000, reflecting the large fall in direct employment.

Operating profit before abnormals was \$3,891 million, 6 per cent higher than in 1998/99. This is the best result since 1995/96. A fourth year of significant write-downs in the value of company assets saw the industry post an abnormal loss of \$1,816 million, compared to a \$2,040 million loss in 1998/99. This abnormal loss was partly offset by abnormal gains, attributable to a restatement of deferred tax balances to reflect the stepped decrease in the tax rate (from 36 per cent to 34 per cent on 1 July 2000 and 34 per cent to 30 per cent on 1 July 2001).

Operating profit before income tax rose 28 per cent to \$2,075 million. Net profit in 1999/2000 was \$1,121 million, 6 per cent above the previous year's result.

In summary, industry costs have fallen and profitability has improved modestly, confirming that the weakness of results in previous years has reflected short-term factors rather than an erosion of productivity or efficiency. The industry has responded to difficult circumstances by instituting major changes to the way it operates and, as a result, is better placed to meet the challenges in the years ahead.

	<b>1999/2000 \$ million</b>	<b>1998/99 \$ million</b>	<b>1997/98 \$ million</b>
Mining Sales	20,181	21,242	20,586
Smelting and Refining Sales	10,300	9,142	9,525
Other Revenue	1,273	1,957	1,687
<b>Total Revenue</b>	<b>31,755</b>	<b>32,341</b>	<b>31,798</b>
Labour Costs	4,290	4,965	5,017
Government Rail and Port Charges	1,225	1,381	1,411
Cost of production & Operating Costs <sup>(a)</sup>	15,410	15,854	16,302
Depreciation and Amortisation	3,708	3,679	3,545
Interest	1,644	1,249	1,528
Resource Based Taxes	949	978	906
Net Exchange Losses	186	56	349
Indirect Taxes	454	513	520
<b>Total Expense</b>	<b>27,864</b>	<b>28,675</b>	<b>29,578</b>
<b>Operating profit before abnormals</b>	<b>3,891</b>	<b>3,666</b>	<b>2,220</b>
Abnormal Gain (Loss)	(1,816)	(2,040)	(1,301)
<b>Operating Profit</b>	<b>2,075</b>	<b>1,626</b>	<b>919</b>
Income Tax Expense	954	569	352
<b>Net Profit Before Extraordinaries</b>	<b>1,121</b>	<b>1,057</b>	<b>567</b>
Net Extraordinary Gain (Loss)	0	0	0
<b>Net Profit</b>	<b>1,121</b>	<b>1,057</b>	<b>567</b>
<b>Note:</b> (a) Includes costs of production, contractor costs and marketing costs which are not separately identified in the Table.			

# Profitability

Improved profitability in 1999/2000, but to levels still well below the long-term average for the industry.

Most other rates of return measures also improve – especially for the mining sector of the industry.

Indicators of profitability for the industry improved during 1999/2000, but remain at levels well below the industry average for the last ten years. In part, the low level of recent profitability reflected the large number of new projects in the industry. Many of these projects, now commissioned, have begun contributing to profit levels. On this basis, the outlook is for continuing improved profitability in coming years.

The net profit return on average shareholders' funds was 4.0 per cent in 1999/2000, compared with 3.7 per cent in the previous year. This is well below the ten-year average of this measure of profitability of 6.7 per cent.

The net profit return on average assets employed also rose, from 1.9 per cent in 1998/99 to 2.0 per cent in 1999/2000, but was also well below on the ten-year average of this measure of 3.6 per cent. A broader measure of rates of return, operating profit before interest and income tax expense on average funds employed, was 8.6 per cent in 1999/2000. This is up on the 6.8 per cent return recorded in 1998/99 and the 6.0 per cent return recorded in 1997/98. This is a measure of the total return from minerals industry activities to be shared between shareholders, lenders and governments.

As in most years, there was large variation in profits / losses across commodities and across respondents.

**Note:** The ratios quoted in the table below are a better measure of performance than absolute dollar earnings. The latter is not a reliable guide to the industry's performance unless it is related to the level of funds invested or the asset base. Figures in the funding and profitability table should be interpreted with care. Asset values have generally not been adjusted to reflect the effects of inflation. Consequently, in current dollar terms, the returns on shareholders' funds and the other profit measures tend to be overstated and the aggregate value of assets understated. For definitions, see Appendix 1.

	1999/2000 \$ million	1998/99 \$ million	1997/98 \$ million
Average Shareholders' Funds	28,219	28,610	30,656
Average Funds Employed	43,263	42,141	40,737
Average Assets	57,117	56,367	54,361
Operating Profit Before Abnormal Items	3,891	3,666	2,220
Operating Profit Before Interest and Income Tax	3,719	2,876	2,447
Operating Profit Before Income Tax	2,075	1,626	919
Operating Profit After Income Tax	1,121	1,057	567
Net Extraordinary Gain (Loss)	0	0	0
Net Profit	1,121	1,057	567
<b>Rates of Return</b>	<b>per cent</b>	<b>per cent</b>	<b>per cent</b>
Operating Profit Before Abnormals Return on Average Shareholders' Funds	13.8	12.8	7.2
Operating Profit Before Interest and Income Tax Expense on Average Funds Employed	8.6	6.8	6.0
Net Profit Return on Average Shareholders' Funds	4.0	3.7	1.8
Net Profit Return on Average Assets Employed	2.0	1.9	1.0
Net Profit Return on Total Revenue	3.5	3.3	1.8

The improvement in profitability was particularly strong in the mining sector. Net profit return on average assets employed in this sector of the industry was 4.1 per cent. This compares with 3.0 per cent in the previous year and 0.9 per cent in 1997/98. Mining sales revenue fell by 5 per cent. This was more than offset by a large decline in costs.

By contrast, the smelting and refining sector of the industry recorded a loss of \$464 million, representing a net profit return on average assets employed of -2.5 per cent, compared with the -0.6 per cent recorded in 1998/99.

**Note:** Some care should be taken in interpreting the figures reported in the table below. The aluminium / alumina sector largely reports on a calendar year basis. Thus, the survey does not reflect price changes in the latter half of 1999/2000. Secondly, a number of major project expansions / upgrades have taken place, together with some technical / operational problems, which have dampened sales revenue. Finally, the split between mining and smelting and refining is somewhat artificial. For example, primary gold smelting to produce doré is included in the mining sector.

	1999/2000 \$ million	1998/99 \$ million	1997/98 \$ million
<b>Mining</b>			
Sales Revenue	20,181	21,242	20,586
Net Profit	1,585	1,170	401
	<b>per cent</b>	<b>per cent</b>	<b>per cent</b>
Net Profit on Average Assets Employed	4.1	3.0	0.9
<b>Smelting and Refining</b>	<b>\$ million</b>	<b>\$ million</b>	<b>\$ million</b>
Sales Revenue	10,300	9,142	9,525
Net Profit	(464)	(113)	166
	<b>per cent</b>	<b>per cent</b>	<b>per cent</b>
Net Profit on Average Assets Employed	-2.5	-0.6	1.0

# Cash Flows

A high proportion of cash from operating activities continues to be reinvested in assets.

In 1999/2000, the minerals industry received \$30,065 million in receipts from customers. Net cash from operating activities totalled \$6,036 million, which was largely applied to investment activities, particularly the purchase of property, plant and equipment. However, this level is well down on the amount applied last year and, in contrast to 1998/99, net cash used in investment activities was lower than net cash provided by operating activities.

