

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 134

Topic: Royalties Statistics #2

Hansard Page: E118-119 (03/06/2010)

Senator ABETZ asked:

Senator ABETZ—...If I may go through this document, on page 5, for example, we are told that in 2008-09:

Mining recorded the largest percentage increase ... and the largest absolute increase—

in total income. All these statistics are outlined, such as the fact that mining recorded the largest absolute increase for EBITDA. It says:

Mining experienced a result counter to the decreasing trend in OPBT, showing substantial growth ...

It also says:

MINING this year has overtaken MANUFACTURING as the largest contributing industry ...

I can go through. It seems to me that in 2008-09, according to the Australian Bureau of Statistics, the mining sector still performed exceptionally well. Yet in this room I think it was a week ago in the morning we had Treasury telling us in that mining had let down the Australian economy during the global financial crisis.

Senator Sherry—Is there a question here, Senator Abetz?

Senator ABETZ—Yes. Yet the day after that evidence, the Australian Bureau of Statistics comes out with a whole array of statistics, and it does not matter what you look at, mining outperformed every other category of the Australian economy.

Senator CAMERON—They had 19 per cent unemployment.

Senator ABETZ—So, if it is not asking too much, could the ABS just verify for me their assertions in relation to chapter 1, Overview in relation to the mining sector, and also in chapter 2, Industry performance, which included on page 18:

Most industries have reported relatively stable profit margins over time. The main exceptions to this, which each recorded large decreases in their profit margins between 2007-08 and 2008-09, were Rental, hiring and real estate services (from 44.0% to 16.3%), Education and training (private) (from 24.5% to 9.8%) and Information, media and telecommunications (from 15.7% to 9.1%).

So they were all down substantially.

Mining returned the largest profit margin (37.1%), however this margin has been steady over time.

Senator Cameron interjecting—

So every single statistical analysis provided to the Australian people the day after Treasury gave us these statistics—

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Senator Sherry—Chair, we are getting a lot of rhetoric. If you have a question, fine. It is getting late. We are getting interjections as well, which is not helpful, either, Senator Cameron. It is late at night. If we have a question, let's have the question.

CHAIR—Can you come to the question, Senator Abetz.

Senator ABETZ—I am requesting, please, of ABS to verify these statements, which seem to contradict the evidence provided by Treasury. I may well be misinterpreting all these statements and, if that be so, if I could be advised on notice as to what I am misreading in relation to that document.

Answer:

Reference is ABS publication *Australian Industry 2008-09* (ABS cat. no. 8155.0).

Chapter 1 Overview

EXTRACT: 'Thirteen of the eighteen industry divisions that comprise Total selected industries recorded increases in total income. Mining recorded the largest percentage increase (34.7%) and the largest absolute increase (\$47.2b).'

EXTRACT: 'EBITDA for Total selected industries increased by \$30.3b between 2007-08 and 2008-09. Most of the increase was driven by Mining, which recorded the largest absolute increase of \$25.2b.'

EXTRACT: '...Mining experienced a result counter to the decreasing trend in OPBT, showing substantial growth of \$17.7b (38.6%).'

EXTRACT: (in reference to Industry Value Added) 'Mining this year has overtaken manufacturing as the largest contributing industry, contributing \$107.0b (12.7%) of the estimate for Total selected industries, followed by Manufacturing (\$105.1b or 12.5%).'

Chapter 2 Overview

EXTRACT: 'Most industries have reported relatively stable profit margins over time. The main exceptions to this, which each recorded large decreases in their profit margins between 2007-08 and 2008-09, were Rental, hiring and real estate services (from 44.0% to 16.3%), Education and training (private) (from 24.5% to 9.8%) and Information, media and telecommunications (from 15.7% to 9.1%). Mining returned the largest profit margin (37.1%), however this margin has been steady over time.'

The above extracts apply to the specific issues raised and are verified as accurate statements from the *Australian Industry 2008-09* ABS publication (ABS cat. no. 8155.0).