Attachment A to TransGrid's Response to the ACCC's Supplentary Draft Revenue Cap Decision Dated 2 March 2005

News

Power firms look offshore for workers

Marcus Priest

900 words

13 September 2004

Australian Financial Review

First

1

English

Australian energy companies have begun poaching **workers** from South Africa, Canada and the United Kingdom to fill chronic skills shortages and counter raids on their own workforces by interstate and foreign rivals.

The move by companies such as Victoria's Powercor, **Western Power** in Western Australia, Country Energy in NSW and ETSA in South Australia to recruit overseas reflects a global shortage of skilled **workers** in the energy sector.

The peak training body for the energy sector, EE-Oz Training Standards, estimates that about 1000 additional line technicians and power **workers** are needed, including 200 additional line **workers** in Victoria.

At the same time, two countries, Ireland and the United States, have commissioned recruiting agents to poach line **workers** from Australia and New Zealand.

In some cases, Australian **workers** are being offered up to double their salaries plus transport and living-away from home expenses.

Skills shortages are emerging across the economy and have become a key election battleground. Last week, the federal government said semi-skilled trades were now on the preferred migrant list.

The move by Australian companies to recruit overseas has sparked a backlash from the Electrical Trades Union, which claims overseas poaching is crisis management of a long-term problem that should be solved by improved training of new apprentices.

A survey to be released this week by the Australian Industry Group estimates that there are about 21,000 unfilled apprentice positions in manufacturing in Australia.

But skills shortages are among the most pressing in the power sector, where the corporatisation of state power utilities and restructuring of the energy market have resulted in the training of fewer apprentices and an ageing workforce.

With many countries including Australia upgrading ageing power infrastructure, increased demand for skilled workers is compounding existing skills shortages.

A soon-to-be-released report by EE-Oz finds that "industry organisations have been focused on 'today', with the potential deficit in tomorrow's requirements not receiving the required level of consideration".

The report says "several companies in the electricity supply industry are exploring the prospect of seeking line workers in South Africa and other countries" to overcome skill shortages.

While Powercor would not confirm it was recruiting workers from South Africa, it said it was "aware that there were South Africans working in the country".

A Powercor spokesman said the company believed it had a good track record of taking on apprentices, "but we are not prepared to give control of apprentice numbers to the ETU", he said. "It's an issue for management; we will manage it."

In Victoria, the ETU is at loggerheads with Powercor over union demands for a ratio of one apprentice to every four workers.

"There are thousands of jobs that can be taken up by young people looking for work, but these jobs are just going to disappear overseas," ETU national assistant secretary John Ingram said.

Recruiting people from overseas, he said, would lead to a breakdown of skill levels in Australia because overseas workers did not have as high skill levels as locally trained workers.

Mr Ingram said labour shortages were improving the union's power in enterprise bargaining negotiations, in which the ETU is looking to establish a 35-hour week.

Last month, the Victorian Minister for Energy Industries and Resources, Theo Theophanous, told a meeting of state energy ministers a failure to plan for skills development could cause serious power supply problems within a decade.

In Western Australia, Western Power is looking to upgrade its transmission network and has set a recruitment target of 150 workers in the next three years.

A Western Power spokesman confirmed the company was looking to recruit in South Africa. "Everybody is looking for the same sort of people," he said.

"We can't get them here [Australia]. Training goes on as well but we certainly find the experienced are in sort supply."

Country Energy and ETSA were unavailable for comment.

In Queensland, the move by power company Energex to increase the size of its workforce by 10 per cent, about 300 workers, in the next two years is further squeezing the availability of skilled workers.

Energex has increased its intake of apprentices to 100 a year after power blackouts earlier this year were found in part to have been caused by the company putting financial performance before network maintenance by scaling back maintenance crews.

EE-Oz chief executive officer Tony Palladino said that while power companies were beginning to realise they needed to take on more apprentices, there was no nationwide industry workforce strategy to meet skills shortages.

Skilled Engineering chief executive Greg Hargrave said there was a need for a "massive investment" in training but this would not address immediate skills shortages because of the time needed to bring apprentices online.

"We need to make it easier and more attractive for people to come from overseas," he said.

Education Minister Brendan Nelson was unavailable for comment yesterday, but told ABC TV that the real problem of skill shortages was that children were being told "every day that the only way to succeed" was an "outstanding year 12" and a university education.

Labor spokesman on employment services Anthony Albanese said "the simple neglect of government to invest in skills has meant that high-wage, high-skilled jobs are going offshore".

Document AFNR000020040912e09d00007

News

Power workers win pay rises

371 words

3 February 2005

Herbert River Express

1 -

3

English

ELECTRICAL workers in Ingham and other North Queensland depots will remain on the job as the wet season swings in after winning pay rises from the State Government this week.

The Electrical Trades Union (ETU) has secured a 31 per cent pay rise during the next three years and while it has to go to a ballot of workers, it is sure to be accepted.

The increase consists of a 27.45 per cent pay increase and up to four per cent to cover shift penalties and meal allowances.

ETU secretary, Dick Williams, said electrical workers in other Queensland industries had been earning up to $3 an hour more than Ergon and Energex workers.

"This difference was making it hard to retain and attract skilled workers to the state electricity industry.

"The ETU has consistently said that to rebuild and properly maintain the Queensland electricity industry, we must rebuild its workforce quickly.

"To their credit, Ergon, Energex and the State Government came to see the need to offer competitive wages. The new allowance for hands-on electrical workers in the field will do just that," Mr Williams said.

"We have also reached agreement on staffing and apprenticeship levels and the current prohibition on forced redundancies is maintained. These initiatives will help with the much-needed workforce rebuilding," Mr Williams said.

"It has been the ETU's objective to have these agreements finalised or close to finalisation before the onset of the storm and cyclone season.

"ETU members did not want to be negotiating during this difficult time. Our objective at all times during this debate about the state of the Queensland electricity industry has been to improve services to consumers," Mr Williams said.

"While the negotiations had their moments, as most do, these new agreements do a lot to fix many of these problems.

"They are a win for our members, who get more appropriately rewarded for the important work they do, they are a win for the government and the electricity industry and a win for the power consumers of Queensland, who are the ultimate beneficiaries of the network recovery program and better maintenance programs," Mr Williams said.

[HRE_T-20050203-1-003-056436]

Document HERBRE0020050203e1230000e

MONEY

Steel prices tipped to run hot

426 words

8 November 2004

Herald-Sun

1 - FIRST

65

English

WITH most global steel production in the hands of private enterprise and no longer under state control, Ord Minnett believes further consolidation and limited supply will lead to a sustainably high steel price.

In a report on Australian steel stocks, the broker also argues that the current structure of fixed price contracts will change significantly in favour of steel producers, with shorter terms and higher prices.

There is growing evidence that suggests even contracts not due for renewal at the end of the year will still be renegotiated at higher prices.

This will provide positive earnings surprises for steel producers such as OneSteel and Sims Group.

Despite a recent fire at its Whyalla furnace reducing earnings by $30 million, Ord Minnett says OneSteel's growth remains intact and that the market over-reacted to the setback.

Through its Project Magnet, OneSteel can deliver substantial earnings growth with an advantage over its Asian competitors.

OneSteel shares last traded at $2.74 yielding 4.38 per cent, the broker values the stock at $3.19.

Sims Group is the most highly leveraged Australian steel stock. A 1 per cent increase in the scrap price results in a 2.5 per cent increase in the group's 2005 earnings.

With current ferrous scrap prices at double the 10 year average and set to grow further due to continuing shortages, the global recycler and its shareholders should reap the benefits.

Ords expects Sims to pay a dividend of $1.15 for 2005.

Also set to gain, but not as strongly, is BlueScope Steel.

If current spot price levels are maintained, BlueScope could earn $1.13 billion by the end of 2005, well above expectations for the current year of about $931 million.

Concerns about industrial action negatively impacting production have pressured BSL's share price recently. Daiwa Securities analyst Mark Pervan believes union pressure was taking its toll on BlueScope, with investors fearing industrial action could impact on production.

BSL shares closed on Friday at $8.12 yielding 3.7 per cent. Ord Minnett values the stock at $8.26.

Despite strong demand, rising prices and operational improvements at Smorgon Steel, Ord Minnett has a hold recommendation on this stock.

The broker can see no short-term positive catalysts to drive its share price and believes OneSteel offers investors more value.

SSX shares closed last week at $1.24 yielding 5.2 per cent, Deutsche Bank has set a 12 month share price target of $1.40.

[DHS_T-20041108-1-065-648718   ]

Document HERSUN0020041107e0b800043

GENERAL

Foreigners wanted for power jobs

CHARLIE WILSON-CLARK

396 words

14 September 2004

The West Australian

METRO

4

English

Western Power is trying to lure workers from South Africa with lucrative deals as a fierce bidding war for staff spreads among Australian energy utilities.

It has enlisted recruitment and migration agencies in South Africa to fill an immediate need for a dozen sub-station commissioners and high- voltage testing technicians.

The State Government also says it is considering a special skilled migration unit to deal specifically with chronic labour shortages.

Consumer and Employment Protection Minister John Kobelke said he had talks with the WA office of the Federal Department of Immigration and Multicultural and Indigenous Affairs to help WA compete with other States which were operating with a specific unit.

Western Power spokesman Peter Winner said the energy sector faced a world-wide shortage of personnel, so skilled technicians could choose from any number of eager employers.

He would not reveal details of packages on offer.

The organisation has 42 apprentices in training among a workforce of 2500.

"We are also recruiting and training 100 line crew over the next four years," Mr Winner said. "The first of the new recruits are going through their training course now."

Communications, Electrical and Plumbing Union division State secretary Bill Game said the shortage of technicians could be addressed with more commitment to training.

Former government instrumentalities, such as the building management authority and the railway workshops, were among the biggest training providers of the past.

He said industry worked on five-year plans and could boost training when shortages were anticipated.

"We a~re cautious about workers coming in from overseas because they undermine the jobs of the Australian workers and the young people who should be training," he said.

But WA Chamber of Commerce and Industry commercial services director Gary Collins said skilled migration was the only way to address the immediate needs of industry.

The CCI and Chamber of Minerals and Energy were invited to join a State Government delegation to attract some of the 700 workers left jobless after South Australia's Mitsubishi plant closed.