Proceeds from the issue of shares in 1999/2000 were \$428 million, 62 per cent lower than in 1998/99. The statement of cashflows shows new borrowings and refinancing of existing debt below recent years' levels. This is consistent with the smaller number of capital projects under construction and the relatively

stable borrowings recorded in the balance sheet. The lower \$A/\$US exchange rate would contributed to an increase in the recorded value of \$US debt outstanding at balance date. This also partly explains the increase in interest payments.

Dividend payments were recorded as \$2,295 million. This equals a return of around 8 per cent on shareholders' funds. Some care should be used in the interpretation of this result as it reflects the final dividend payment for 1998/99 and an interim payment for 1999/2000. In addition, this amount does not necessarily equate to shareholder payments, as it can reflect payments by subsidiaries to parent companies.

	1999/2000 \$ million	1998/99 \$ million
<b>Operating Activities</b>		
Receipts from customers	30,065	29,033
Payments to suppliers and employees	(22,862)	(22,494)
Dividends received	180	114
Interest received	354	229
Interest and other costs of finance paid	(1,587)	(1,102)
Income taxes paid	(1,077)	(793)
Other	963	892
Net cash provided by operating activities	6,036	5,878
<b>Investing</b>		
Payment for purchase of controlled entities	(880)	(832)
Proceeds from sale of controlled entities	397	909
Payments for property, plant and equipment	(3,541)	(6,517)
Proceeds from sale of property, plant and equipment	581	365
Other payments	(1,061)	(2,009)
Other proceeds	1,077	1,005
Net cash used in investing activities	(3,426)	(7,080)
<b>Financing</b>		
Proceeds from issues of shares	428	1,115
Proceeds from borrowings	13,871	16,076
Repayments of borrowings	(14,443)	(13,616)
Dividends paid	(2,295)	(2,454)
Other	167	371
Net cash provided by financing activities	(2,272)	1,494
Cash at the beginning of the year <sup>(a)</sup>	1,213	1,184
Net increase/decrease in cash held	337	292
Movements attributable to exchange rate fluctuations on foreign currencies held	(2)	(47)
Cash at the end of the year	1,549	1,429
<b>Note:</b> (a) The change in the mix of respondents means cash at the beginning of 1999/2000 differs from the 1998/99 end of year figure.		

# Borrowings

Reflecting the levelling off of the recent high level of investment activity in the minerals industry, borrowings rise by a modest 0.5 per cent.

The shift towards longer-term debt evident in 1998/99 continues.

Around 64 per cent of debt is now denominated in a foreign currency.

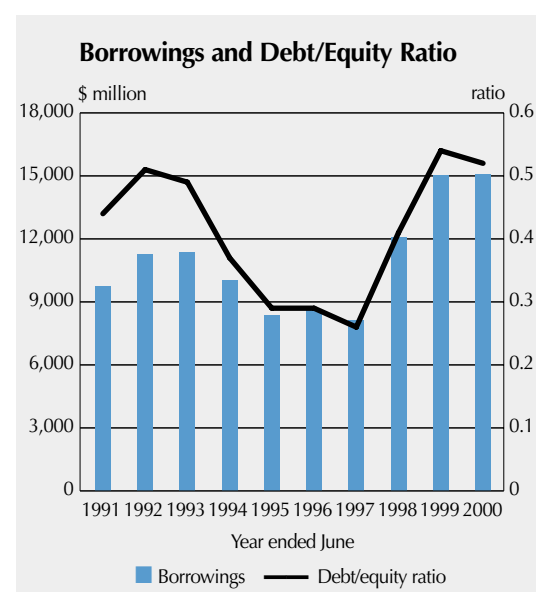
At the end of 1999/2000, borrowings were \$15,081 million, 0.5 per cent higher than at the end of the previous year. As a result of the relatively steady level of borrowings and a rise in shareholders' funds, the gross debt to equity ratio fell, from 0.54 in 1998/99 to 0.52 in 1999/2000.

This levelling off of borrowings reflects the commissioning of a number of large projects during 1999/2000 (and therefore lower additional borrowing requirements than during their development phases). However, the significant refreshing of "old" capital and new capital investment in recent years has seen the debt to equity ratio remain above the average for the past ten years (see Appendix 3).

Associated with the relatively steady level of borrowing, there was a continued shift into longer-term debt. The proportion of borrowing repayable between two and three years was stable at 24 per cent, while the proportion of debt repayable between four and five years rose from 19 per cent to 25 per cent. The share of debt repayable after more than five years fell slightly, from 42 per cent to 41 per cent. By contrast, the share of debt repayable within one year fell sharply, from 15 per cent to 10 per cent.

In 1998/99, there was a pronounced increase in foreign, especially long-term \$US, denominated debt. This is a result of long-term project financing within the industry. This increase was maintained in 1999/2000, with debt denominated in a foreign currency now accounting for around 64 per cent of total borrowing.

Debt denominated in a foreign currency, particularly that which is \$US denominated, provides the advantage of a natural hedge arising from the fact that most of the industry's revenue is denominated in foreign currency. While the optimal mix of debt will vary with industry circumstances, incentives to shift in or out of foreign denominated debt can also be explained by the relative rates of interest that are available in overseas financial markets, compared with domestic interest rates.



Amounts Owing at Balance Date Repayable Within:	June 2000 \$ million	June 1999 \$ million	June 1998 \$ million	June 2000 percentage of total	June 1999 percentage of total	June 1998 percentage of total
1 Year	1,491	2,245	1,827	9.9	15.0	15.2
2 – 3 Years	3,561	3,623	2,667	23.6	24.1	22.1
4 – 5 Years	3,795	2,793	4,547	25.2	18.6	37.7
After 5 Years	6,233	6,345	2,179	41.3	42.3	18.1
Term Not Specified	0	0	836	0.0	0.0	6.9
<b>Total Borrowings</b> <sup>(a)</sup>	<b>15,081</b>	<b>15,007</b>	<b>12,056</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
In foreign currency	9,620	9,554	6,619	63.8	63.7	54.9
In Australian currency	5,460	5,452	5,437	36.2	36.3	45.1

**Note:** (a) For a small number of respondents, the figures for borrowings do not include inter-company debt.

# Distribution of Assets by Activity

Decrease in fixed and deferred assets in both sectors. However, other exploration and mining assets increase strongly.

Smelting and refining sector's share of total assets remains relatively steady, following increases in the mid-1990's. This reflects the industry's on-going response to the improved environment for downstream value adding brought about by economic reform.

At the end of 1999/2000, assets employed in the minerals industry totalled \$57,410 million, an increase of 1 per cent on the previous year. The total value of fixed and deferred assets was \$38,502 million, a decrease of 6 per cent. The value of other assets rose by 18 per cent.

Total assets employed in the exploration and mining sector rose by 3 per cent. There was a 3 per cent decrease in the value of fixed and deferred assets and a 21 per cent rise in other assets.

In the smelting and refining sector, total assets employed fell by 4 per cent, with a decrease of 10 per cent in the value of fixed and deferred assets and a 10 per cent rise in other assets.

The share of exploration and mining assets in total assets employed rose slightly to 69 per cent in 1999/2000, from 67 per cent in 1998/99 and 68 per cent in 1997/98. This ratio had been stable at 75 : 25 over the previous five years.

The change in this ratio in recent years illustrates how the industry has responded to the improved environment for downstream value adding activity brought about by economic, especially microeconomic, reform.

