# Australia: Report foreshadows collapse of mining construction jobs

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A recently released report by the Australian Workforce and Productivity Agency (AWPA) entitled "Resources Sector Skills Needs 2013" has highlighted the bleak outlook for mining construction jobs over the next five years.

The report warns of a "highly volatile phase ahead", as mining investment has peaked for the mining resources construction sector and predicts that the number of estimated jobs will reach 83,324 jobs in 2014 and then slump to just 7,708 in 2018—an estimated loss of over 77,000 jobs.

Those who lose their jobs will have few prospects of getting work in the non-mining sectors of the economy. Tens of thousands of job losses are being destroyed in the manufacturing sector, particularly in the auto industry. General Motors and Ford have announced that they will cease production in the next few years throwing tens of thousands of people onto the unemployment scrapheap.

The Australian Workforce and Productivity Agency is an independent statutory body which provides advice on issues such as labour productivity, labour force participation and demands for skills and qualification.

The APWA report is based on the modelling to project employment levels and growth to 2018 across three components—resource project construction, mining operations and oil and gas operations. Its projections are based on three economic scenarios—base case, high growth and low growth.

The low-growth scenario is accepted as the most likely outcome due to the lower probability of resource projects resulting in committed investment and in line with estimates made by the Australian Treasury Department and the Bureau of Resources and Energy Economics (BREE).

BREE's latest figures showed that mining investment has peaked with the number and value of major resources projects falling from $268 billion in April 2013 to $240 billion in October 2013.

In October, the economic forecaster firm BIS Shrapnel also predicted a further decline in the mining sector. Its chief economist Frank Gelber commented: "The end of the mining investment boom is forcing companies to cut costs and shed staff, creating an oversupply of labour and services into a shrinking pool of work."

The downturn in mining construction is already having an impact on jobs. WesTrac, a Caterpillar mining equipment supplier, announced in a November restructuring of its operations that it will destroy 630 jobs, including those of 75 young apprentices. The company supplies the mining and resource sector in Western Australia, one of the two so-called "mining boom" states in Australia.

Don Voelte, the chief of Seven Group Holdings—the parent company of WesTrac—stated after the announcement: "The miners are trying to make their profit and they've cut back on their capital spend, as well as their maintenance spend, that has basically spun back into the service industry like WesTrac."

Even though the mining industry employs a fraction of the Australian workforce—around 261,800 jobs or 2 percent—it indirectly employs almost another 8 percent through industries such as construction, transport, postal, warehousing and service industries such as engineering and technical support.

The AWPA report estimated that in the next five years there will be a net increase in jobs in the mining sector of 4.2 percent, or just over 10,000 jobs, and in the oil and gas sector an increase of 30 percent or almost 17,000 jobs. But even this limited expansion could be nullified by the impact of the global economic crisis, particularly in China which has been a major importer of Australian minerals.

The AWPA report explained: "The world economy is in an unsettled period, with heightened concerns over the euro-zone debt crisis; a moderation in China's economic growth and a sharp fall in its export growth; weakness in investment, jobs and manufacturing in Europe; and reduced growth in India."

For the first time in a decade, there was a decline in jobs in the mining sector in the first part of 2013 as compared to an average annual growth of 11.6 percent over the previous 10 years. Even in the aftermath of the 2008–09 global financial crisis, mining sector jobs expanded. But last year, there was a reduction of 7,200 jobs or 2.7 percent to 261,800 by May.

Job losses continued in mining and associated industries in the second half of last year. In November, Rio Tinto announced the shutdown of the Gove alumina refinery in the Northern Territory this year, destroying 1,100 jobs. The company is also axing up to 500 jobs at its Argyle diamond mine in WA. Another 30 jobs are to go from the Hunter Valley workshop of its subsidiary Coal & Allied. Peabody announced that its Wilkie Creek coal mine in Queensland would shut by the end of December with the loss of 200 jobs.

The annual wages growth in the mining sector of 3.5 percent is also down—well below the 10-year average annual increase of 4.7 percent. This data alone testifies that the downturn has started to impact on jobs, wages and working conditions.

As the slump in the mining sector deepens, battered by the impact of the slowing Chinese and other Asian economies, calls by big business for the removal of all barriers to profit maximisation will get louder and the assault on jobs, wages and conditions will deepen.

The loss of government revenue at the state and federal level as the so-called mining boom evaporates is also fuelling increasingly insistent demands from big business and the financial elite for a major reduction in government spending and deep inroads into the social position of the working class.