Education and Training Minister Alan Carpenter said there were 47 per cent more 15 to 17-year-olds with apprenticeships and traineeships in WA than 18 months ago.

Training was also limited by the number of hours the Federal Government funded. WA's funding had not increased since last year.

Document TWAU000020040914e09e0004i

Shock $200pw pay rise for power workers

297 words

2 February 2005

The Gold Coast Bulletin

B - Main

2

English

A NEW agreement which will boost Queensland electricity workers' pay by more than $200 a week was outrageous, a business group said yesterday.

The Electrical Trades Union yesterday said workers with the Government-owned electricity grids Energex and Ergon Energy would receive rises of up to 31 per cent over three years, with increases of up to 4 per cent in allowances for some staff.

ETU state secretary Dick Williams said the rises amounted to between $205-$225 extra a week for technical trades workers, higher for those eligible for a 4 per cent increase in existing allowances. But the boost drew criticism from Commerce Queensland and the state Opposition, both accusing the Government of being held to ransom by unions after years of siphoning money from government-owned corporations.

"It's a mammoth example of mismanagement," said Commerce Queensland president Graham Heilbronn. "Money was just ripped out of the system and not put back. Now of course they're desperate to try to restore the system to an acceptable standard.

"The offer is outrageous."

About 2200 technical trades workers will receive an average increase of 27.45 per cent, with up to one-fifth of those able to access the full 31 per cent.

Five thousand workers across both companies will also receive increases of 4.5 per cent and lump sum payments of up to $1500.

Mr Williams said the pay rise would not only provide a financial windfall for union employees, but stemmed the threat of industrial action over the next three storm seasons and gave the energy suppliers better recruitment chances.

It would also ensure that members would be able to get on with the job of rebuilding the network.

[GCB_T-20050202-B-002-367113]

Document GCBULL0020050202e12200005

Red-hot copper market eyes all-time high.

By Nick Trevethan

588 words

18 February 2005

21:28

Reuters News

English

LONDON, Feb 18 (Reuters) - Copper prices were poised on Friday within striking distance of an all-time high of $3,280 a tonne recorded in January 1989 as cash-rich investment funds poured money into a red-hot market.

"We have not seen the top of this market yet," Bache Financial minerals analyst Angus MacMillan said.

On the London Metal Exchange (LME), the world's largest non-ferrous market, three months copper stood at $3,185/3,190 a tonne at 1050 GMT, having settled back from the 16-year high of $3,224.50 struck late on Thursday.

The late price spike caught many by surprise, as a move through the previous-cycle high of $3,175 triggered short-covering when technical signals were hit.

"It has been driven by fund and CTA (commodity trade advisor) buying, but it is justified by the fundamentals," Macmillan said. "The simple fact is that there is not enough copper out there."

A CTA is a U.S.-registered specialist who advises in trading in commodity derivatives.

"We add or subtract to our position on a daily basis," added a source at a system-based fund. "But the macro funds were buying heavily on Thursday - possibly because they were caught short."

Copper, widely used in construction and wiring, remained well above Thursday's official close of $3,157. During 2004, copper rose some 35 percent in a storming bull-market, fuelled by voracious Chinese buying.

Copper has been in short supply for months, but fresh production is being cranked up, and the market is widely expected to move from deficit into surplus in the second half of the year.

"This may be the final spike - the only question is whether the spike lasts a few days or a few months," the fund source said.

PRODUCERS BENEFIT

Current high prices represent excellent value for global copper producers, who are recording bumper profits. BHP Billiton (BHP.AX) (BLT.L), the world's biggest diversified miner, earlier this week reported that it more than doubled its first half profits.

On Friday, shares in other leading miners rose, with Rio Tinto (RIO.L) rising 7p to 1,745 pence, Anglo American L) up 9p at 1,349, while leading copper miner Antofagasta (ANTO.L) jumped 16 pence to 1,335 pence.

The company produced nearly 500,000 tonnes of copper in 2004, with group cash costs under $0.25 a lb, or $551 a tonne.

DOLLAR WEAKNESS

A weaker U.S. currency has also encouraged overseas investors to buy dollar-denominated copper. The dollar slipped on Thursday as earlier gains inspired by a drop in U.S. jobless claims proved short-lived.

U.S. Federal Reserve Chairman Alan Greenspan, in a second day of congressional testimony, reiterated that U.S. interest rates remain fairly low - a signal that they will keep rising.

Adding strength to prices, global LME warehouse inventories have resumed their downtrend, falling 150 tonnes to 55,950 tonnes, about 18 percent of what they were a year ago. But since the end of January, LME copper stocks have risen from 43,475 tonnes, the lowest since May 1988.

Shanghai copper futures rose across the board on Friday, catching up with Thursday's spectacular gains on the LME. The most-active contract, April , rose 790 yuan to 30,900 yuan a tonne by 0540 GMT.

(US$1=8.2765 yuan) (Additional reporting by Cho Mee-young in Seoul, Martin Hayes in London).

Document LBA0000020050218e12i00ayn

Skill shortage will hit hard: experts

By Daniel LandonEducation Reporter

438 words

12 March 2005

Canberra Times

9

English

There are 42 professions and occupations suffering from a shortage of skilled labour in Australia, according to figures from the federal Department of Employment and Workplace Relations. The figures, for 2004, showed there were shortages in fields as diverse as nursing, civil engineering, accounting, child care, cooking, construction, hairdressing, and mechanical and electrical trades. The shortages came despite the number of Australians undertaking apprenticeships having nearly doubled since 1998, the figures issued this week showed. Although the department does not identify skills shortages in the ACT, professions with shortages that have been identified locally include teaching, medicine, panel beating, spray painting, construction work and information technology.

The extent of the shortage is difficult to determine but in the manufacturing sector alone, the Australian Council of Trade Unions has estimated there will be a national annual shortfall of 25,000 apprentices in traditional trades in coming years. According to building industry representatives, an estimated $3billion worth of construction work has been earmarked for the next three years in the ACT, but the shortage of qualified tradespeople means the industry only has capacity to do $700million of that work. Experts fear the shortage will have a severe effect on the economy. Executive director of the Canberra

Business Council John Miller said the council was very concerned about the skills shortage. As the economy continued to grow, there was the question of whether there would be enough people to fill all the jobs. If there were not, there would be lost opportunities for the Australian economy as industries headed overseas to sustain themselves. Chief executive of the ACT and Region Chamber of Commerce and Industry Chris Peters said businesses would not be able to grow if they could not get staff. This would force some businesses to close and make it harder for consumers to obtain services, such as from electricians, plumbers or computer repairers.

At a national level, the shortage of labour would cause wages to rise dramatically, fuelling inflation and interest rates. "It's only just now that people are realising how bad it is. I cannot understate how important this will be." A notable dissenter has been Treasurer Peter Costello, who said this week that the shortage was the product of a healthy economy. Mr Peters said one upside was that the shortage gave young people the chance to try their hand at just about any career. For the first time since the 1960s a young person could leave school, decide what they wanted to do, complete the training, and be confident a job would be there.

Document CANBTZ0020050311e13c0001w

GENERAL

Foreigners needed to keep the lights on

WENDY PRYER <> KATE GAUNTLETT <> RUTH WILLIAMS

482 words

24 February 2005

The West Australian

METRO

1

English

Western Power is about to import up to 100 foreign workers to help repair the State's crumbling electricity network in a bid to meet the Gallop Government's promise of better maintenance.

But the revelations that South African and New Zealand linesmen were needed to reduce blackout rates immediately prompted union threats of industrial action.

Word of Western Power's labour shortage came as Immigration Minister Amanda Vanstone said in Canberra she was examining ways to import unskilled workers on temporary visas to avert a labour crisis for farmers and businesses across the country.

WAFarmers president Trevor De Landgrafft said farmers faced financial losses unless workers were found in the next few months. The WA labour shortage would be "in the hundreds" and he supported plans to bring in workers from overseas.

He said farm labour shortages had been exacerbated by rising iron ore prices, which saw people forsake farms for more lucrative mining jobs as companies ramped up production.

The worst-hit areas were fruit farms in Kununurra and southern wheat farms, which were approaching seeding time in April and May.

Western Power confirmed it was negotiating with a big company that had a large Australian base with an international presence. The company had a ready-made electricity supply maintenance workforce that had finished an overseas job and could be readily imported.

A spokesman refused to name the company because the negotiations were sensitive, but said the workforce was made up of South Africans, New Zealanders and Australians. They would not displace local workers because there was a shortage.

The mainly foreign crew would be on top of 100 more maintenance work~ers the Government had committed to train over the next four years, he said.

But Communications, Electrical and Plumbing Union secretary Bill Game and Australian Manufacturing Workers Union secretary Jock Ferguson said Western Power had long known its system was crumbling and could have trained hundreds of local people before now.

Mr Game said Western Power linesmen were paid $200 a week less than their Queensland counterparts. The recruitment of foreign workers would further encourage members to strike when their pay deal expired in six months, he said.

Mr Ferguson called on Energy Minister Eric Ripper to review the decision to import workers.

The utility failed yesterday to disclose the extent of blackouts across WA in the past week, despite its promise to keep the public informed.

After admitting three weeks ago that one in 10 of Western Power's customers was blacked out in a week, it has cut information to report only blackouts of 30 minutes or more and affecting more than 500 customers.

The Western Power spokesman was unable to give an explanation, saying he could not contact those involved in compiling the figures.

PAY RATES RISE 6

STRIKE SPREADS 6

Document TWAU000020050223e12o000b5

Local

Sparks fly over electricity pay rise

MATP

115 words

2 February 2005

The Australian

1 - All-round Country

1

English

EMPLOYERS have warned of an inflationary wages blow-out in the construction sector after the Queensland Government approved pay rises of up to $230 a week to more than 2200 electricity workers.

Premier Peter Beattie said government-owned power corporation Energex and Ergon Energy had to pay the money to retain and attract suitably qualified staff.

Mr Beattie pledged the $30million cost of the deal would not lead to increased power bills beyond the Consumer Price Index. The tradesmen will get pay rises of up to 31 per cent over three years under an enterprise bargaining agreement.