	June 2000 \$ million	June 1999 \$ million	June 1998 \$ million
<b>Exploration and Mining</b>			
Fixed and deferred assets	26,413	27,333	26,949
Other <sup>(a)</sup>	12,971	10,745	11,028
Total	39,384	38,078	37,977
<b>Smelting and Refining</b>			
Fixed and deferred assets	12,089	13,456	12,726
Other <sup>(a)</sup>	5,937	5,290	5,208
Total	18,026	18,746	17,934
<b>Total Assets</b>			
Fixed and deferred assets	38,502	40,788	39,675
Other <sup>(a)</sup>	18,908	16,035	16,236
Total	57,410	56,823	55,911

**Note:** (a) 'Other' assets include inventories, receivables, future income tax benefit assets, and inter-company balances.

# Government and Taxation

Total taxes paid by minerals companies rose by 14 per cent. Much of the rise is in income tax expense, which is up 68 per cent – due to improved profitability in the industry.

The Council has welcomed the Commonwealth Government's indirect tax reform initiatives implemented on 1 July 2000.

In relation to the range of business taxation reforms under way, much will depend on the implementation process and in particular on genuine and on-going consultation with industry over the legislative and administrative details involved.

The total amount of direct and indirect tax liabilities incurred by respondents in 1999/2000 was \$2,356 million, 14 per cent higher than in the previous year. In 1999/2000, total tax paid by companies represented 42 per cent of net profit before all taxes, compared with 46 and 76 per cent in 1998/99 and 1997/98 respectively.

Income tax expense rose by 68 per cent, mainly as a result of the improvement in industry profitability.

In 1999/2000, income tax accounted for 45 per cent of pre-income tax net profit, down from 35 per cent in the previous year. In any given year this figure will differ from the company tax rate due to differences in definition between accounting profit and taxable income.

Royalty payments to government in 1999/2000 were \$949 million, 3 per cent lower than in the previous year. Government port and rail charges fell 11 per cent to \$1,225 million.

The total of indirect taxes paid by the industry fell by 12 per cent in 1999/2000 to \$454 million. This was due to falls in payroll tax and fringe benefits tax paid, reflecting the lower level of industry direct employment. Fuel excise and other payments also decreased by 10 per cent.

In 1999/2000, income tax accounted for 41 per cent of total taxes paid by companies, resource based taxes accounted for 40 per cent and indirect taxes accounted for 19 per cent.

The share of royalties and indirect taxes in total payments decreased during 1999/2000. The major reason for the decrease was a higher level of profitability in the industry, which resulted in a significant increase in total income tax. Nevertheless, the survey data show that indirect taxes are a large component of total industry tax payments.

Over the second half of the 1990's there was an increase in the share of indirect taxes in total taxes paid by the industry. This underscores the importance of the Commonwealth Government's indirect tax reform initiatives implemented on 1 July 2000. These reforms aim to address the problem of reliance on a narrow base for indirect taxation in the economy and to remove taxation on business inputs.

In fact, after geological prospectivity and degree of political risk, the tax mix in the fiscal regime is a primary consideration in attracting investment in any country's minerals industry. With an increasingly competitive global minerals market, capital and skilled people are mobile inputs. Continuing Australia's tax arrangements, in particular taxes on business inputs, would have risked deflecting

potential investors who may be considering placing large projects in Australia.

For these reasons, the Council applauded the Commonwealth Government on successfully introducing its indirect tax reform package during the year.

In relation to business taxation reform, the Council has long supported simplification of Australia's business income tax system to make it more equitable, efficient and transparent. As part of this, the Council has long argued that it is the combination of all business tax rates and measures, and not just the corporate rate (or any other single tax measure), that is important in assessing project viability.

In relation to the range of business taxation reforms under way, much will depend on the implementation process and in particular on the continuation of a pragmatic and genuine consultative process with the minerals industry over the legislative and administrative details involved.

From the minerals industry's point of view, confirmation of the continuing immediate deductibility for exploration and prospecting expenditure, mine site rehabilitation expenditure and of key operating expenditures is particularly important. Any change to this treatment would have impacted adversely on working capital requirements for minerals companies and the economic viability of individual mining operations.

There has been a delay in implementation of the new business tax system. It is important that the new timetable gives industry adequate time to implement measures to meet the new laws' requirements (for example, in consolidation, depreciating assets and entity taxation). In addition, transitional issues need to be equitably addressed.

A key issue in the depreciating asset regime is development of effective lives for plant, equipment and mine development expenditure (such as underground tunnels) that is based on a principled approach, modified as necessary by practical considerations.

The removal of the statutory cap on mine life (10 years or life of mine, whichever is the lesser) will make estimates of effective life of a mine/project by the taxpayer and the taxation authorities problematic. This is due to a range of factors including the inherent variability in estimation of a resource's mine life over time. This leads the Council to the view that in the absence of the statutory life approach, an administrative cap would be a practical and preferred approach.

Irrespective of whether the Tax Value Method goes ahead, amendments to the income tax law should be made to eliminate Australian non-deductible business expenditures (so called “blackhole” expenditures). Many of these are deductible in overseas jurisdictions with which Australia competes in terms of both trade and investment flows.

The industry has welcomed the establishment of the Board of Taxation, headed by Mr Dick Warburton. Although the Board is non-statutory in nature, the Council believes it must play an important on-going role in advising the Government on the development and implementation of taxation legislation as well as the on-going operation of the tax system. A particular focus over the next two years should be business taxation issues.

**Note:** The income tax figures in this table differ from income tax actually paid during the year because of differences in the timing of the recognition of income tax expense in the accounts of respondents and the actual payment of income tax to the Government. Actual tax payments made in 1999/2000 are also partly reflected in profits of the 1998/99 financial year.

	1999/2000	1998/99	1997/98	1999/2000	1998/99	1997/98
		\$ million		per cent of total company taxes		
<b>Taxes Levied On Companies</b>						
Mineral Royalties, Licence Fees, etc	949	978	906	40.3	47.5	51.0
Income Tax Expense	954	569	352	40.5	27.6	19.8
<b>Total Direct Taxes</b>	<b>1,903</b>	<b>1,547</b>	<b>1,258</b>	<b>80.8</b>	<b>75.1</b>	<b>70.8</b>
Land Taxes and Rates	56	49	49	2.4	2.4	2.8
Payroll Tax	199	239	249	8.4	11.6	14.0
Fringe Benefits Tax	89	105	107	3.8	5.1	6.0
Fuel Excise and Other Taxes	108	120	115	4.6	5.8	6.5
<b>Total Indirect Taxes <sup>(a)</sup></b>	<b>454</b>	<b>513</b>	<b>520</b>	<b>19.2</b>	<b>24.9</b>	<b>29.2</b>
<b>Total Tax Expense by Companies</b>	<b>2,356</b>	<b>2,060</b>	<b>1,778</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Taxes Levied On Others</b>						
Income Tax Paid by Employees	1,163	1,324	1,317			
Withholding Tax Paid by Lenders and Shareholders	5	2	1			
<b>Total Taxes</b>	<b>3,524</b>	<b>3,386</b>	<b>3,096</b>			
Government Rail and Port Charges	1,225	1,381	1,411			
<b>Total Government Revenue</b>	<b>4,749</b>	<b>4,767</b>	<b>4,507</b>			

**Note:** (a) Excludes an unknown but small amount of sales tax and embedded sales tax.

# Rehabilitation Expenditure

As at November 2000, 37 companies were signatories to the 2000 *Australian Minerals Industry Code for Environmental Management*, applying the Code at numerous sites, both domestically and overseas.

The annual expense for rehabilitation in 1999/2000 was \$242 million.

The figures presented in this survey cover only part of the industry's total environmental expenditure.

