

Mining Sector

Overview

The **Mining** sector includes all units mainly engaged in 'mining', including exploration for minerals, and the provision of a wide variety of services supporting mining and mineral exploration.

The term 'mining' is used in the broad sense to include the extraction of minerals that occur naturally, including solids such as coal and metallic ores, liquids such as crude petroleum or gases such as natural gas.

The Australian Bureau of Statistics (ABS) definition of the Mining sector excludes units mainly engaged in refining or smelting of minerals or ores (other than the preliminary smelting of gold), or in the manufacture of such products of mineral origin such as coke or cement.

Mining is by far **the largest contributor to Gross State Product (GSP)** in the Northern Territory, though its relative contribution to employment is much lower.

The world-class deposits and mines at Gove (bauxite), Groote Eylandt (manganese) and to a lesser extent, McArthur River (lead, zinc and silver), underpin the value of metallic and non-metallic mineral production in the Territory. During 2004-05, these three mines accounted for over 70% of the Territory's value of metallic and non-metallic mineral production. It is expected that these deposits will continue to dominate value of production in the medium term. Uranium ore production at the Ranger mine is classed as an energy resource.

The Northern Territory's significant known energy resources are:

- uranium deposits at Ranger, Jabiluka and Koongarra
- significant on and off-shore natural gas and condensate in the Amadeus Basin and Bonaparte Basins at Greater Sunrise, Evans Shoal, Petrel/Tern, Crux, Caldita and Argus
- oil – current production at Lamarina, Corallina, Jabiru, Challis/Casini, Elang/ Kakatua/ Kakatua North and reserves at Jahal, Kuda Tasi and Krill.

Outlook and opportunities

The value of mining and energy production increased by 35% in 2004-05, mainly due to increasing energy production. The completion of the Wickham Point LNG plant in early 2006 and increased production of condensate and liquid petroleum gas from the Bayu-Undan field will further increase the **production value from 2005-06**.

The value of **alumina production** (in the Manufacturing sector) will remain stable in 2005-06. However, with the planned major expansion at Gove, production value is expected to increase significantly from 2006-07 as the volume of alumina produced increases markedly.

Increased production of manganese in the Northern Territory is now being recorded, with manganese production from GEMCO's Groote Eylandt mine expected to increase significantly for the fourth consecutive year and production starting at OM Holding's Bootu Creek mine north of Tennant Creek in early 2006. Ore from the Bootu Creek mine is transported to the East Arm Port via the Alice Springs to Darwin rail link.

The energy outlook is positive in the Northern Territory-administered areas of the Timor Sea, the adjacent Joint Petroleum Development Area and Western Australian waters. **Crude oil production will continue to dominate in the short to medium term, while major gas extraction and gas manufacturing is expected to dominate in the long term.**

Offshore petroleum exploration investment has been boosted for 2006 with five new areas released for exploration in the waters administered by the Northern Territory.

The outlook for **new onshore exploration** in 2006 and beyond is for increasing exploration related to gold, diamonds, nickel, rare earths, uranium and onshore hydrocarbons. Exploration activity is particularly buoyant in several major geological provinces across the southern and central parts of the Territory.

Performance

At a glance

Gross Value of Production (2004-05)
\$3.1b

Industry Value Added (2004-05)
\$1996m (20.2% of GSP)

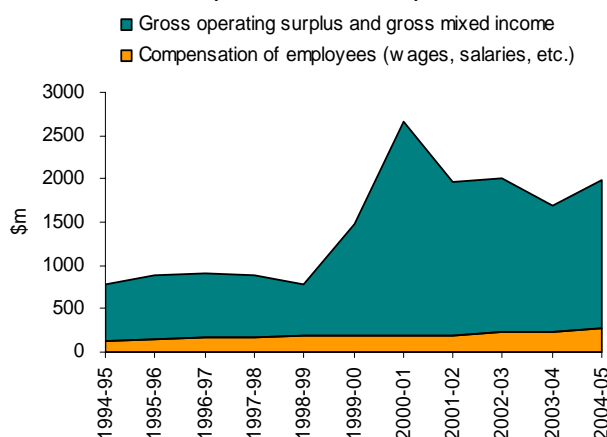
Employment (2004-05)
2090 NT workers (2.2% of NT jobs)
2532 Interstate and other workers*
(55% of NT Mining sector jobs)