Full report - Page 3

[AUS_T-20050202-1-001-373023   ]

Document AUSTLN0020050201e1220002t

Finance

Bonanza decade for steel tipped

217 words

24 September 2004

The Gold Coast Bulletin

B - Main

101

English

WORLD **steel prices** will remain high and supply tight for the rest of the decade as China's exorbitant appetite continues to drive global markets, steelmaker OneSteel said yesterday.

OneSteel chief executive Bob Every said at a business breakfast in Perth that while the rest of the world's steel consumption was pretty much stagnant, phenomenal growth in demand out of China would ensure prices remained robust until 2010.

Over the past three years China has gone from consuming 150 million tonnes a year of steel to 300 million tonnes, at least two and a half times the market in North America and Europe combined said Dr Every.

Slab steel - a semi-finished steel product - is now selling at $US480 a tonne, up from $US160 a tonne four years ago.

Prices of hot rolled coil have risen to more than $US600 a tonne from $US220 a tonne.

Meanwhile, OneSteel's annual report, out yesterday, showed that despite the company's strong performance Dr Every took a pay cut.

The CEO received a cut in his total remuneration package to $3.19 million from $3.57 million the previous year. Dr Every's base salary of $1.2 million and superannuation of $156,000 were unchanged.

[GCB_T-20040924-B-101-733466]

Document GCBULL0020040924e09o00054

GENERAL

Recruiters go overseas to fill jobs

CHARLIE WILSON-CLARK

392 words

14 September 2004

The West Australian

COUNTRY

4

English

Western Power has been forced into an international search for technicians as energy utilities around Australia bid for skilled staff.

It has enlisted recruitment and migration agencies in South Africa to fill an immediate need for a dozen sub-station commissioners and high- voltage testing technicians.

The State Government also says it is considering a special skilled migration unit to deal specifically with chronic labour shortages.

Consumer and Employment Protection Minister John Kobelke said he had talks with the WA office of the Federal Department of Immigration and Multicultural and Indigenous Affairs to help WA compete with other States which were operating with a specific unit.

Western Power spokesman Peter Winner said the energy sector faced a world-wide shortage of personnel, so skilled technicians could choose from any number of eager employers.

He would not reveal details of packages on offer.

The organisation has 42 apprentices in training among a workforce of 2500.

"We are also recruiting and training 100 line crew over the next four years," Mr Winner said. "The first of the new recruits are going through their training course now."

Communications, Electrical and Plumbing Union division State secretary Bill Game said the shortage of technicians could be addressed with more commitment to training.

Former government instrumentalities, such as the building management authority and the railway workshops, were among the biggest training providers of the past.

He said industry worked on five-year plans and could boost training when shortages were anticipated.

"We are cautious abou~t **workers** coming in from overseas because they undermine the jobs of the Australian **workers** and the young people who should be training," he said.

But WA Chamber of Commerce and Industry commercial services director Gary Collins said skilled migration was the only way to address the immediate needs of industry.

The CCI and Chamber of Minerals and Energy were invited to join a State Government delegation to attract some of the 700 **workers** left jobless after South Australia's Mitsubishi plant closed.

Education and Training Minister Alan Carpenter said there were 47 per cent more 15 to 17-year-olds with apprenticeships and traineeships in WA than 18 months ago.

Training was also limited by the number of hours the Federal Government funded.

WA's funding had not increased since last year.

Document TWAU000020040914e09e0004j

Electricity workers receive pay increase

165 words
1 February 2005
Australian Broadcasting Corporation (ABC) News
English

The Queensland Government says a big pay rise for electricity workers is money well spent.

Two issues have been running side-by-side over the last year - the condition of the power network and enterprise bargaining by electrical unions.

Today the issues have come together in a generous new package.

Employment Minister Tom Barton says Energex and Ergon have agreed to pay workers up to 9 per cent extra each year over the next three years, a 27 per cent boost.

"The public of Queensland get good value for their money because they will get better outcomes from that work force," he said.

Premier Peter Beattie says power bills will not go up, but there will be smaller profits for the State Government to take.

"There is a long-term strategy here to get the best to fix the network," he said.

"Yes it is money well spent."

Mr Beattie denies the unions had the State Government over a barrel.

Document ABCNEW0020050201e121000b8

OneSteel says prices to remain high for the rest of the decade

628 words

23 September 2004

Australian Associated Press Financial News Wire

English

O By Jane Williams and Greg Tubby

MELBOURNE, Sept 23 AAP - World steel prices will remain high and supply tight for the rest of the decade as China's exorbitant appetite continues to drive global markets, steel-maker OneSteel Ltd said today.

OneSteel chief executive Bob Every said at a business breakfast in Perth today that while the rest of the world's steel consumption was pretty much stagnant, phenomenal growth in demand out of China would ensure prices remained robust until 2010.

Over the past three years China has gone from consuming 150 million tonnes a year of steel to 300 million tonnes, at least two and a half times the market in North America and Europe combined, Dr Every said.

Slab steel - a semi-finished steel product - is now selling at $US480 a tonne, up from $US160 a tonne from four years ago.

Likewise prices of hot rolled coil have risen to more than $US600 a tonne from $US220 a tonne, he told an Institute of Chartered Accountants breakfast in Perth.

Meanwhile, Dr Every said in OneSteel's annual report, out today, that the company, which produces steel tube and piping mostly for the domestic construction and mining industries, would continue to monitor international markets.

These markets would face new challenges over the next 12 months after a volatile 2003/04, he said.

OneSteel overcame impediments such as the rising cost of raw materials and competition from cheap imports, to last month report a 36 per cent increase in net profit for 2003/04 of $127.9 million including a one off tax gain of $19.8 million.

"Considerable energy was expended in the second half of the financial year to realign the business to the new challenges facing international markets and it is expected that over the coming 12 months further challenges and opportunities will arise," Dr Every said.

Despite the strong result the CEO received a cut in his total remuneration package to $3.19 million from $3.57 million the previous year.

OneSteel corporate relations managing director Mark Gell said the package was affected by the lower rate of profit growth in 2003/04 and the company's safety record for the year which improved on the previous year but did not meet company targets.

"Last year (2002/03) profit results doubled on the previous year, this year while we had a record year, the increase was not as good," Mr Gell said.

Dr Every's base salary of $1.2 million and superannuation benefits of $156,000 were unchanged.

However short term incentives for the year fell to $1 million from $1.25 million previously.

And the total value of allotted options and share rights value fell to $834,154 from $926.802.

Chairman Peter Smedley's remuneration fell to $410,924 from $500,000 previously.

In his report to shareholders, Mr Smedley said OneSteel would increase its attention to operational efficiencies and cash generation over the next 24 months as the company embarked on the largest single organic growth project in its history, the $250 million Project Magnet.

By converting the South Australian Whyalla steel operation to produce steel from magnetite rather than hematite iron ore, the company could take advantage of the huge demand for iron ore out of China.

Meanwhile, Dr Every said general domestic market conditions in the construction industry were expected to remain robust with the exception of the housing sector which made up just 15 per cent of OneSteel activity.

OneSteel is seeking a successor to Dr Every will retire to perth when his second contract period ends on January 2006.

OneSteel shares closed today five cents higher at $3.02.

AAP jw/sjh

Document AAPFIN0020040923e09n000s1

Finance

Robust copper demand, sky-high prices buoy WMC

MATP

326 words

14 October 2004

Daily Telegraph

1 - State

48

English

WMC Resources chief executive Andrew Michelmore yesterday said high copper prices were expected to soften as production ramped up and more supply came on line.

Speaking from London, Mr Michelmore said copper and nickel markets remained very strong going into 2005.

Copper prices remained high with good premiums attached to the latest round of contracts, he said.

"But I think on the copper side of things, I see more supply coming on line, much faster, more available and more opportunities than nickel.

"And I wouldn't be surprised to see the copper price soften somewhat."

Meanwhile, nickel markets, driven by China, were expected to soak up between 120,000 to 125,000 tonnes of the metal in 2004 increasing to 140,000 next year.

Robust demand was also maintained in Japan, Korean, Taiwan and Europe, Mr Michelmore said.

"Whether prices remain around $US17,000 a tonne [is uncertain] and I still have concerns," he told an analysts briefing after delivering the miner's third quarter production results.

Previously Mr Michelmore said continued high prices were bad for the industry, impacting on customers bottom lines and driving them to look for alternative materials.

Mr Michelmore said uranium prices were expected to rise as the gap between supply and demand increased over the next 10 to 15 years.

WMC Resources has increased its production to meet this demand but was locked in to prices well below the current spot price for the next five years.

Also on copper, BHP Billiton yesterday said stock withdrawal from world exchanges was keeping prices high,

BHP base metal marketing director John Crofts said the rate of decline of copper stocks could not continue.

"We are at or near historic lows in terms of stock to consumption ratios and the copper price in the last month or two has been indicative of that," Mr Crofts said.

[DTM_T-20041014-1-048-628213]

Photo

Document DAITEL0020041013e0ae0004c

Power union gains giant wage rises

Ryan Heffernan; Malcolm Cole; Rosemary Odgers

94 words

2 February 2005

Courier Mail (ABIX abstracts)

1

English

Queensland power workers will receive pay rises. About 2,200 workers will be given a minimum 4.5 per cent annual increase in base pay rates. The rises will be worth up to 27 per cent over three years and are estimated to cost over $A106 million. The agreement has to be accepted by workers and the Industrial Relations Commission. Queensland Premier, Peter Beattie, said that the pay agreement fulfilled the recommendations of a report on the state's power distribution network

Document ABXCOU0020050201e12200001

GENERAL

Skills shortage hits industry

KIM MACDONALD

535 words

21 September 2004

The West Australian

METRO

5

English

Companies forced to search interstate and overseas for labour as demand pushes pay over $100,000 a year

A growing number of blue-collar workers are earning as much as doctors and lawyers as employers become embroiled in a fierce bidding war in the State's worst-ever skills shortage.

Unions claim they are having unprecedented success in wage negotiations, with workers in the regions earning more than $100,000 a year and city tradesmen commonly reaping up to $90,000 a year.

The extent of the labour shortage has prompted WA companies to look interstate and overseas for workers. Among them is Western Power, which has revealed it is trying to recruit staff from South Africa. The shortage of tradesmen is also being blamed for long delays in housing construction, with industry leaders pleading with home owners to be patient as they hunt for workers.