In 1999/2000, the industry provided \$242 million for expenditure on rehabilitation, 12 per cent lower than in the previous year. Nevertheless, the accumulated balance of the provision for rehabilitation expenditure rose 16 per cent to \$1,396 million at the end of 1999/2000. The strong rise in the balance over the past few years is consistent with an increased focus on environmental rehabilitation by the minerals industry. The balance is provided for the purpose of rehabilitation and can be expected to be drawn down in future years.

Furthermore, expenditure on rehabilitation is projected to increase next year. In addition, the figures presented in this survey cover only part of the industry's total environmental expenditure (see note at the end of this section).

The environmental performance of the Australian minerals industry is central to its continued viability. The importance of high standards of environmental management and performance to the future of the industry is demonstrated through the *Australian Minerals Industry Code for Environmental Management* (the Code), which provides a framework for continual improvement in environmental management and communication.

The Code is designed to facilitate each signatory's continual improvement of environmental performance in each phase of mineral development, from initial exploration to closure and final rehabilitation, and to communicate that performance to the industry's stakeholders and the community.

By signing the Code, signatories commit to excellence in environmental management through seven principles:

- Accepting Environmental Responsibility for All Actions.
- Strengthening Relationships with the Community.
- Integrating Environmental Management into the Way We Work.
- Minimising the Environmental Impacts of Activities.
- Encouraging Responsible Production and Use of Products.
- Continually Improving Environmental Performance.
- Communicating Environmental Performance.

Commitment to the Code brings with it a number of obligations. In summary, these are:

- Application of the Code wherever the company operates.

- Production of an annual public environmental report within two years of registration.
- Completion of an annual Code Implementation Survey to assess progress against implementation of Code principles.
- Verification of the survey results, by an accredited auditor, at least once every three years.

The Code also requires a signatory's employees and site contractors to comply with company practices and procedures.

Thirty-seven companies have now become signatories to the 2000 *Australian Minerals Industry Code for Environmental Management*, applying the Code at numerous sites both domestically and overseas.

Under the Code, signatory companies are releasing annual public environmental reports. At least 30 company environmental reports have been released, with the number rising to 35 by the end of 2000. These figures will continue to rise, as more companies become signatories to the Code.

When the Code was launched in December 1996, a review within three years was foreshadowed. Throughout 1999, the Code underwent a substantial review process in consultation with key stakeholders across the country. The result of this review is an updated 2000 Code, to which current signatories and non-signatory companies have been invited to commit.

The 2000 Code emphasises the importance of verification of Code performance, and introduces a self-assessment protocol (the Code Implementation Survey) to encourage a consistent approach to assessment of progress towards implementation of Code principles, and a means to analyse industry-wide trends. In addition, the new Code obliges signatories to have their performance audited every three years against their own assessment that they have reported via the Code Implementation Survey.

The industry has established the Australian Minerals Industry External Environmental Advisory Group (EEAG) as a new forum through which the industry can seek independent advice on how its environmental performance is perceived and potentially could be improved. Professor Michael Archer, Director of the Australian Museum, will Chair the EEAG. He is joined by Ms Tricia Caswell, Mr Mick Dodson, Ms Ros Kelly, Dr Fiona Solomon (CSIRO Minerals), Ms Anthea Tinney (Deputy Secretary, Environment Australia) and Mr Michael Rae (World Wildlife Fund).

The Australian minerals industry undertakes considerable research and training in areas related specifically to improving environmental performance. Research and training is undertaken directly by companies and through sponsorship and support of research and training institutions such as the Australian Centre for Mining Environmental Research, the Australian Minerals Foundation, the Australian Minerals Energy and Environment Foundation, and the Australian Minerals Industry Research Association.

**Note:** The figures presented in this survey cover only part of the industry's total environmental expenditure. In addition to minesite rehabilitation, substantial environmental expenditures are incurred in research, pollution monitoring and control, clean up and in capital expenditures designed to minimise the environmental impact of mining and minerals processing plant and equipment.

Rehabilitation Expenditure	2000/01 Forecast \$ million	1999/2000 \$ million	1998/99 \$ million	1997/98 \$ million
Annual Provision <sup>(a)</sup>	285	242	275	245
Accumulated Balance of Provision	n/a	1,396	1,208	975

**Notes:** (a) Annual provision for rehabilitation represents the amount charged to the profit and loss statement during the period, which increases the total rehabilitation provision. Actual payments made will be made directly from the total rehabilitation provision, and will not necessary equal the amount charged to the profit and loss statement.

# Native Title and Aboriginal Development Expenditure

In 1999/2000, the industry spent \$48.0 million on Native Title and Aboriginal development expenditure.

It is anticipated that total expenditure will increase in coming years.

Native title expenditure excludes any costs arising from the significant delays that have been experienced by the minerals industry in gaining access to land for exploration.

The minerals industry in Australia is concerned with the increasing level of expenditure resulting from legislative and common law developments arising from native title and related indigenous issues.

This year's survey collected information on minerals industry expenditure on native title and related indigenous issues. Respondents supplied information on internal expenditure relating to land access and Aboriginal development and external expenditure relating to the same categories.

Internal expenditure on land access relates to the statutory requirements of the *Native Title Act 1993*. In particular, the requirements and procedures arising from its 'future act provisions' and the need for mineral companies to be respondents to claims for native title on land where they have interests in mineral exploration and development. For 1999/2000, internal expenditure for respondents to the survey was \$12.5 million. This is an evolving part of the survey, and the improved response rate to this survey question in 2000 compared to 1999 means the results in the two years are not directly comparable.

External expenditure on land access and Aboriginal development for 1999/2000 was \$35.5 million. Again, this is an evolving part of the survey, and the improved response rate to this survey question in 2000 compared to 1999 means the results in the two years are not directly comparable. This expenditure relates to payments made to indigenous people and third parties acting for indigenous interests. The level of expenditure is concerned with the external costs of complying with procedures arising from the 'future act provisions' of the *Native Title Act 1993* and reflects expenditure rising from native title agreements with native titleholders on land access.

It is anticipated that total expenditure, of \$48.0 million in 1999/2000, will increase as the current backlog of mineral tenement applications is processed and agreements and determinations result in compensation payments.

Native title expenditure in 1999/2000 excludes any costs arising from the significant delays that have been experienced by the minerals industry in gaining access to land for exploration. These delays are not recorded as native title expenditure, but have resulted in a switching of exploration investment from Australian's greenfields exploration to either brownfields exploration or overseas exploration.

Native Title and Aboriginal Development Expenditure	1999/2000 \$ million
Internal	
Expenditure relating to land access <sup>(a)</sup>	6.0
Expenditure relating to Aboriginal Development <sup>(b)</sup>	6.5
Total internal expenditure	12.5
External	
Expenditure relating to land access <sup>(a)</sup>	25.1
Expenditure relating to Aboriginal Development <sup>(b)</sup>	10.4
Total external expenditure	35.5
Total Native Title and Aboriginal Development Expenditure	48.0

**Note:** (a) Land access expenditure includes items such as compliance with the *Native Title Act 1993* and indigenous heritage legislation, legal, representational, negotiation and anthropological studies and compensation (cash or in kind) paid to Aborigines.

(b) Aboriginal development expenditure includes items such as special education, training, employment, small business, community development programmes for Aborigines and Aboriginal communities.

# Employment and Labour Costs

A further decrease in direct employment.

Around 25 per cent (or 1 in 4) of full-time equivalent positions in the industry are now contracted out.

Labour costs per employee fall.

The number of people directly employed in respondent companies fell by 8 per cent in 1999/2000, following an 8 per cent fall in the previous year. This fall is partly due to the effects of company restructures and downsizing and partly due to a change from direct to contract employment status at a number of respondent operations.

