

FOREIGN CONTROL IN THE MINING INDUSTRY, 1976-77

INQUIRIES

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MAIN FEATURES

NOTE. Foreign control is defined in paragraph 7.

- In 1976-77, foreign controlled establishments accounted for 59.0% of total value added in the mining industry in Australia; this represented a slight fall from the level of 60.1% in 1974-75.
- U.S.A. control was 37.5% in 1976-77, while U.K. control was 15.9%.
- The level of foreign control was lowest in South Australia and highest in Queensland.
- Foreign control was above 50% in the following industry classes of the Australian Standard Industrial Classification
 - bauxite (1101)
 - copper (1102)
 - mineral sands (1105)
 - silver-lead-zinc (1107)
 - tin (1108)
 - black coal (1201)
 - crude petroleum (1300)

EXPLANATORY NOTES

Introduction

This bulletin presents results of a study of foreign control in the mining industry in Australia for 1976-77, with some comparative statistics for the years 1971-72 to 1974-75. Detailed statistics for 1971-72 to 1974-75 were published in the bulletins *Foreign Ownership and Control of the Mining Industry* (5317.0); some revisions have been made to these earlier years' figures in this bulletin. As part of the measures necessary to bring ABS activities within the resources available to it, studies of foreign control of key industries and economic activities in Australia will be terminated following publication, later this year, of studies of large enterprise groups in manufacturing 1975-76 and research and development 1977-77.

Scope and units

2. The scope of this study is the same as that of the statistics published in the bulletin *Mining Establishments: Details of Operations, 1976-77*

(8402.0), which are based on data collected in the 1976-77 Census of Mining Establishments. The Census of Mining Establishments includes all establishments (and associated administrative offices and ancillary units) classified to Division B, Mining, of the Australian Standard Industrial Classification (ASIC), except those in ASIC Classes 1601 (petroleum exploration and other services to petroleum mining) and 1602 (mineral exploration and services to mining n.e.c.).

3. In accordance with the ASIC, an *establishment* is defined, in general, as the unit covering all the operations carried on by an enterprise (e.g. a company, joint venture, partnership, government authority or individual) at a single physical location. A *mining establishment* is one predominantly engaged in mining activities, but the data collected for it relate to all activities at the location, namely:

- (a) the mining activities primary to the ASIC industry class to which the establishment is classified,
- (b) any other mining activities i.e. production of commodities primary to another mining class,
- (c) any activities connected with the selling and distribution of the minerals produced,
- (d) any non-mining activities, e.g. manufacturing, construction.

4. The Census of Mining Establishments and these statistics also include data relating to separately located administrative offices and ancillary units (such as head offices, laboratories and workshops) serving the establishment and forming part of the enterprise that operates the establishment.

Measurement of foreign control and foreign influence

5. To measure the levels of foreign control and foreign influence in the mining industry, each mining establishment has been classified to a particular control and influence category, and operations data (value added, turnover, etc.) of each establishment have then been allocated wholly to the control and influence categories to which the establishment has been classified.

6. Establishments have been classified to control and influence categories using data on holdings, at 30 June 1977, of voting shares in enterprises (or equivalent equity interests in the case of unincorporated enterprises), derived mainly from the ABS Surveys of

Foreign Investment. The strength of a holding of voting shares in an enterprise has been measured by the percentage that the paid-up value of that shareholding represented of the total paid-up value of voting shares in the enterprise.

7. A mining establishment has been classified to the control category to which the enterprise operating that establishment has been classified. An enterprise has been classified to *foreign control* if a single foreign resident investor (individual, company or group of related companies) or foreign controlled enterprise held at least 25% of the paid-up value of voting shares in the enterprise (or equivalent equity interest in the case of an unincorporated enterprise such as a joint venture), provided that there was no larger holding by an Australian controlled enterprise or Australian resident individual. This definition of foreign control includes cases where there was an equal holding by an Australian controlled enterprise or Australian resident individual. There were such cases of joint foreign and Australian control in this study but details are confidential. All establishments not classified to foreign control have been classified to *Australian control*.

8. In Table 2, the classification of a foreign controlled establishment to *country of control* is based on the country of domicile of the immediate foreign resident investor who held the controlling interest in the enterprise operating that establishment. This is not necessarily the country of "ultimate" control, since an immediate foreign resident investor may be a company that is controlled by residents of another country.