Industry stalwart Len Buckeridge has gone as far as asking publicly that parents encourage children to consider building apprenticeships.

"You can't find tradesmen for love nor money," said Australian Manufacturing Workers Union organiser Shaun Currie. "I had a bloke looking for work last week and within five minutes I had two employers on the phone in a bidding war."

Mr Currie said pay rises of 19 per cent over two years, as recently negotiated for Worsley workers in Collie, were almost unheard of before the shortage.

Human resources manager Dean Short said workers were benefiting from the unusual supply situation.

"The unions are wringing our necks," he said.

The WA Chamber of Commerce and Industry admitted unions were "extracting a premium" but warned the gains would not continue forever as the shortage was tackled.

Included in those measures is a State Government-led delegation to Adelaide to try to lure to WA~ 700 workers about to lose their jobs at a Mitsubishi factory.

Training and Education Minister Alan Carpenter said he hoped to woo the workers with a one-stop registry which matched their skills with highly-paid local jobs.

The delegation would also spruik the advantages of a Commonwealth relocation scheme through the Job Network, which would ensure workers got fares for families, moving costs and rent for six weeks. Employers would get one-off payments of up to $4000 for taking them on.

"People are crying out for skilled labour across every industry group," Mr Carpenter said.

Skill migration is supported by the CCI, but hotly contested by unions.

AMWU State secretary Jock Ferguson called on the Government to ensure big companies put on a certain number of apprentices each year.

Mr Carpenter said legislation would be too complex but he admitted there appeared to be a mismatch in market forces. While there is huge demand for tradesmen in the booming economy, the supply of apprenticeships is relatively limited.

AMWU organiser Dave Hicks said the labour demand was a big change from the old days when tradesmen were lower paid workers.

"About 20 years ago we were having a real problem in that we were losing a lot of our workers to the police force because coppers earned more money and didn't get their hands dirty," he said.

Document TWAU000020040921e09l0004u

News

Line workers scale pay ladder

Malcolm Cole and Rosemary Odgers

240 words

3 February 2005

The Courier-Mail

1 - First with the news

4

English

POWER technicians in Queensland will be better paid than most other tradesmen, graduate lawyers and accountants under the pay deal announced this week.

The 27 per cent pay rise over three years has pushed electricity line workers to an annual base salary of almost $60,000, with further allowances and shift penalties.

Aircraft maintenance engineers earn about $51,600 on average, telephone linesmen are paid $48,600 and other electricians earn $43,400.

The 2003 enterprise bargaining agreement with Queensland's teachers took the salary of a senior teacher to just more than $64,000.

The 2004 Graduate Destinations Survey found graduate lawyers earned just less than $40,000 on average, new engineers were paid $41,000 and architects earned $34,500 when they left university.

The State Government has claimed the pay rise would ease the skills shortage and help the power companies compete nationally and internationally for staff.

But the national body representing energy networks yesterday denied there was a skills shortage, and Ergon and Energex confirmed they had hired in excess of 100 skilled technicians in recent months -- under the old pay scales.

An Energex spokesman said the company was "engaged in a sustained recruitment campaign to meet required staffing levels". He said Ergon had been forced to search around Australia and overseas for staff.

Place & time, Page 14

[CML_T-20050203-1-004-505115]

Document COUMAI0020050202e1230000f

ONESTEEL PREDICTS HIGHER STEEL PRICES TO 2010

345 words
23 September 2004
Asia Pulse
English

PERTH, Sept 23 Asia Pulse - Steel maker OneSteel Ltd said today that **steel prices** would remain high and supply tight for the rest of this decade, driven by China's phenomenal growth.

A seachange is occurring in the industry centred around China, which in three years has gone from consuming 150 million tonnes a year of steel to 300 million tonnes, OneSteel's outgoing chief executive Bob Every told the Institute of Chartered Accountants in Australia today.

"To put that in perspective, that's at least two and half times the market in North America and Europe combined," Mr Every said.

If China's economy continues to grow at eight per cent a year it will require another 24 million tonnes a year of steel, Mr Every said.

"The single biggest steel works in Australia, Port Kembla, makes five million tonnes so you need five new Port Kemblas every year just to meet the growth in China," he said.

When OneSteel was spun out of BHP Ltd and listed on the Australian Stock Exchange in 2000 slab steel - a semi-finished steel product traded around the world - was selling at $US160 a tonne, Mr Every said.

Today it is selling at $US480 a tonne.

Likewise prices of hot rolled coil, another steel product traded around the world, have rise from $US220 a tonne to more than $US600 a tonne, he said.

But what happens in the international steel industry is heavily dependant on what happens in China.

"Outside of China (steel consumption in) the rest of the world is hardly growing at all," Mr Every said.

The next potential market that could affect the global industry is India, which has a population roughly equivalent to China but consumes 30 million tonnes a year of steel against China's 300 million tonnes, he said.

"With a middle class being created in India through the wealth generated by information technology, you would have to think that India is going to be the next country to take off," Mr Every said.

Document APULSE0020040923e09n001ba

GENERAL

Overseas headhunt in labour shortage

WENDY PRYER <> KATE GAUNTLETT <> RUTH WILLIAMS

480 words

24 February 2005

The West Australian

COUNTRY

1

English

Western Power is about to import up to 100 foreign **workers** to help repair the State's crumbling electricity network in a bid to meet the Gallop Government's promise of better maintenance.

The revelations that South African and New Zealand linesmen are needed to reduce blackout rates prompted union threats of industrial action.

Word of **Western Power**'s plan came as Immigration Minister Amanda Vanstone said in Canberra she was examining ways to import unskilled **workers** on temporary visas to avert a labour crisis for farmers and businesses across the country.

WAFarmers president Trevor De Landgrafft said farmers faced financial losses unless **workers** were found in the next few months. The WA labour shortage would be "in the hundreds" and he supported plans to bring in **workers** from overseas.

He said farm labour shortages had been exacerbated by rising iron ore prices, which saw people forsake farms for more lucrative mining jobs as companies ramped up production.

The worst-hit areas were fruit farms in Kununurra and southern wheat farms, which were approaching seeding time in April and May.

Western Power confirmed it was negotiating with a big company that has "a large Australian-base with an international presence". The company has a ready-made electricity supply maintenance workforce that had finished an overseas job and could be readily imported.

A spokesman refused to name the company because the negotiations were sensitive, but said the workforce was made up of South Africans, New Zealanders and Australians. They would not displace local workers because there was a shortage.

The mainly-foreign crew would be on top of 100 more maintenance workers the Government had comm~itted to train over the next four years, he said.

But Communications, Electrical and Plumbing Union secretary Bill Game and Australian Manufacturing Workers Union secretary Jock Ferguson said Western Power had long known its system was crumbling and could have trained hundreds of local people before now.

Mr Game said Western Power linesmen were paid $200 a week less than their Queensland counterparts. The recruitment would further anger members preparing to strike when their pay deal expired in six months.

Mr Ferguson called on Energy Minister Eric Ripper to review the decision to import workers.

Western Power failed yesterday to disclose the extent of blackouts across WA in the past week, despite its promise to keep the WA public fully informed of its performance.

After admitting three weeks ago that one in 10 of Western Power's customers were blacked out in a week, it has now cut back information to report only blackouts lasting 30 minutes or more and affecting more than 500 customers.

The Western Power spokesman was unable to give an explanation, saying he could not contact those involved in compiling the figures.

PAY RATES RISE 6

STRIKE SPREADS 6

Document TWAU000020050223e12o000b6

News

Power pay electrifies salary race

Malcolm Cole and Rosemary Odgers

353 words

3 February 2005

The Courier-Mail

6 - Late City

4

English

POWER technicians in Queensland will be better paid than most other tradesmen as well as graduate lawyers and accountants under their new deal announced this week.

The 27 per cent pay rise over three years has pushed electricity line workers to an annual base salary of almost $60,000, with further allowances and shift penalties.

By comparison, aircraft maintenance engineers earn around $51,600, telephone linesmen $48,600 and other electricians $43,400.

The 2003 enterprise bargaining agreement with Queensland's teachers took the salary of a senior teacher to just over $64,000.

And the 2004 Graduate Destinations Survey found graduate lawyers earned just under $40,000 on average, new engineers were paid $41,000 and architects earned just $34,500 when they left university.

The State Government has claimed the pay rise would ease the skills shortage and help the power companies compete nationally and internationally for staff.

But the national body representing energy networks yesterday denied there was a skills shortage, and Ergon Energy and Energex confirmed they had hired more than 100 skilled technicians in recent months, under the old pay scales.

Energy Networks Association chief executive Bill Nagle rejected claims of a skills shortage in the industry.

"The situation varies across all the states, so it's pretty hard to say whether or not there's a uniform picture," Mr Nagle said. "There is a tight labour market in most of the skills areas, and the electricity industry is no different. But there's no employment crisis going on."

An Energex spokesman said the company was "engaged in a sustained recruitment campaign to meet required staffing levels".

An Ergon spokesman said the regional power company had been forced to search around Australia and overseas for staff.

Queensland Council of Unions general secretary Grace Grace has warned other public sector unions may seek similar pay rises.

Premier Peter Beattie said the power workers' deal had been a response to the specific problems facing the industry, and would not apply to other sectors.

[CML_T-20050203-6-004-718248]

Document COUMAI0020050202e1230005p

Business

Strike while the copper is red-hot

JAMES CHESSELL

889 words

9 October 2004

The Sydney Morning Herald

First

53

English

THE DRUM

Copper prices hit a nine-year high this week, thanks to Chinese and US hunger for the red metal, with many analysts forecasting more gains to come.

If that's not enough, London Metal Exchange Week kicks off in the Old Dart on Monday - an event that is likely to give rise to plenty of bullish commentary about metal prices, given the current sentiment.

This is wonderful news for the likes of Rio, BHP and WMC, whose shares have enjoyed strong support in recent months.

But there is also a band of smaller players busily trying to get a slice of the action.

First to the floats, where the Sunshine State seems to be popular at the moment.

Copper Strike, for example, is looking to raise $6.5 million in a float fully underwritten by ABN Amro Morgans.

Copper Strike is run by Tom Eadie, the Canadian well known in mining circles for his work as Pasminco's general manager of exploration.