The industry trend since 1989/90 has been towards lower direct employment. The effect of increased activity and new production on employment levels has been more than offset by a continuing trend towards increased use of contractors and improved labour productivity through changes in work practices, training and improved technology.

Employment in mining operations was the major contributor to this fall, with mining employment falling by 8 per cent (or around 3,600 persons). Following a 4 per cent reduction in employment in smelting and refining in 1998/99, employment in smelting and refining fell by a further 6 per cent (or around 1,000 persons) in 1999/2000. Employment in the exploration sector fell by 7 per cent (or around 200 persons).

In conjunction with the sharp fall in direct employment, total labour costs fell. Gross wages and salaries per employee fell by 7 per cent during 1999/2000. Redundancy payments associated with industry restructuring continue to contribute to the level of wages and salaries paid in the industry. In 1999/2000, gross wages and salaries accounted for 86 per cent of total labour costs while non-wage costs accounted for 14 per cent.

Important non-wage costs include fringe benefits tax (FBT) and payroll tax. In 1999/2000, FBT payments per employee were \$1,646, 7 per cent lower than in the previous year. Payroll tax per employee was \$3,665, 9 per cent lower than in the previous year. In the minerals industry, payroll tax can potentially constitute a significant tax on employment and as such can discourage employment growth.

## Contracted employees

Over the past few years, there has been a strong trend towards contracting rather than direct employment of labour.

In 1999/2000, there were 17,633 full-time equivalent contractors engaged by respondents, an increase of 7 per cent on the 16,556 full-time equivalent contractors engaged by respondents in 1998/99. This result does not include part-time contractors (undertaking short-term maintenance work or drilling operations, for example). Thus, approximately 25 per cent of full-time employment provided by respondents in 1999/2000 were contracted-out. This compares with 22 per cent in 1998/99 and 19 per cent in 1997/98.

Taking contractors into account, total employment by respondents to the survey fell by 5 per cent, from 73,015 to 69,686.

**Note:** The figures for wages and salaries include production bonuses, overtime, penalty rates, long-service leave, sick pay and leave loading. People employed by contractors are not included in the table. The employment numbers presented in the table relate to end of period employment. Labour costs per employee are calculated on average employment for the year rather than end of year employment. A number of estimates are made to provide separate exploration and mining figures, which are only meant to be indicative.

	1999/2000 number	1998/99 number	1997/98 number	1999/2000 percentage change
<b>Direct Employment</b>				
Exploration	2,214	2,380	2,416	-7.0
Mining	35,336	38,603	43,174	-8.5
Exploration and Mining	37,550	40,983	45,590	-8.4
Smelting and Refining	14,503	15,476	16,085	-6.3
Total Direct Employment	52,053	56,459	61,675	-7.8

	1999/2000 number	1998/99 number	1997/98 number	1999/2000 percentage change
<b>Contractor Personnel Considered a Substitute for Full-Time Employees</b>				
Contract Mining	11,894	11,252	9,977	5.7
Other Contracting	5,739	5,304	4,450	8.2
Total Contract Employment	17,633	16,556	14,427	6.5

	1999/2000 \$ million	1998/99 \$ million	1997/98 \$ million	1999/2000 per cent of total
<b>Aggregate Labour Costs</b>				
Gross Wages and Salaries	3,606	4,218	4,189	84.1
Payroll Tax	199	239	249	4.6
Workers' Compensation	77	90	123	1.8
Fringe Benefits Tax	89	105	107	2.1
Superannuation, training and other	319	313	348	7.4
Total Labour Costs	4,290	4,965	5,017	100.0
<b>Recipients of Labour Costs:</b>				
Employees Net Wages and Benefits	2,762	3,207	3,220	
Government Tax Revenue	1,529	1,758	1,797	

	1999/2000 dollars	1998/99 dollars	1997/98 dollars	1999/2000 percentage change
<b>Labour Costs per Employee<sup>(a)</sup></b>				
Gross Wages and Salaries	66,457	71,417	63,391	-6.9
Other Benefits	5,880	5,306	5,266	10.8
Payroll Tax	3,665	4,040	3,768	-9.3
Fringe Benefits Tax	1,646	1,778	1,619	-7.4
Total Expenditure per Employee	77,648	82,541	74,044	-5.9
<b>Note:</b> (a) Based on average employment during the year and other than workers' compensation.				

# Overseas Exploration Expenditure

Overseas exploration expenditure accounted for 30 per cent of total exploration expenditure by respondents. For larger companies, this is now 36 per cent of activity – the first fall in nine years.

The share of gold in total overseas exploration expenditure rose slightly, from 41 per cent in 1998/99 to 42 per cent in 1999/2000.

South America, Africa, North America and Asia were the principal regions for overseas exploration.

The survey collects information on exploration expenditure in Australia and overseas. The latter information is sought by commodity and by overseas region. To enable a comparison and to establish trends over a longer period of time, those respondents that have provided overseas exploration expenditure figures over the past decade are separately reported as a 'constant group' below.

The table below detailing average annual growth rates for a 'constant group' of respondents to the Council's annual survey over a ten year period shows growth in overseas exploration expenditure by larger minerals companies was nearly twice the growth in Australian exploration expenditure.

## Analysis of all respondents

In 1999/2000 respondents spent \$832 million on exploration, 24 per cent lower than the \$1,100 million spent in 1998/99. Respondents spent \$250 million on overseas exploration activities, or 30 per cent of total exploration expenditure, and \$557 million in Australia, or 70 per cent of total exploration expenditure. Official data from the ABS, which has a wider coverage of the industry than this survey, show that Australian minerals industry exploration expenditure fell by 19 per cent between 1998/99 and 1999/2000.

The share of gold in total overseas exploration expenditure rose slightly, from 41 per cent in 1998/99 to 42 per cent in 1999/2000. The sharp decline in gold prices has contributed to the fall in expenditure on gold exploration and a shift towards base metals exploration in recent years (the share of exploration expenditure directed towards gold was 53 per cent in 1997/98). Base metals exploration fell from 37 per cent to 33 per cent.

The major areas for overseas exploration in 1999/2000 were:

- South America, 27.2 per cent (up from 20.2 per cent in 1998/99).
- Africa, 21.2 per cent (up from 18.4 per cent in 1998/99).
- North America, 16.7 per cent (down from 22.0 per cent in 1998/99).
- Asia, 13.8 per cent (down sharply from 27.5 per cent in 1998/99, as many companies reacted to political instability in parts of the region).

Exploration in Papua New Guinea and the Pacific doubled, from a low base of 3.1 per cent to 6.0 per cent. Exploration in Eastern Europe and Western Europe also rose, but remains below 2 per cent of total expenditure.

## Overseas Mineral Exploration expenditure – all respondents

By Commodity	1999/2000 \$ million	1998/99 \$ million
Gold and platinum	117.3	177.8
Base metals	82.8	154.0
Mineral sands	1.8	3.1
Diamonds	26.3	33.8
Coal	11.8	1.0
Other	10.0	48.2
Total overseas	250.0	417.9
Australia	582.2	682.1
<b>Total</b>	<b>\$832.2</b>	<b>\$1,100.0</b>
Gold (%)	42.1	40.6
Non-gold (%)	57.9	59.4
By Overseas Region	1999/2000 Per cent	1998/99 Per cent
Papua New Guinea/ Pacific	6.0	3.1
Asia	13.8	27.5
South America	27.2	20.2
North America	16.7	22.0
Eastern Europe (inc. Russian Federation)	0.8	0.5
Western Europe	1.1	0.0
Africa	21.2	18.4
Other and general	13.1	8.3

**Note:** The Australian Bureau of Statistics (ABS) also conducts surveys of exploration expenditure by the minerals industry. Its quarterly surveys provide a wider coverage of Australian exploration expenditure than shown here.