9. In Table 5, the *degree of influence of largest foreign investor* is defined as the strength of the strongest chain of shareholdings from a foreign resident investor to the enterprise operating the establishment, where the strength of a chain of shareholdings is measured by the strength of the weakest shareholding link in that chain.

Statistics of mining operations

10. The statistics of operations of mining establishments used in this study are the major items compiled from the Census of Mining Establishments for 1976-77. Definitions of these items are given below.

Establishments operating at end June. Relates to mining establishments as such and does not include the numbers of separately located administrative offices and ancillary units.

Persons employed at end June. Working proprietors at end of June and employees on the payroll of the last pay period in June, including those working at separately located administrative offices and ancillary units.

Wages and salaries. The wages and salaries of all employees of the establishment, including those working at separately located administrative offices and ancillary units. Drawings of working proprietors are not included.

Turnover. Sales of minerals (net of coal export levy and petroleum production excise duty payments) and other goods whether produced by the establishment or not, plus transfers out of minerals and other goods to other establishments of the same enterprise, plus bounties and subsidies on production, plus all other operating revenue from outside the enterprise (such as commission, repair and service revenue), plus capital work done for own use or for rental or lease. Receipts from rents, leasing, interest (other than hire purchase), royalties and the sale of fixed tangible assets are excluded.

Value added. Turnover plus increase (or less decrease) in the value of stocks, less purchases, transfers in and selected expenses. The item purchases, transfers in and selected expenses refers to purchases of electricity, fuels, stores and other materials, plus transfers in of goods from other establishments of the same enterprise, plus charges for processing and other commission work and payments to mining contractors, repair and maintenance expenses, outward freight and cartage, motor vehicle running expenses and sales commission payments.

Note: While *value added* is the basic measure of an industry's contribution to total production, it must not be inferred that when wages and salaries are deducted from value added the whole of the surplus is available for profit. There are many expenses such as depreciation, workers' compensation insurance, other insurance, pay-roll tax, income tax, rates, advertising, interest on borrowed funds, bad debts and other sundry charges that are not taken into account in arriving at value added.

Fixed capital expenditure (net). Outlay on new and second-hand fixed tangible assets less disposals. Includes fixed capital expenditure on mining establishments not yet in operation by the end of the year.

Rounding

11. Any discrepancies between sums of components and totals in tables are due to rounding.

Symbols

.. Nil or less than 0.05.
r Revised.
n.e.c. Not elsewhere classified.

Related ABS Publications

Mining industry statistics (Annual)

Mining Establishments: Details of Operations (8402.0)

Foreign participation statistics

Foreign Ownership and Control of the Mining Industry, 1973-74 and 1974-75 (5317.0)

Foreign Control in Mineral Exploration, 1975-76 (5323.0)

- . *Foreign Control in Manufacturing Industry, Study of Large Enterprise Groups, 1972-73* (5315.0)
- . *Foreign Ownership and Control in Manufacturing Industry, 1972-73* (5322.0)
- . *Foreign Control of Life Insurance Business, 1976* (5325.0)
- . *Foreign Control of General Insurance Business, 1975-76* (5326.0)
- . *Foreign Control of Finance Companies, 1976* (5324.0)
- . *Foreign Control of Registered Financial Corporations, 1976* (5328.0)
- . *Foreign Ownership and Control of Tourist Accommodation Establishments, 1973-74* (5319.0)
- . *Foreign Ownership and Control of Accredited Advertising Agencies, 1974-75* (5318.0)

All publications produced by the ABS are listed in *Catalogue of Publications, 1977* (1101.0) which is available free of charge from any ABS office.