It will use the money to explore several eastern state properties previously owned by Canadian major TeckCominco.

For vending its properties and investing $250,000 in the float, TeckCominco will end up owning about 12 per cent of the new company and the right to a 51 per cent stake of any discovery.

Copper Strike has targets in NSW and Tasmania but will concentrate on getting a copper project in North Queensland to near-term production.

Deposits in the Georgetown and Mt Isa regions are the first cabs off the rank, with Copper Strike expecting to drill 10 targets in the six months following its listing, which is scheduled for late November.

The other directors are former BHP exploration operative Neil McLean, as well as Peter Topham, the former Mineral Commodities executive chair who now buys and sell mining royalties through the unlisted Royalco.

Qld Ores cries wolfram

Another less-developed offering from the state that gave us the Big Pineapple is Queensland Ores.

Chaired by Macarthur Coal director Roger Marshall, Queensland Ores' blue-chip board includes former Novus Petroleum chairman David Blair and Ken Dredge, once an executive director at MIM and Pasminco.

Which brings us to the possible float. A prospectus is not expected for a month or so but the company is said to be looking to raise $6 million-plus to look at the Mount Cannindah copper project.

Cannindah is a former MIM/Newcrest project that was not big enough to make the grade. The partners spent about $6 million drilling the area, which has a copper/gold resource, making a more advanced prospect than the average.

Ores also has a deposit called Wolfram Camp, a mine closed down about 10 years ago. It's said to be a fairly big resource in need of a bit of work.

Wolfram is used in alloys for things such as high-speed cutting tools. As with most metals, the price has risen in recent months.

(There's also a $3 million gold float, Mindax, to explore projects in the Eastern Goldfields of WA, such as Bulga Downs, Mt Alexander, Panhandle, Maynard Hills, Meekatharra North. Mindax is chaired by Gilbert George and run by Greg Bromley.)

Moore's the merrier

While floats face the risk of missing the boom, given the lag time between raising money and production, there are a number of smaller companies moving closer to production.

David Moore's Tethyan Copper is one such group, if the market's recent interest in its Pakistani ambitions is any guide.

Moore, a former geologist with Shell and Billiton who also runs Mincor Resources, hopes to develop the very large Reko Diq project in Pakistan - a BHP Billiton discovery in the 1990s.

Meanwhile, he is working on a project called H4, which he described as Tethyan's "starter" project for Reko Diq, an emerging copper province which has more than 12 billion pounds of copper and 9 million ounces of gold in JORC-compliant resources.

Moore argues that unlike Robert Friedland's Ivanhoe project in Mongolia - another large deposit in a remote part of the world - Reko has higher grades and more accessible infrastructure.

It's worth noting that a smallish Chinese-run copper operation is up and running just down the road.

Tethyan is in the middle of a bankable feasibility study looking at a 40,000 tonne year copper mine at H4 over 15 years at a start-up cost of about $150 million.

The company hopes to produce LME-grade copper on site.

This week the company came up with some good test results, helping to explain the improving share price, which has risen from about 30c in early to September to almost 50c on Friday (the stock was trading at 80c in February).

Tethyan was spun off from Mincor in October last year.

But the main game for Tethyan will be a $1 billion-plus project of about 200,000 tonnes of copper and 400,000 ounces of gold a year. At last count, there were some 126 million tonnes in H4, grading 0.7 per cent copper, and 729 million tonnes in the Western porphyry system, grading 0.64 per cent copper and 0.39 grams of gold a tonne.

Document SMHH000020041008e0a900049

GENERAL

Workers get rich in skills shortage

KIM MACDONALD

638 words

21 September 2004

The West Australian

COUNTRY

1

English

Companies forced to search overseas for labour

A growing number of blue-collar workers are earning as much as doctors and lawyers as employers become embroiled in a fierce bidding war in the State's worst-ever skills shortage.

Unions claim they are having unprecedented success in wage negotiations, with workers in the regions earning more than $100,000 a year and city tradesmen commonly reaping up to $90,000 a year.

The extent of the labour shortage has prompted WA companies to look interstate and overseas for workers. Among them is Western Power, which has revealed it is trying to recruit staff from South Africa.

The shortage of tradesmen is also being blamed for long delays in housing construction, with industry leaders pleading with home owners to be patient as they hunt for workers.

Industry stalwart Len Buckeridge has gone as far as asking publicly that parents encourage their children to consider taking up building apprenticeships.

"You can't find tradesmen for love nor money," said Australian Manufacturing Workers Union organiser Shaun Currie. "I had a bloke looking for work last week and within five minutes I had two employers on the phone in a bidding war."

Mr Currie said wage increases of 19 per cent over two years, as recently negotiated for Worsley workers in Collie, were almost unheard of before the skills shortage.

Human resources manager Dean Short said workers were benefiting from the unusual supply situation.

"The unions are wringing our necks," he said.

The Chamber of Commerce and Industry admitted unions were "extracting a premium" but warned the gains would not continue forever as the shortage was being addressed across Australia.

Included in those measures is a State Government-led delegation to Adelaide to try t~o lure to WA the 700 **workers** about to lose their jobs at a Mitsubishi factory.

Training and Education Minister Alan Carpenter said he hoped to woo the **workers** with a one-stop registry which matched their skills with highly-paid local jobs.

The delegation would also spruik the advantages of a Commonwealth relocation scheme through the Job Network, which would ensure **workers** received fares for their families, relocation costs and rent money for six weeks. Local employers would get one-off payments of up to $4000 for taking them on.

Mr Carpenter said: "People are crying out for skilled labour across every industry group. It's just a fact of life that if you can't fill positions you have to look elsewhere."

Skill migration is supported by the CCI, but is hotly contested by unions which fear it will lead to an erosion of quality and **workers**' rights.

AMWU State secretary Jock Ferguson called on the Government to instead ensure all big companies provided a certain number of apprenticeships each year.

Mr Carpenter said legislation would be too complex but he admitted there appeared to be a mismatch in market forces.

While there is huge demand for tradesmen on the back of new projects in the booming economy, the supply of apprenticeships is relatively limited.

AMWU organiser Dave Hicks said the labour demand was a big change from the old days, when tradesmen were lower paid **workers**.

"About 20 years ago we were having a real problem in that we were losing a lot of our **workers** to the police force, because coppers earned more money and didn't get their hands dirty," he said.

Construction foreman Chris Hughes earns about $100,000 as a fly-in, fly-out employee of CBI Constructors on the Burrup Fertilisers project near Karratha. He said the shortage of skilled labour was being felt on the Burrup Fertilisers project.

Colleague Mick Newman said high demand meant some workers only a few years out of their apprenticeships were on similar money.

Document TWAU000020040921e09l00002

News

Electricity pay rises `threat to economy'

Lachlan Heywood and Matthew Franklin

356 words

10 February 2005

The Courier-Mail

1 - First with the news

3

English

THE Federal Government has condemned as irresponsible massive pay rises awarded to Queensland power workers.

It fears the 27 per cent pay rise announced by Premier Peter Beattie last week will increase inflationary pressure on the Australian economy.

Wage blowouts were identified by Treasurer Peter Costello this week as a serious danger to the economy.

Assistant Treasurer Mal Brough said yesterday the pay deal reached with Energex and Ergon Energy workers was not in the national interest.

Slamming it as a "political fix", the Queensland Minister said it appeared Mr Beattie had no regard for the economic consequence of wage increases without accompanying productivity gains.

A spokesman for Mr Beattie said the pay rises were warranted, and Mr Brough's "incendiary remarks" had already been addressed.

Mr Beattie said last week the pay rises delivered on the recommendations of last year's damming Somerville report into the state's power failures, which found the electricity network had been allowed to deteriorate and could not meet demand or future growth.

Access Economics director Chris Richardson said Mr Beattie was either expecting strong productivity gains in return for the wage increase or "covering his arse" politically.

Also yesterday, the Senate was told businesspeople who lost trading time because of power outages should be given State Government compensation.

Queensland Liberal Senator Santo Santoro called on the Government to extend its promise to compensate homeowners affected by blackouts to businesses -- a proposal described last night by the Government as unnecessary.

Although the Government has ordered massive increases in spending to fix the power system, blackouts have continued over summer.

Senator Santoro said it was reasonable for Mr Beattie to have agreed to compensate consumers through discounts on their bills.

"But what about small businesses?" he said.

He said one businessman, from Forest Lake in Brisbane's southwest, had lost power on five separate days between July and December last year.

A spokeswoman for state Energy Minister John Mickel said commercial power consumers already had the opportunity to seek compensation for power losses.

[CML_T-20050210-1-003-551613]

Document COUMAI0020050209e12a00034

Finance

Chinese demand to keep steel mills rolling

MATP

445 words

24 September 2004

Daily Telegraph

1 - State

57

English

STEELMAKER OneSteel expects high **steel prices** to stay and supply to remain tight at least until the end of this decade as Chinese demand expands rapidly.

A seachange is occurring in the industry centred around China, which in three years has gone from consuming 150 million tonnes a year of steel to 300 million tonnes, OneSteel's outgoing chief executive Bob Every told the Institute of Chartered Accountants.

"To put that in perspective that's at least two and half times the market in North America and Europe combined," Mr Every said.

If China's economy continues to grow at 8 per cent a year it will require another 24 million tonnes a year of steel, Mr Every said.

"The single biggest steel works in Australia, Port Kembla, makes five million tonnes so you need five new Port Kemblas every year just to meet the growth in China," he said.

When OneSteel was spun out of BHP and listed on the Australian Stock Exchange in 2000, slab steel, a semi-finished steel product traded around the world, was selling at $US160 a tonne, Mr Every said.

Today it is selling at $US480 a tonne.

Likewise prices of hot rolled coil, another steel product traded around the world, have rise from $US220 a tonne to more than $US600 a tonne, he said.

But what happens in the international steel industry is heavily dependant on what happens in China.

"Outside of China (steel consumption in) the rest of the world is hardly growing at all," Mr Every said.

OneSteel overcame impediments such as the rising cost of raw materials and competition from cheap imports dumped on the Australian market, last month reporting a 36 per cent increase in net profit in the 12 months to June 30, 2004, to $127.9 million including a one off tax gain of $19.8 million.