Number of businesses (2004)**
170

International trade (2004-05)
Exports = \$993m
Imports = \$430m

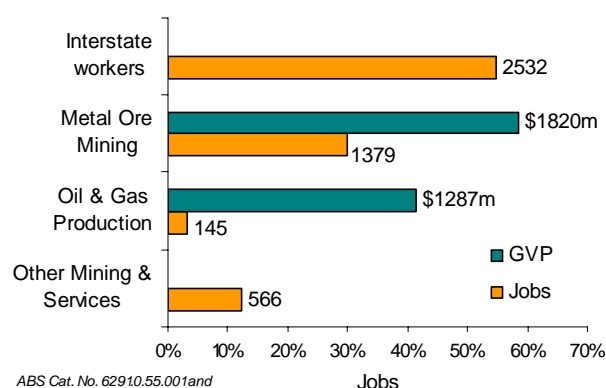
* supplied by Dept of Primary Industry, Fisheries and Mines
** latest ABS data available

Contribution to Gross State Product (1994-95 to 2004-05)



ABS Cat. No. 220.0

Contribution of sub-sectors to employment and GVP (2004-05)



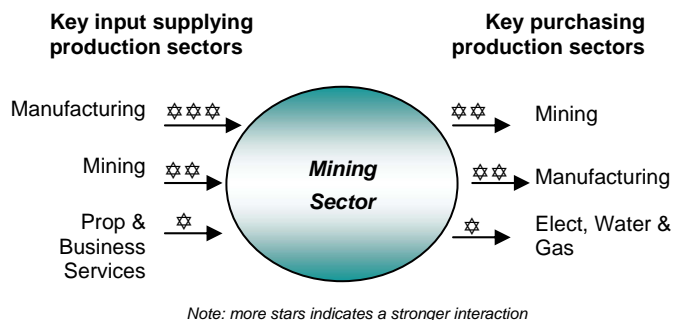
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Sector multipliers and linkages

For every \$1m invested in the Mining sector in the Northern Territory, \$770 396 of output (GVP) is created in the rest of the Northern Territory economy. For every 100 jobs created in the sector, 184 jobs are created in the rest of the Northern Territory economy.

The Mining sector has relatively low linkages with other production sectors of the Northern Territory economy.



Contribution to regional development and Indigenous employment

Mining is a high employer in regional areas with over 60% of jobs in 2001 being outside the metropolitan area. While employment on the whole is less than in other sectors, employment in non-urban (excluding Darwin and Alice) areas is comparable to some of the high employing sectors such as Retail, and Property and Business Services.

Number of businesses and employment by region (2001)

	No *	Employment	% Indigenous
Darwin	33	474	3%
Darwin region balance	0	331	11%
East Arnhem	5	609	6%
Katherine Region	7	179	8%
Barkly Region	10	27	13%
Central Region	7	374	13%
Off-shore	0	197	2%
	62	2191	7%

Source: ABS 2001 Census * excluding oil and mining companies who are registered interstate. (ABS Unpublished data)

International trade

Oil dominates minerals and energy sector exports. The major markets for oil include Singapore, China, Korea and Japan. Exports will rise from 2005-06 with the commencement of liquefied natural gas (LNG) shipments to Japan in early 2006. Bauxite exports are expected to all but cease once the alumina capacity expansion at Alcan Gove is completed and operational.

The level of trade activity in mining commodities is difficult to ascertain due to the large amount of exports from the sector not classified.

Almost half the exports from the Northern Territory are unclassified due to the commercial sensitivity of information (unclassified items include bauxite, alumina, manganese, zinc, lead, gold and uranium).

Many of the exports of products originating in the Mining sector are formally included in the Manufacturing sector, as they are end products of refining or smelting processes rather than crude products. The prime example of this is alumina' with a gross value of production of \$441m, which is officially a manufacturing export.

Additionally, many mining commodities of Northern Territory origin are exported from other Australian state ports after undergoing further refining or manufacturing (examples include oil, alumina and gold). As such, they are no longer reported as Northern Territory exports.

The majority of Northern Territory mining commodities are primarily exported. To provide a more meaningful picture than that provided by official export statistics, the gross value of production of the main mining commodities is reported below in place of the value of exports published in official export statistics.

NT value of production of main mineral export commodities (2004-05)

- Crude petroleum (\$499m)
- Gold (\$384m)
- Manganese (\$362m)
- Zinc/lead concentrate (\$207m)
- Uranium oxide (\$231m)
- Bauxite (\$165m)

Main NT mineral imports (2004-05)

- Mineral fuels and related materials (\$430m)

Source: Department of Primary Industry, Fisheries and Mines and Northern Territory Treasury

Government activity in the Mining sector

The Department of Primary Industry, Fisheries and Mines is the primary government agency servicing the sector, through its Minerals and Energy Group.

The Department of the Chief Minister also plays a role in the sector through its activity in supporting the development of major projects in the Northern Territory.

Territory Business Centres, located in major regional centres, are the initial contact and referral point for starting a business, business & industry licence information, business planning assistance and links to departmental assistance programs.

For Further Information

Contact: Please contact the Department of Business, Economic and Regional Development, Economic Development Division, for further information.

Phone: 1800 193 111

Website: www.nt.gov.au/business

Information current as at: June 2006

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