R. J. CAMERON
Australian Statistician

TABLE 3. MINING INDUSTRY, 1976-77 : CONTROL BY INDUSTRY

| ASIC Industry | Industry description | Establishments operating at end June | | Persons employed at end June | | Wages and salaries | | Turnover | | Value added | | Fixed capital expenditure (net) | |
|---|---|--|--------------------|------------------------------------|--------------------|-----------------------|--------------------|----------|--------------------|-------------|--------------------|------------------------------------|--------------------|
| | | Total | Foreign control | Total | Foreign control | Total | Foreign control | Total | Foreign control | Total | Foreign control | Total | Foreign control |
| | | no. | no. | no. | % | \$m | % | \$m | % | \$m | % | \$m | % |
| Metallic minerals - | | | | | | | | | | | | | |
| 1101 | Bauxite | 6 | 4 | 1,955 | (a) | 25.2 | (a) | (a) | (a) | 155.6 | (a) | 16.3 | (a) |
| 1102 | Copper (incl. copper - gold) | 19 | 4 | 4,628 | (a) | 65.7 | (a) | 202.9 | (a) | 130.0 | (a) | 13.8 | (a) |
| 1103 | Gold | 32 | 2 | 1,376 | (a) | 15.9 | (a) | 58.2 | (a) | 38.6 | (a) | 17.2 | (a) |
| 1104 | Iron ore | 26 | 8 | 8,020 | 50.6 | 119.0 | 55.7 | 960.9 | 47.7 | 596.2 | 47.2 | 63.5 | 57.4 |
| 1105 | Mineral sands | 24 | 14 | 3,006 | 67.6 | 38.0 | 66.6 | 148.3 | 62.0 | 78.1 | 62.2 | 11.5 | 61.6 |
| 1106 | Nickel | 9 | 5 | 3,626 | (a) | 43.2 | (a) | 211.7 | (a) | 139.0 | (a) | 32.1 | (a) |
| 1107 | Silver-lead-zinc | 14 | 4 | 6,515 | 64.9 | 85.8 | 64.7 | 361.5 | 74.4 | 276.3 | 75.1 | 24.3 | 83.2 |
| 1108 | Tin | 40 | 5 | 1,606 | 66.7 | 15.1 | 70.8 | 85.6 | 79.4 | 57.5 | 81.5 | 8.5 | 74.8 |
| 1109 | Metallic minerals n.e.c. | 14 | 1 | 1,697 | (a) | 20.9 | (a) | (a) | (a) | 109.1 | (a) | 14.6 | (a) |
| 11 | Total metallic minerals | 184 | 47 | 32,429 | 57.5 | 428.8 | 59.8 | 2,419.3 | 56.3 | 1,580.3 | 56.4 | 201.9 | 60.5 |
| Coal and crude petroleum (incl. natural gas) - | | | | | | | | | | | | | |
| 1201 | Black coal | 126 | 33 | 23,454 | 34.0 | 366.6 | 38.4 | 1,656.3 | 55.7 | 1,163.0 | 59.2 | 177.5 | 48.4 |
| 1202 | Brown coal | 4 | 5 | 3,178 | 30.6 | 42.1 | 33.8 | 628.1 | 82.1 | 567.7 | 84.2 | 97.5 | 62.7 |
| 1300 | Crude petroleum (incl. natural gas) | 9 | | | | | | | | | | | |
| 12 - 13 | Total coal and crude petroleum (incl. natural gas) | 139 | 38 | 26,632 | 33.6 | 408.8 | 37.9 | 2,284.4 | 62.9 | 1,730.7 | 67.4 | 275.0 | 53.5 |

(a) Not available for publication.