Despite the strong result Dr Every received a cut in his total remuneration which fell to $3.19 million from $3.57 million the previous year.

OneSteel corporate relations managing director Mark Gell said the package was affected by the lower rate of profit growth in 2003-04 and the company's safety record for the year which improved on the previous year but did not meet company targets.

Dr Every's base salary of $1.2 million and superannuation benefits of $156,000 were unchanged.

However short term incentives for the year fell to $1 million from $1.25 million previously.

And the total value of allotted options and share rights value fell to $834,154 from $926.802.

[DTM_T-20040924-1-057-091479]

Document DAITEL0020040923e09o000bd

News

Power pay rise bid

Scott Murdoch
155 words
12 February 2005
The Courier-Mail
1 - First with the news
2
English

A PROMINENT Queensland union is fighting for the pay rise offered to the state's electricity workers to be extended to their white-collar colleagues.

In a move designed to quell the state's power crisis, trade workers at Energex and Ergon were this month granted an increase worth 27 per cent over three years.

However, the Australian Services Union, which represents about 500 clerical, administrative and management staff, wants the offer broadened.

The issue was taken to the Industrial Relations Commission, which on Thursday ruled that Ergon must meet with the ASU in the next four days.

ASU branch secretary Julie Bignell said offering the allowance to trade workers and not other staff was a divisive tactic by the power distributors.

The Ergon enterprise bargaining agreement expires next week while Energex's is due for renegotiation in May.

Perspectives, Page 25

[CML_T-20050212-1-002-415515]

Document COUMAI0020050211e12c0005p

The Economy

Global Suppliers of Steelmakers Push for Sharp Price Increases

By Paul Glader

577 words

26 January 2005

The Wall Street Journal

A2

English

PITTSBURGH -- The world's producers of the raw materials used to make steel are seeking sharp price increases this year, potentially putting upward pressure on steel prices and adding to the cost of making everything from cars to appliances.

Suppliers of iron ore and coking coal currently are negotiating with steelmakers over contract prices covering the rest of the year. The price of iron ore -- the main ingredient used to make steel -- is expected to rise between 30% and 50% in major international contracts in 2005, according to industry analysts and consultants. The per-ton price of iron ore is expected to rise to between $30 and $57, from levels ranging from $23 to $38 in 2004, depending on grade and type.

Some mining companies are seeking more. Last week, Brazil's Companhia Vale do Rio Doce SA (CVRD), the world's largest iron-ore company, confirmed it was seeking a 90% increase in 2005 from some steelmakers, including big Luxembourg-based steelmaker Arcelor SA, which calls the increase "absurd." Yesterday, Arcelor declined to comment further.

Meanwhile, prices for coking coal -- metallurgical coal that is later purified in an oven into coke, a hard carbon used in melting iron in the blast furnace -- are set to double to between $120 and $130 a metric ton from 2004 levels of $55 a metric ton.

North American steelmakers have stronger relationships and longer-term contracts with their suppliers and are expected to be less affected. Still, the effect of higher raw materials could be felt by steel consumers world-wide. Steel prices were expected to remain near current high levels for the first half of the year, then taper off in the second.

"What this is going to do is push up selling prices [for steel]," says Chuck Bradford, a New York-based steel analyst with Bradford Research/Soleil Inc. Last year, steel prices across product lines more than doubled, with the benchmark hot-rolled coil product fetching about $750 a ton on the spot market in September.

Faced with higher raw-material costs in 2004, many steelmakers added surcharges onto the selling price of steel types and products that were in short supply. Many of their customers, from mailbox builders to appliance makers, passed along price increases to consumers, though at much smaller levels in most cases.

In some ways, the price run-up is a delayed reaction to high steel prices. Steel prices skyrocketed, prompting steelmakers to make more steel and request more iron ore and coal. Clarkson Research Studies estimates that miners will ship 631 million metric tons of iron ore abroad in 2005, up 8% from 2004. Despite a moderating economy and an attempt to curb growth, China is expected to continue to be a big consumer, with iron ore imports expected to rise 23% to 245 million metric tons this year.

CVRD has, in the past, set the tone for negotiations and prices. Last year, it raised prices 18.6% over 2003 prices, which themselves were 10% higher than 2002 levels. Australia's Rio Tinto Ltd. and BHP Billiton Ltd., which supply iron ore, mainly to steelmakers in Europe and Asia, received about the same increases.

Negotiations between CVRD and Arcelor have failed to materialize, while contract talks between Rio Tinto and its Japanese steelmaking customers have stalled over pricing disagreements, although the latter are set to resume this week.

Document J000000020050126e11q00033

Australia looks to migrants as skill shortage bites.

By Michelle Nichols

515 words

4 March 2005

14:04

Reuters News

English

CANBERRA, March 4 (Reuters) - Australia is considering taking in more skilled immigrants to combat a skill shortage as the lowest unemployment rate in 28 years threatens to push growth in wages past productivity and add to inflationary pressures.

Australia's economy has been expanding for 14 years and unemployment has fallen to 5.1 percent, leading to a skill shortage that could delay key resource projects and has forced companies to temporarily bring in workers from overseas.

Australian miner View Resources this week mothballed plans to reopen its Bronzewing mine in Western Australia state, blaming a chronic labour shortage, while a transport company in Melbourne flew in 60 welders from China in late 2004 to meet demand.

Prime Minister John Howard describes the need for more skilled workers as one of the biggest challenges facing Australia and says he is in favour of increasing immigration to help fix the problem in the short term.

"We have a migration programme that is now more heavily tilted towards skills and we're willing to tilt it even further in the direction of skills in order to get the people we need," Howard told Australian radio on Thursday.

Neither Howard nor Immigration Minister Amanda Vanstone has said by how much the number of skilled immigrants could be increased in 2005/06, but local media has reported the government could consider boosting the intake by 20,000 to almost 100,000.

It was not clear if that would push up the total number of immigrants. In the fiscal year to June 2005 Australia plans to take in a total of 120,000, including 77,100 people with skills.

Australia's central bank raised interest rates 0.25 point to 5.5 percent this week - the first change in over a year - to stem inflationary pressures from wage demands and capacity constraints as data showed economic growth had almost stalled.

Westpac Senior Economist Andrew Hanlan said the Reserve Bank of Australia could temper demand for skilled workers by raising rates but was unable to address the supply side problem.

"I think that business would certainly welcome higher immigration in the short term and that would play a role in dampening some potential in inflation risks," he said.

"The Reserve Bank raising interest rates is not going to change the shortage of, for example, engineers for the mining sector, so (immigration) is an approach needed short term."

But Howard said that while increasing skilled migrants was part of the solution, it did not "in any way absolve us of the responsibility of training more of our own people".

Following through on a pledge made in the campaign for last October's general election, the conservative government is preparing to set up 24 technical colleges around the country to increase the number of skilled workers.

"I would like to see an Australia in which a high-grade technical qualification was as prized as university degrees," Howard told an Australian Business Council of Australia dinner late on Thursday. ($1=A$1.28).

Document LBA0000020050304e134001xh

Beattie pushed to pass on power workers' pay rises

Greg Roberts
115 words
3 February 2005
The Australian (ABIX abstracts)
4
English

The Australian Services Union wants an across-the-board pay rise for power industry workers in Queensland. Electricity tradespeople working for the state-owned Energex and Ergon Energy have been awarded a pay rise of up to 31 per cent over three years, which translates to about $A230 a week. However, the union believes that others who work in the state's power sector should receive the pay rise. Workers who received the pay increase specialise in areas in which there is a shortage of qualified personnel. Premier Peter Beattie dismisses suggestions that the pay deal will result in higher wages in other sectors

Document ABXAUS0020050202e1230002z

Business

Industrial war breaks out in WA. [CORRECTED]

TREVOR SYKES

2,379 words

18 September 2004

Australian Financial Review

First

12

English

DOWNTOWN

The three criteria for resource projects are that they should start within 10 per cent of budget; that they should start within three months of schedule; and they should reach 85 per cent of capacity within 12 months.

Typically only 20 per cent of projects fulfil all three criteria.

That sobering thought comes from Ray Shaw, general manager of technology support at Rio Tinto, in a paper he delivered to the Pacrim conference in Adelaide this week. Since we now have a hot market in resource stocks, investors should find the warning timely.

Shaw was actually telling bankers and project financiers how to check out resource projects, but his list of checkpoints is equally valid for investors, although their access to data will not be as good.

The fundamental principle is to think about the nature of the resource development you intend to back, and whether the company has really done its homework. An amazing number (Selwyn Mines and Australian Magnesium come to mind) didn't.

It may avoid a little further investor grief if we run over a few points from Shaw.

Ore body evaluation: The delineation of ore bodies has become increasingly sophisticated over the past 20 years, especially with the use of three-dimensional visualisation. The next question is how to mine and process the ore.

If it's a brownfield development, the company can be pretty confident it has the answers. If it's a greenfield, there's more work to be done. Shaw says: "One simple rule of thumb is that large-scale ore bodies are more able to justify the effort needed to overcome challenges in their mining and processing."

Processing to a marketable product: Shaw says: "Virtually any ore can be taken through to a marketable product but the costs associated grow rapidly with each additional step required." That's true. Hitler's Messerschmitts were flying on fuel made from coal, a process that can be justifiable under the exigencies of war but is still prohibitively expensive for civilian purposes.

The "additional step" observation is also important. Every further step in the processing chain adds another layer of cost. They build.

Shaw says his observation is particularly true of products that have low intrinsic value such as iron ore, coal and bauxite. The level and nature of the impurities are often more important in the processing challenges than the level of the target. In other words, high-grade bauxite with metallurgically difficult silica or kaolin is less desirable than lower grade bauxite without it.

Capex and opex: Capital expenditure is critical, because no project can operate profitably if the cost to start it is too great (the Murrin Murrin nickel project is a dreadful example). Unfortunately, there is no way ordinary investors can evaluate capex, particularly on a greenfield project. Operating expenses must also be treated with suspicion. Shaw points out that the biggest challenge is in estimating the usage of energy, labour and materials rather than their specific cost. If the project has done a good deal on energy price, for example, but underestimated its usage by 20 per cent, that can kill the project.

The best check is to look at the operating costs of similar projects. If the project in which you are about to invest is going to run more cheaply, it should explain why.