While respondents to the Council's 2000 survey accounted for around 86 per cent of total minerals exploration expenditure in Australia in 1999/2000 (as reported to ABS in *Actual and Expected Private Mineral Exploration, Australia*, Cat. No. 8412.0), they represented the bulk of the exploration spending by Australian companies overseas. The Council's survey is recognised as a more accurate time series of overseas expenditure than the ABS overseas survey, which has now ceased to be collected.

Decisions to explore in Australia or overseas are based on a comparison of a range of factors. These include prospectivity, the fiscal and regulatory regimes, sovereign risk and the cost of access to land.

There has been a reduction in greenfields exploration in Australia, with greater concentration on more costly production lease exploration and development. In 1999/2000, 91 per cent of overseas exploration expenditure by respondents was off production leases. In Australia, the figure has been around the 50 to 60 per cent level over the past few years.

There is a growing acknowledgment within the broader community of the need to put in place effective and efficient legislative mechanisms to deal with the interaction of the minerals industry and indigenous interests. The Council is maintaining a longer-term perspective on the issue and recognises that industry and indigenous people will need to form cooperative partnerships. All arrangements, however, need to be underpinned by effective legislation that produces workable outcomes within realistic time frames.

#### **Constant Group Responses**

Constant group respondents' exploration expenditure in Australia fell from \$397 million in 1998/99 to \$344 million in 1999/2000. Overseas exploration expenditure by the constant group fell from \$333 million to \$190 million, and now accounts for 36 per cent of constant group exploration expenditure, down from 46 per cent in 1998/99.

When the Council established the survey of overseas exploration over ten years ago, relatively few companies (about twenty) were exploring overseas. These tended to be the larger minerals companies. Over the intervening period, more Australian based operations have embarked on overseas exploration programs.

Analysis of the broad allocation of exploration expenditure shows that the increase in overseas exploration expenditures has been particularly marked in the first half of the 1990's, with the proportion of total expenditure by the larger companies devoted to overseas exploration rising significantly. 1999/2000 represents the first fall in the proportion of overseas exploration expenditure in total exploration expenditure since 1990/91.

In 1999/2000, *for the constant group*:

- Asia accounted for 13.2 per cent of overseas spending, North America 19.7 per cent and South America 35.7 per cent. The shift away from Asia is consistent with the experience for the total group.
- Gold and platinum exploration accounted for 33.1 per cent of the total overseas spending by respondents. This is a slight increase on 1998/99, but well below the peak 79 per cent share recorded in 1988/89. This is also well below the share of gold in total group overseas exploration expenditure. The constant group spends a smaller share of overseas exploration expenditure on gold and platinum and a larger share on base metals than does the total group.

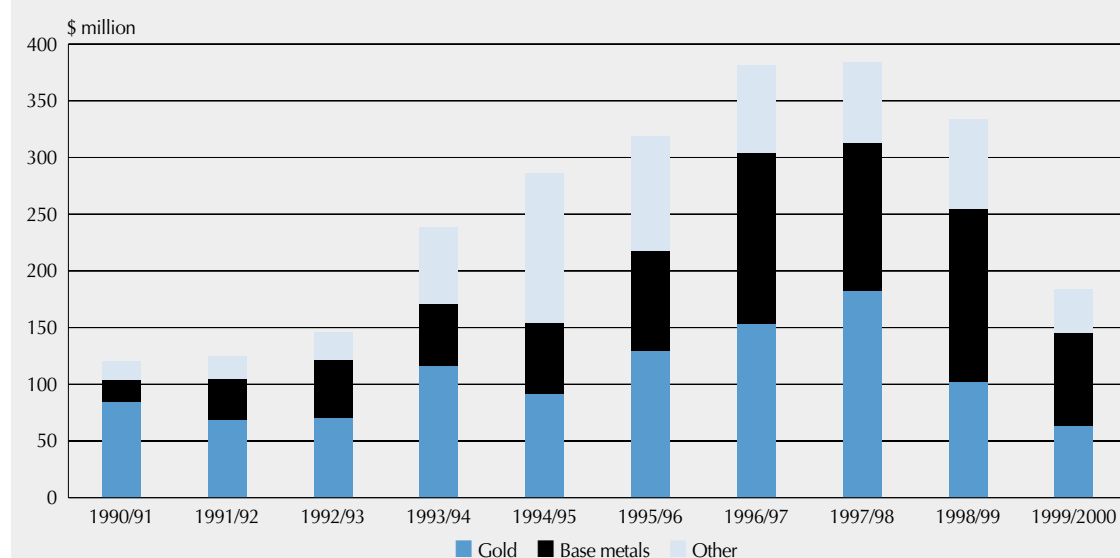
### Broad Allocation of Mineral Exploration Expenditure – Constant Group

Year	1999/2000	1998/99	1997/98	1996/97	1995/96	1994/95	10 Year Average Annual Growth (%)
	\$ million						
Australia	344.4	396.7	468.4	506.2	468.7	460.8	4.2
Overseas	190.3	333.1	384.1	381.5	319.1	285.8	7.5
Total exploration	534.7	729.8	852.5	887.7	787.8	746.6	5.3
Overseas percentage	35.6	45.6	45.1	43.0	40.5	38.3	

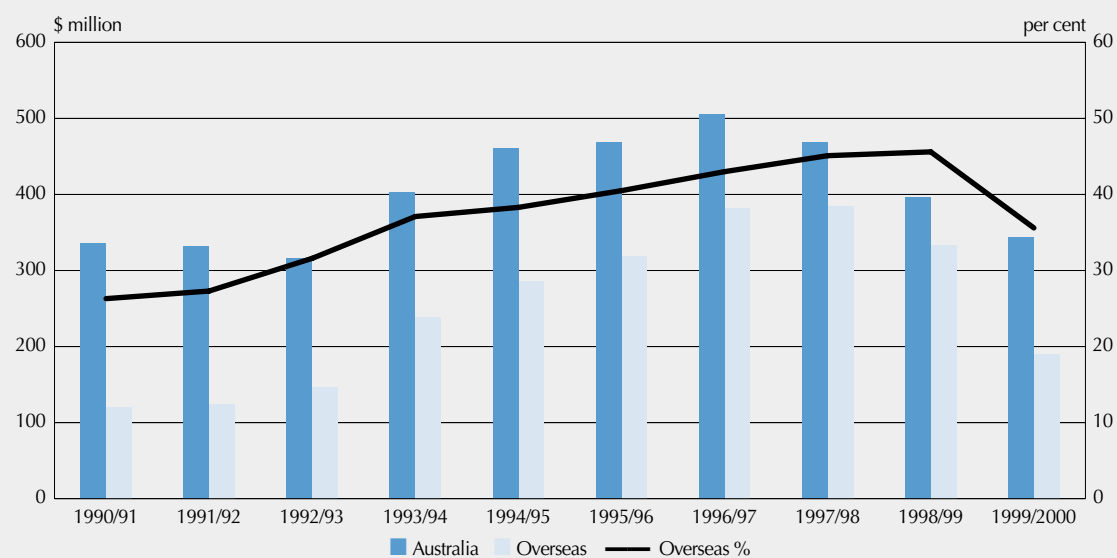
### Overseas Exploration Expenditure by Commodity Sought – Constant Group