TABLE 3. MINING INDUSTRY, 1976-77 : CONTROL BY INDUSTRY - *continued*

| ASIC industry | Industry description | Establishments operating at end June | | Persons employed at end June | | Wages and salaries | | Turnover | | Value added | | Fixed capital expenditure (net) | |
|-------------------------------|---|--------------------------------------|-----------------|------------------------------|-----------------|--------------------|-----------------|----------|-----------------|-------------|-----------------|---------------------------------|-----------------|
| | | Total | Foreign control | Total | Foreign control | Total | Foreign control | Total | Foreign control | Total | Foreign control | Total | Foreign control |
| | | no. | no. | no. | % | \$m | % | \$m | % | \$m | % | \$m | % |
| Construction materials - | | | | | | | | | | | | | |
| 1401 | Sand and gravel | 324 | 14 | 1,788 | 5.3 | 17.6 | 6.5 | 102.1 | 7.7 | 60.4 | 7.9 | 6.1 | 11.4 |
| 1402 | Crushed and broken stone | 318 | 2 | 4,066 | (a) | 42.3 | (a) | 186.9 | (a) | 108.8 | (a) | 9.9 | (a) |
| 1403 | Dimension stone and other construction materials n.e.c. | 55 | 2 | 154 | (a) | 0.8 | (a) | 2.6 | (a) | 1.4 | (a) | 0.2 | (a) |
| 14 | Total construction materials | 697 | 18 | 6,008 | 2.2 | 60.6 | 2.7 | 291.6 | 3.0 | 170.5 | 3.1 | 16.2 | 4.3 |
| Other non-metallic minerals - | | | | | | | | | | | | | |
| 1501 | Limestone | 51 | 7 | 661 | 37.4 | 7.0 | 30.9 | 29.6 | 30.8 | 16.7 | 37.6 | 0.5 | 1.5 |
| 1502 | Clays | 103 | 7 | 234 | 28.6 | 1.8 | 38.3 | 15.2 | 30.3 | 6.3 | 32.5 | 0.3 | 60.7 |
| 1503 | Non-metallic minerals n.e.c. | 113 | 9 | 1,924 | 42.9 | 20.6 | 50.9 | 103.3 | 44.5 | 57.3 | 48.3 | 19.8 | 20.8 |
| 15 | Total other non-metallic minerals | 267 | 23 | 2,819 | 40.4 | 29.4 | 45.4 | 148.2 | 40.3 | 80.3 | 44.8 | 20.6 | 20.9 |
| 11 - 15 | Total mining industry | 1,287 | 126 | 67,888 | 42.5 | 927.6 | 46.0 | 5,143.5 | 55.8 | 3,561.8 | 59.0 | 513.8 | 53.4 |

(a) Not available for publication.

TABLE 4. MINING INDUSTRY, 1976-77 : CONTROL BY STATE

| | <i>Establishments operating at end June</i> | | <i>Persons employed at end June</i> | | <i>Wages and salaries</i> | | <i>Turnover</i> | | <i>Value added</i> | | <i>Fixed capital expenditure (net)</i> | |
|-------------------|---|----------------------------|---|----------------------------|-------------------------------|----------------------------|-----------------|----------------------------|--------------------|----------------------------|--|----------------------------|
| | <i>Total</i> | <i>Foreign control</i> | <i>Total</i> | <i>Foreign control</i> | <i>Total</i> | <i>Foreign control</i> | <i>Total</i> | <i>Foreign control</i> | <i>Total</i> | <i>Foreign control</i> | <i>Total</i> | <i>Foreign control</i> |
| | <i>no.</i> | <i>no.</i> | <i>no.</i> | <i>%</i> | <i>\$m</i> | <i>%</i> | <i>\$m</i> | <i>%</i> | <i>\$m</i> | <i>%</i> | <i>\$m</i> | <i>%</i> |
| New South Wales | 464 | 50 | 24,485 | 39.8 | 354.4 | 42.6 | 1,238.5 | 43.9 | 855.3 | 44.5 | 134.9 | 44.3 |
| Victoria | 277 | 12 | 5,114 | (a) | 60.8 | (a) | 650.9 | (a) | 548.7 | (a) | 91.0 | (a) |
| Queensland | 225 | 20 | 15,588 | 65.3 | 218.7 | 68.2 | 1,364.7 | 79.5 | 912.6 | 84.0 | 119.0 | 65.3 |
| South Australia | 100 | 9 | 2,349 | (a) | 25.2 | (a) | 161.1 | (a) | 104.7 | (a) | 13.4 | (a) |
| Western Australia | 134 | 26 | 14,936 | 37.6 | 199.0 | 41.9 | 1,387.3 | 45.5 | 907.5 | 47.8 | 132.0 | 53.1 |
| Tasmania | 63 | 8 | 4,133 | 50.7 | 51.5 | 52.4 | 187.5 | 55.4 | 118.5 | 47.0 | 13.1 | 45.4 |
| N.T. and A.C.T. | 24 | 1 | 1,283 | (a) | 17.9 | (a) | 153.6 | (a) | 114.6 | (a) | 10.3 | (a) |
| Australia | 1,287 | 126 | 67,888 | 42.5 | 927.6 | 46.0 | 5,143.5 | 55.8 | 3,561.8 | 59.0 | 513.8 | 53.4 |

(a) Not available for publication.