Market for the product: Either or both can influence the future viability of any development. For high-price, low-volume commodities such as gold or platinum, price is more likely to be the dominant aspect. For bulk commodities such as iron ore, volume is likely to be more important.

Marketability is also important. Sons of Gwalia was the world's biggest producer of tantalum, but the number of buyers could have met in a phone booth. This was no small factor in the company's downfall. There is a similar monopsony in mineral sands, where any producer of titanium oxide that does not sell to Dupont is going to have to scratch hard to find other markets.

Financial returns: If the financial model does not include the project's sensitivities to the key variable it should be treated with suspicion.

Commissioning the plant: The common trend in project evaluation is to assume a smooth start-up and progression to design capacity. The Australian outback as many investors can testify is littered with plants that never worked properly. The message is to beware of untried technology.

Shaw's message is that bankers should not back a project unless a feasibility study has been signed off by an independent consultant, which is now standard practice in Australia. The concomitant message for investors is that until they have seen the bank feasibility study, they should realise they are punting on hope. But, of course, hope is what makes markets.

Last week's Downtown column said unionists striking at the Muja power station in WA had defied orders by the WA Industrial Commission to return to work. The WA Minister for Industrial Relations, John Kobelke, has pointed out that the dispute was dealt with by the Australian Industrial Relations Commission under federal law. Also, a union's right of entry to a workplace where it has no members is not forbidden under federal law, but it is limited.

DOWNTOWN

China's huge appetite for materials is allowing hardliners in the union movement to flex their muscles.

While the federal election campaign drones boringly on, few people east of the Nullarbor realise that economically damaging industrial warfare has broken out in Western Australia.

Radical elements of the union movement are flexing their muscle and threatening to disrupt the state's biggest projects, which are also the source of Australia's greatest increase in exports.

Given the huge investments taking place in iron ore and energy for the China market, these disruptions threaten to damage the economy and the reputation of Australia as a resources supplier.

To date there has been a tacit political conspiracy of silence about the industrial campaign. As far as Prime Minister John Howard is concerned, it would tarnish his image of the coalition as the managers of a smoothly functioning economy. From Mark Latham's viewpoint, the spectre of trade unionists kneecapping Australia's most prosperous industry is hardly a vote winner. So the facts are being bipartisanly ignored.

Nevertheless, there has been a deterioration in the behaviour of construction unions and their officials in WA over the past few months. Industrial relations are worse in the Pilbara than at any time for a decade.

This is threatening to unravel one of the great achievements of the coalition and the mining companies over the past decade: the replacement of union awards by Australian workplace agreements (AWAs).

The AWAs have led to a period of unprecedented workplace harmony in the great WA mines. However, although the mine sites have been almost totally de-unionised, the construction industry never was.

The hunger of China for raw materials has led to a boom in the WA construction industry. This has given the Construction Forestry Mining and Energy Union an opportunity to flex its muscle, and it is the hardest liners who are doing the flexing.

In recent months the CFMEU and like-minded unions have threatened or disrupted the North-West Shelf gas projects, Muja power station, Pinjarra alumina refinery, Hismelt iron plant and the iron ore port of Dampier.

These are all big-ticket construction projects. The Hismelt plant is one of WA's iconic projects. For 40 years, successive WA governments have demanded that iron ore miners should add value to their product by upgrading the ore instead of simply shipping it off in its raw state.

Rio Tinto is hoping to fulfil that long-held dream by building a Hismelt plant at Kwinana which will smelt ore with high impurities directly into pig iron.

Work began on the plant a year ago, but in that time it has suffered 21 industrial stoppages. Bruce Larson, the general manager government relations for Rio's subsidiary, Hamersley Iron, says the stoppages were for all sorts of reasons, including hot weather. The $450 million plant was to produce its first pig iron at the end of 2004 but the stoppages have pushed the date back to the first quarter of 2005, he says.

Larson says: "Clearly there are far more industrial actions being taken on major project sites than previously. Since 1992 we have enjoyed enormous productivity gains and calm within the workplace because of workplace agreements. But we have seen in the last couple of years, since the Labor government took office in WA and changes to the industrial legislation, the unions having a much stronger power base again."

Hamersley Iron is also facing threats of industrial action at the iron ore port of Dampier. Dampier is being expanded from capacity of 74 million tonnes a year to 116 million tonnes.

The project includes a new train dumper, an increase in stockpiles from nine to 24 and associated plant, machinery and railway track. The expansion will cost a total of $700 million and will increase exports by $1.9 billion a year.

With work less than half completed, the project is now being threatened with industrial action. Two stopworks have been called so far and a Hamersley Iron spokesman said the company feared more were to come. The construction unions are reportedly trying to persuade workers to call an indefinite strike.

Kevin Reynolds, general secretary of the CFMEU in WA, says employers are waking up to the fact that they have to deal with all the unions in the construction industry and not just the Australian Workers Union. "For the past 10 years or so they have delivered agreements on a platter to the AWU and the AWU has not been able to represent the workers properly or satisfactorily," he says.

Reynolds claims workers have a right to stop whenever the temperature rises above 37.5 degrees Celsuis the old 100 Fahrenheit mark.

He says the most recent stoppage at Hismelt was because a 45-year-old worker died. Although the man died at home, other workers stopped for a day as a mark of respect and Rio denied them their $132 performance bonus for the week. When the workers held a stopwork meeting to discuss the matter, they lost their $132 bonus for the next week.

Alcoa's $440 million expansion of the Pinjarra alumina refinery was threatened with industrial action until a settlement was reached a few weeks ago. Pinjarra's output is supposed to be increased by 600,000 tonnes by the end of 2006.

At one point, unions were understood to be threatening to picket not only the expansion but the entire plant. Alcoa escaped with only a couple of stopworks and did not lose any production.

One Pinjarra executive says: "The biggest problem is the pressure for labour. The scarcity of skilled construction workers is affecting the whole environment."

The Muja power station suffered an eight-week strike by the Australian Manufacturing Workers Union. The strike ended on August 31 but unionists on three occasions ignored orders by the WA Industrial Commission to return to work. During the strike Western Power spent $20 million importing fuel oil supplies because it feared industrial disruption could cause power blackouts in Perth during the peak summer demand period.

John Flood, the industrial relations expert at the WA branch of the Australian Mines and Metals Association, says the unrest is largely being driven by the radical Workers First faction.

This is the faction behind Craig Johnston, the former secretary of the AMWU in Victoria, who is serving a nine-month jail sentence for violent raids on two companies. Reynolds denies any connection with Workers First, saying the movement is confined to Victoria. However, it is undeniable that union militancy is rising in WA.

According to one allegation, the CFMEU funded the election campaign for Chris Cain, who was recently elected general secretary of the Maritime Union of Australia. Reynolds denies this, saying: "I supported Chris 100 per cent but we did not have to help fund it. We didn't fund him, but we certainly attended some fund-raisers with him. He is a young, vibrant militant trade unionist and I was glad to see him win."

This election result sent a shudder down the spine of the mining industry in WA, because the MUA in recent years has been regarded as a responsible union, concerned about the future of the industry as well as the pay and conditions of its members.

With shipping facilities stretched to the limit to meet Chinese demand, mining companies are highly vulnerable to any militancy in the shipping unions, which plagued the industry in the 1970s.

Mining companies' spokesmen sheet much of the blame to the WA government, whose industrial legislation is softer on unions than the federal government's.

The WA legislation, for example, allows union representatives to enter a workplace even if the union does not have any members there, whereas that is forbidden under federal law. Until a few weeks ago it was believed that the federal law prevailed, but then Justice French of the Federal Court ruled that the WA legislation was not inconsistent.

The ruling has opened the gate for the new militants of the WA union movement to begin invading the workplaces, and they are likely to use their new freedom.

It is also an issue for Latham. Labor intends to encourage unions to re-enter workplaces that are run under enterprise bargaining agreements. A Labor win would be seen as a green light for the militant unions in WA. Correction: Last week's Downtown column said unionists striking at the Muja power station in WA had defied orders by the WA Industrial Commission to return to work. The WA Minister for Industrial Relations, John Kobelke, has pointed out that the dispute was dealt with by the Australian Industrial Relations Commission under federal law. Also, a union's right of entry to a workplace where it has no members is not forbidden under federal law, but it is limited. (AUSTRALIAN FINANCIAL REVIEW, 25/9/04)

Document AFNR000020040917e09i00078

Finance

Steel makers roll out profit

By JANE WILLIAMS

306 words

21 February 2005

The Advertiser

1 - State

45

English

AUSTRALIA'S steel makers are expected to release strong financial results this week based on robust steel prices and boosted by the voracious Chinese market.

However, analysts said the industry could face some stiff cost challenges in the year ahead.

Goldman Sachs JBWere said global steel giants had suggested high steel prices could be sustained at current levels or even higher in the near term. But the cost of raw materials and exchange-rate fluctuations could hit them hard.

Cheap imports, which slashed revenues in 2003-04, should have less of an impact in 2005, Aspect Huntley senior equities analyst David Walker said.

Australia's biggest steel company, BlueScope Steel, reports today with OneSteel and Smorgon Steel to follow this week.

The multi-national, flat steel maker, BlueScope, is expected to post a healthy interim profit, reflecting strength in global hot-rolled coil prices, although margins could be squeezed by rising iron ore and coking coal prices.

BlueScope was expected to build on last year's $584 million profit with forecasts between $896-$905 million this year.

Plagued by problems with its Whyalla furnace, OneSteel - producer of steel tube and piping for the construction industry - has tipped a half-year profit of $45 million to $55 million.

This includes a $40 million impact on pre-tax and amortisation earnings from its furnace which has been back on line since mid-December after shutdowns in October and November last year.

OneSteel has its own iron ore mine but experienced rising costs from coking coal and scrap metal which may have a negative impact on the final result.

Rival Smorgon has said it was comfortable with analyst forecasts of about $64 million for this financial year compared with a $103 million profit previously.

[ADV_T-20050221-1-045-210323]

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NEWSNATION

Wage rise for power people

126 words

2 February 2005

The Cairns Post

1

15

English

QUEENSLAND'S electricity workers will receive pay rises of more than $200 a week under a new wage agreement.