Year	1999/2000	1998/99	1997/98	1996/97	1995/96	1994/95	1993/94	1992/93
	percentage							
Gold & platinum	33.1	30.6	47.3	40.0	40.5	31.8	48.7	47.9
Base metals	43.0	45.8	34.1	39.7	27.6	22.0	22.6	35.1
Mineral sands	0.4	0.0	2.7	1.0	2.0	1.6	1.7	3.5
Diamonds	13.8	10.1	6.9	5.2	15.6	27.7	15.2	7.2
Coal	5.9	0.0	1.5	3.1	1.7	2.4	1.9	2.3
Other & general	3.8	13.5	7.5	11.0	12.6	14.5	9.9	4.0
Total (\$m)	190.3	333.1	384.1	381.5	319.1	285.8	238.3	146.1

### Overseas Exploration Expenditure by Major Commodity – Constant Group



### Broad Allocation of Exploration Expenditure – Constant Group



### Minerals Exploration Expenditure by Overseas Region – Constant Group

	1999/ 2000	1998/99	1997/98	1996/97	1995/96	1994/95	1993/94	1992/93	1991/92
	percentage								
Papua New Guinea	0.4	0.3	0.2	2.4	3.7	2.8	4.4	11.1	15.6
Asia	13.2	28.0	15.3	21.8	23.4	21.9	18.4	16.9	18.2
Pacific	0.3	0.2	0.1	9.4	1.7	0.3	0.3	1.0	1.3
North America	19.7	27.2	35.1	21.2	29.4	33.8	33.6	25.9	30.8
South America	35.7	24.5	25.7	27.6	22.3	16.8	17.5	14.1	10.1
Eastern Europe (inc. Russian Federation)	1.0	0.6	7.2	3.7	3.6	5.0	3.4	3.5	2.8
Western Europe	1.4	0.0	2.6	0.2	2.8	1.8	2.7	4.1	2.4
Africa	15.5	11.5	9.1	6.2	7.5	15.3	13.3	11.3	8.0
Other and general	12.9	7.7	4.7	7.5	5.6	2.3	6.4	12.1	10.8
Total (\$m)	190.3	333.1	384.1	381.5	319.1	285.8	238.3	146.1	124.3

**Note:** Until 1993/94 the data was obtained from the exploration arms of member companies. For 1994/95 onwards, the data was obtained from company head offices as part of the Council's Minerals Industry Survey.

# Outlook for 2000/01

The number of projects to be commissioned in 2000/01 is expected to be significantly lower than 1999/2000.

The minerals industry is undergoing substantial restructuring in order to remain competitive in challenging market circumstances.

Maintaining a positive investment climate remains critical to further investment in the minerals industry.

Net expenditure on fixed and deferred assets is forecast to fall by 7 per cent in 2000/01, following a 27 per cent decrease in 1999/2000. Fixed asset expenditure in the mining sector is expected to remain steady while fixed asset expenditure in smelting and refining is expected to fall by 33 per cent.

Direct employment by respondents is also forecast to fall, by 9 per cent to 47,609. The number of people directly employed by survey respondents has not risen in the past few years, as would have been the case historically, given increased sector activity and investment. This reflects on-going industry restructuring, with a resultant increased productivity of employees, and the increased use of contracting.

A number of new projects were commissioned in 1999/2000, including Pasminco's Century mine. When the mine reaches full capacity by December 2001, it will mine five million tonnes of ore per annum yielding 880,000 tonnes of zinc concentrate and 70,000 tonnes of lead concentrate. Other major projects include WMC's Phosphate Hill fertiliser project in Queensland, M.I.M.'s copper smelter at Mount Isa and Port Kembla Copper's smelter/refinery at Port Kembla in New South Wales. Australia's refined copper capacity now stands at 700,000 tonnes, a more than doubling of capacity in the last three years. The new Foxleigh Mining's Foxleigh coal mine in Queensland was opened in May 2000. Other new projects include Normandy's Vera Nancy gold mine expansion in Queensland, which was completed in December 1999 and has more than doubled gold production from the mine, and Jubilee Gold Mines' Cosmos nickel mine in Western Australia, which was commissioned in April 2000.

These new projects, while well down in number on the previous two years, continue the substantial levels of investment expenditure by the industry since 1992/93, and should underpin future expansions in industry production and export levels.

There are also a number of projects at advanced stages of development. However, the number of advanced projects is well down on the level of previous years.

Major projects expected to be commissioned in 2000/01 include Billiton's Worsley alumina refinery expansion, scheduled to be completed by the end of 2000, M.I.M.'s George Fisher silver-lead-zinc mine in Queensland, the Donaldson coal mine in New South Wales, Heathgate Resources' Beverley uranium mine in South Australia, Normandy's Mount Rawdon gold mine in Queensland, WMC's St Ives heap leach expansion in Western Australia (which will add 50,000 ounces of production per year from low grade stockpiles) and Onslow Salt's development near Onslow in Western Australia.

The factors contributing to the slow down in the commissioning of new projects in 2000/01 include:

- The fact that many companies, having recently invested substantial amounts in developing their best new resources, are seeking to consolidate.
- The lack of significant new resource discoveries.

While market forces will play a major role, the attractiveness of the overall investment climate in Australia compared to overseas, remains a critical factor.

The outlook for 2000/01 for the important areas of exploration and research and development remains a concern:

- Respondents forecast their exploration expenditure in Australia will fall 10 per cent in 1999/2000.
- The level of research and development forecast expenditure level, of \$127 million, is 10 per cent lower than the 1999/2000 outcome.

	2000/01 forecast \$ million	1999/2000 actual \$ million	Forecast percentage change
<b>Net Capital Expenditure (investment) on:</b>			
Mining Assets	3,790	3,790	0.0
Smelting and Refining Assets	734	1,095	-33.0
Total Fixed Assets	4,524	4,884	-7.4
Exploration Expenditure in Australia	524	582	-10.0
Research and Development	127	141	-9.9
Number of Employees	47,609	52,053	-8.5

# Appendix 1: Coverage and Definitions

## Survey Responses

Respondents to the survey include companies engaged only in exploration as well as companies that engage in a wider range of minerals activities.

While statistically desirable to have all respondents reporting their financial data for the same period, this was not always possible. To minimise the work of respondents, data for a financial year-end within six months before 30 June 2000 (that is, 31 December 1999) were accepted. Those whose year-end fell outside those parameters were asked to provide June fiscal year information. Some respondents, engaged principally in exploration activities, supplied data relating to financial years ending between November and January. This was accepted when it was confirmed that it was representative of data which would have applied had it been prepared for a financial year ended 30 June.

## Definitions

In broad terms the 'minerals industry' has been defined as 'exploration for and extraction and primary processing of minerals in Australia'.

Adoption of this definition results in the inclusion of refining and smelting but excludes any minerals activities carried out by respondents overseas. It should also be noted that the conversion of iron ore and coal to iron and steel is not included in the survey, nor is the conversion of coal to coke.

## Safety and Health Terms

The Lost Time Injury Frequency Rate (LTIFR) is defined as the number of lost time injuries per million hours worked. A Lost Time Injury (LTI) is defined as an injury that results in a minimum of one full shift's absence.

## Financial Terms

Shareholders' Funds is the net total of values attributed to items of share capital, retained earnings, accumulated losses, interests of minorities in the capital and reserves of subsidiaries, reserves, goodwill or premium arising on consolidation and amounts set aside for dividends still unpaid at balance date. It also includes contributions by participants to a joint venture if the source of those funds cannot be accurately determined.

Borrowings is the amount of principal outstanding on loans, notes, debentures, mortgages, hire purchase and bank overdrafts.

Funds Employed is the sum of shareholders' funds and borrowings.

Fixed and Deferred Assets. This category includes capitalised exploration and mine development expenditure in addition to assets such as plant, equipment, vehicles, buildings, normally classified as fixed assets.

Current/Non-Current Assets and Liabilities. The term 'current' signifies amounts normally expected to be received or paid within the ensuing period of twelve months.

Sales. Sales revenue derived by respondents from their minerals activities located within Australia, excluding sea freight and other costs of delivery outside Australia.

## Accounting policies

The adoption of different accounting policies affected the homogeneous nature of the survey data. Respondents' information has generally not been modified to achieve uniform accounting data.

The two most common methods of accounting for exploration expenditure are to write-off expenditure as incurred, or to allocate costs to areas of interest.

## Rounding

The monetary amounts in this survey have generally been rounded to the nearest million dollars. Any discrepancies between totals and the sum of components are due to rounding.

## Ratios

Debt to equity ratio	=	$\frac{\text{borrowings}}{\text{shareholders' funds}}$
Current ratio	=	$\frac{\text{current assets}}{\text{current liabilities}}$
Pre-interest profit on average funds employed	=	$\frac{\text{operating profit before interest and tax}}{\text{average of total funds at the beginning and the end of the period}}$
Net profit return on average assets employed	=	$\frac{\text{net profit}}{\text{average of total assets employed at beginning and end of the period}}$
Net profit return on average shareholders' funds	=	$\frac{\text{net profit}}{\text{average of shareholders' funds at the beginning and the end of the period}}$
Net profit return on total revenue	=	$\frac{\text{net profit}}{\text{total revenue}}$
Operating profit before abnormals return on average shareholders funds'	=	$\frac{\text{operating profit before abnormals}}{\text{average of shareholders' funds at the beginning and the end of the period}}$
Operating profit before interest and income tax expense on average funds employed	=	$\frac{\text{operating profit before interest and income tax expense}}{\text{average of total funds employed at the beginning and the end of the period}}$

## Appendix 2: Constant Group Financial Data

The aim of the survey is to include the activities of all companies operating in Australia qualifying under the given definition of minerals. This has been possible up to a point and the coverage has consistently accounted for a large proportion of total Australian minerals production. While there is generally a similar number of respondents for each survey, the mix of respondents may change slightly from year to year.

Accordingly, the figures are not precisely comparable from one survey to the next. To facilitate more precise comparisons between years, the returns from the respondents that have participated in 1998/99 and 1999/2000 are separately reported as a constant group.

In 1999/2000, the constant group consisted of companies with total asset values equal to around 96 per cent of the total group's assets.

Data on the major aggregates for the constant group in 1999/2000 are compared with the data for the total group in the table below. To assess the impact of changes in the respondent group, percentage changes on the previous year are compared for the constant group and for the total group. For most items the constant group and total group figures are similar. The percentage change figures are also similar.

Selected items for comparison	Constant Group 1999/2000	Total Group 1999/2000	Constant Group 1998/99	Total Group 1998/99	Constant Group % change	Total Group % change
	\$ million	\$ million	\$ million	\$ million		
Shareholders' Funds	28,128	28,748	27,066	27,690	3.9	3.8
Total Assets	55,397	57,410	54,839	56,823	1.0	1.0
Borrowings	14,120	15,081	14,140	15,007	-0.1	0.5
Net Expenditure on Mining, Smelting and Refining Fixed and Deferred Assets	4,646	4,884	6,442	6,716	-27.9	-27.3
Sales Revenue	29,514	30,482	29,317	30,383	0.7	0.3
Total Expense	26,903	27,864	27,615	28,674	-2.6	-2.8
Labour Costs:						
Gross Wages and Salaries	3,471	3,606	4,069	4,218	-14.7	-14.5
Other Labour Costs	467	486	488	508	-4.2	-4.4
Payroll Tax	195	199	229	239	-14.8	-16.7
Interest Expense	1,609	1,644	1,187	1,249	35.6	31.6
Direct Taxes						
Income Tax	939	954	550	569	70.7	67.7
Mineral Royalties, etc	937	949	967	978	-3.1	-2.9
Operating Profit Before Income and Resource Based Taxes	3,019	3,024	2,624	2,604	15.1	16.1
Net Profit	1,144	1,121	1,107	1,057	3.3	6.1

# Appendix 3: 10 Year Historical Summary

Items of Interest (\$m)	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/ 2000	10 year average
Total Revenue	26,400	24,990	26,056	25,545	26,237	27,999	28,948	31,798	32,341	31,755	28,207
Total Assets at Year End	41,158	43,753	44,862	48,558	49,486	51,876	52,811	55,911	56,823	57,410	50,265
Borrowing's at Year End	9,722	11,252	11,363	10,482	8,342	8,610	8,106	12,056	15,006	15,081	11,002
Net Capital Expenditure on Mining, Smelting and Refining Assets	3,363	3,574	2,745	4,039	4,463	4,994	6,694	8,367	6,716	4,884	4,984
Interest Expense	1,142	940	917	811	859	921	1,054	1,528	1,249	1,644	1,107
Total Labour Costs	4,436	4,493	4,423	4,485	4,656	4,743	5,025	5,017	4,965	4,290	4,653
Profit before income, resource and indirect taxes	5,020	4,415	4,601	4,630	3,546	5,136	2,636	2,345	3,117	3,476	3,892
Direct Taxes	1,984	2,152	1,823	1,546	1,574	1,898	1,200	1,258	1,547	1,913	1,690
Resource Based Taxes	671	699	678	635	632	649	652	906	978	949	745
Indirect Taxes	454	474	467	490	499	542	583	520	513	452	499
Net Profit before Abnormal Gain (Loss)	2,416	2,164	2,338	2,377	2,372	2,828	2,018	1,868	3,097	2,937	2,442
Abnormal Gain (Loss)	133	(375)	(27)	205	(891)	(114)	(1,137)	(1,301)	(2,040)	(1,816)	(736)
<b>Net Profit</b>	<b>2,549</b>	<b>1,789</b>	<b>2,311</b>	<b>2,582</b>	<b>1,481</b>	<b>2,714</b>	<b>881</b>	<b>567</b>	<b>1,057</b>	<b>1,121</b>	<b>1,705</b>
Total Employment	80,385	77,038	72,139	70,243	72,085	71,901	70,489	61,675	56,459	52,053	68,447
Labour Costs per Employee	55,965	57,092	59,298	63,004	63,853	64,303	69,091	74,044	82,541	77,648	66,684
Rehabilitation Annual Expense	129	118	125	158	183	195	179	245	275	242	185
Rehabilitation Accumulated Balance of Provision	355	333	379	439	660	782	929	975	1,208	1,396	746
Overseas Exploration (constant group)	119.8	124.3	146.1	238.3	285.8	319.1	381.5	384.1	333.1	190	252
Australian Exploration (constant group)	335.4	331.8	316	403.4	460.8	468.7	506.2	468.5	396.7	344	403
Overseas Exploration (all respondents)	n/a	n/a	n/a	n/a	319.2	352.9	415.3	450.2	417.9	250	n/a
Australian Exploration (all respondents)	n/a	n/a	n/a	n/a	603.8	641.9	718.5	699.2	682.1	582	n/a
<b>Net Profit Return on Average Assets Employed (%)</b>	6.4	4.2	5.2	5.5	3.0	5.4	1.7	1.0	1.9	2.0	3.6
<b>Net Profit Return on Average Shareholders' Funds (%)</b>	11.8	8.1	10.2	10.3	5.3	9.2	2.9	1.8	3.7	4.0	6.7
<b>Gross Debt to Equity Ratio</b>	0.44	0.51	0.49	0.37	0.29	0.29	0.26	0.41	0.54	0.52	0.41