The Electrical Trades Union yesterday said workers with the government-owned electricity grids Energex and Ergon would receive rises of up to 31 per cent over three years, with increases of up to four per cent in allowances for some.

Union state secretary Dick Williams said the rises amounted to between $205-$225 extra a week for workers, plus more for those eligible for a 4 per cent increase in existing allowances.

"Certainly it's a win in terms of dollars and cents for our members, there's no doubt about that," Mr Williams said.

[TCP_T-20050202-1-015-142227]

Document CAIRPO0020050202e12200012

Boom fuelling skill shortage

Mark Beyer
798 words
15 April 2004
WA Business News
English

THE surprisingly strong growth in big resource projects across Western Australia has left industry watchers increasingly worried about looming shortages of skilled labour.

Importing temporary skilled labour from overseas is one option that may have to be considered but this would be political dynamite and risk a major union backlash.

The crunch time will be the first half of 2005 when resource projects collectively worth more than $4 billion will be experiencing heavy labour demand.

"Developers are now starting to worry about the skill supply situation," Chamber of Commerce and Industry divisional director commercial services Gary Collins said.

Industry Capability Network WA director David Kobelke, whose job is to try and maximise local content on big projects, is also worried.

Mr Kobelke said he had often heard alarmist talk of a skills shortage but this time he believed the problem would be real.

"There is a good chance they will all peak during the same six month period," he said.

"They will all be seeking the same skilled labour and I think that will cause a problem."

The current outlook brings back memories of the late 1990s, when BHP's direct reduced iron project in Port Hedland coincided with a raft of other big labour-intensive projects, including Anaconda Nickel's Murrin Murrin laterite nickel plant.

The big projects about to get underway are led by BHP Billiton's $1.4 billion Ravensthorpe nickel project, which will employ 1,000 people at its peak. Alcoa's $440 million upgrade of its Pinjarra alumina refinery will also have a peak workforce of about 1,000.

Other projects getting underway include Woodside's $1.5 billion Enfield gas project, although most of the work will be done overseas, and the $225 million expansion of the Worsley alumina refinery, which is due to get final approval in the next month.

In addition, BHP Billiton and Rio Tinto are pouring hundreds of millions of dollars into the progressive expansion of their iron ore mining operations and several gold producers are investing in new production capacity.

In addition to these committed projects, Woodside is closely assessing its $1.6 billion Train 5 project, which would add enormously to the demand for skilled labour.

Given the tight labour supply, Woodside may consider it advantageous to proceed with Train 5 while contractors for the Train 4 project, which is approaching completion, are still at Dampier.

The big resource projects come at a time of buoyant engineering and construction activity right across Australia.

This is reflected in the fall in Australia's unemployment rate to 5.6 per cent in March, its lowest level since 1989.

It is also reflected in skills shortages in the building industry.

"Skill shortages in the building and construction industry are prevalent in bricklaying, carpentry, plastering, cabinet making, tiling and plumbing," said Master Builders Association of WA director Michael McLean.

Big infrastructure projects are adding to the strong labour demand.

Examples in WA include the 250-megawatt power station Transfield is building for Western Power and the $1.5 billion New MetroRail project.

The WA Government is tuned in to the risk of a skills shortage.

It has instituted a range of training and skill development initiatives to address areas of high skill demand in the infrastructure and resource development areas.

This includes fast track apprentice programs in metals and electrical trades and upskilling programs.

Ironically, the government has focused heavily on the oil and gas sector, including the half-dozen gas processing projects mooted for the Burrup Peninsula.

The Burrup has failed to live up to its early promise, with only one project proceeding. Nevertheless the training provided for that region is expected to be transferable to other sectors that are growing faster than expected.

Education and Training Minister Alan Carpenter emphasised that industry also had a role to play.

"It remains crucial for industry to maintain a commitment to training, particularly in the form of apprenticeships and traineeships, to ensure that an appropriately skilled workforce is available," Mr Carpenter said.

Recent moves by the Federal Government indicate that the skills shortage is looming as a national issue.

Last week, Federal Education Minister Brendan Nelson launched a national skills shortages strategy.

The strategy includes measures to bring greater flexibility into trade training, such as shorter apprenticeships and specialised training to meet the needs of specific industries.

The Federal Government has also recently approved an increase in Australia's skilled migration intake, specifically for people prepared to live in regional areas.

Mr Collins said he felt one critical element is missing from the debate.

"The key thing that is missing is a rational discussion about the importation of temporary skilled labour from somewhere else," he said.

"There seems to be a reluctance to discuss this."

Document WABN000020040414e04f00008

BHP says copper prices to remain high as stocks continue to fall

545 words
13 October 2004
Australian Associated Press Financial News Wire
English

BHP By Jane Williams

MELBOURNE, Oct 13 AAP - A continued dramatic decline in the world's copper stockpiles was driving up prices and creating exciting opportunities for BHP Billiton's growth projects, the group said today.

BHP Billiton, the world's largest diversified miner and its third largest copper producer, said that since 2002 when steps were taken to curb production in a saturated market, stockpiles had fallen dramatically.

The group's base metal marketing director John Crofts told analysts during a briefing on the company's base metal operations tonight that the current rate of decline of copper stocks could not continue.

"We are at or near historic lows in terms of stock to consumption ratios and the copper price in the last month or two has been indicative of that," Mr Crofts said.

"Obviously the rate of decline of these stocks cannot continue."

Copper prices hit a nine year high last week on the London Metal Exchange (LME), peaking at $US3,065 a tonne, the highest since January 1995.

Mr Crofts said the consensus of opinion among market participants at the LME Week, a global mining forum currently under way in London, was that the current and expected near-term deficit in the copper market was considerable.

While there was a limited chance the market may move into a surplus in the second half of 2005, an overall deficit was expected for the year.

"This depicts a very healthy outlook for copper prices," he said.

Bottlenecks at smelters were impacting the copper concentrate market, providing further tightness in the supply-demand balance, he said.

Meanwhile global demand for copper was growing at an estimated rate of 3.5 per cent a year off current consumption of 16 million tonnes.

China's appetite for the metal, which accounted for three million tonnes in 2003/04, was expected to increase going forward.

Asia soaked up 50 per cent of the copper global copper market with India showing a very healthy growth, Mr Crofts said.

"If you overlap this (growth) with grade decline (at the world's existing copper projects) we believe this makes for some exciting scenarios in terms of our new projects," he said.

The briefing was told that BHP Billiton had a high exposure to the metal - with earnings before interest and tax rising $US22 million for every one cent improvement in the copper price - and was keen to increase its output.

A strong growth pipeline was in place and the group's copper production was expected to rise by nearly 50 percent to 1.4 million tonnes in 2008 from current production level of 954,000 tonnes, BHP Billiton base metals president Diego Hernandez said.

Mr Hernandez said this was assisted by a massive capital expenditure program which would increase funds spent on the group's copper growth projects from $US110 million in 2003/04 to more than $US600 million in 2004/05 and more than $US800 million in 2006.

These projects would include a new pit at its Escondida Norte mine in Chile, a sulphide leach project to process ore at both the Escondida and Escondida Norte mines and the greenfields Spence mine in northern Chile.

AAP jmw/pt

Document AAPFIN0020041013e0ad0012y

Local

$230-a-week rise sparks pay fears

MATP

115 words

2 February 2005

The Australian

2 - All-round First

1

English

EMPLOYERS have warned of an inflationary wages blowout in the construction sector after the Queensland Government approved pay rises of up to $230 a week to more than 2200 electricity workers.

Premier Peter Beattie said government-owned power corporation Energex and Ergon Energy had to pay the money to retain and attract suitably qualified staff.

Mr Beattie pledged the $30million cost of the deal would not lead to increased power bills beyond the consumer price index.

The tradesmen will get pay rises of up to 31 per cent over three years under an enterprise bargaining agreement.

Full report -- Page 3

[AUS_T-20050202-2-001-900753]

Document AUSTLN0020050201e1220007m

Finance

Red-hot steel prices to rise - BlueScope warns of surcharges

Andrew Trounson

MATP

759 words

22 February 2005

The Australian

2 - All-round First

19

English

Results

AUSTRALIA'S largest steel producer, BlueScope Steel, warned yesterday that soaring raw material prices could feed world inflation and said it was considering imposing surcharges on its customers to compensate for rising iron ore and coking coal prices.

Chief executive officer Kirby Adams turned on his former employer, BHP Billiton, claiming miners were taking too much of the global money pie.

But the former BHP unit, spun out as BHP Steel in 2002, is also making hay out of soaring steel prices, yesterday unveiling a better than expected doubling in first-half profit to a record $485 million from $227 million a year ago.

In Asia the price of hot rolled coil steel has jumped almost 60 per cent in the past year to around $US550 a tonne.

Mr Adams tipped an equally strong second half, putting the company on track for a full-year profit nudging $1 billion, against $584 million last year.

BlueScope shares jumped 30c, or 3 per cent, to close at $10.21, having earlier hit a record high at $10.29.

Underwriting that confidence, BlueScope said it would return $200 million to shareholders through an off-market share buyback, and lifted its interim dividend by 50 per cent to 18c.

But the result highlighted the cost pressures that are building globally. While earnings before interest and tax from BlueScope's Australian and New Zealand steel mills almost quadrupled to $780 million, its downstream Australian steel coating and product manufacturing business suffered a $90 million loss because of the higher cost of steel feedstock while still delivering at relatively low long-term contract prices.

Manufacturing plants in Asia were less affected, selling more product on a spot basis.

"You have to take this seriously. What is going on in the whole raw materials area is quite frankly inflationary," Mr Adams said yesterday.

He said increased prices for steel-making raw materials such as iron ore and coal had been the equivalent of oil cartel OPEC raising the price of oil to $US80 a barrel.

While steel companies may be enjoying record profits thanks to high steel prices fuelled by China's growth, Mr Adams said the once struggling industry had only just recovered the profitability levels needed to underwrite production expansions.

"We have long since been past that point in raw materials and there is a great imbalance now in terms of the returns that are generated far upstream in the mining of raw materials, and what are demonstrated downstream in the industry," he said.

Miners have raised benchmark annual coking coal prices by 120 per cent for 200506. The major iron ore producers -- Rio Tinto, BHP Billiton and Brazil's CVRD, which Mr Adams said formed an effective cartel -- are pressuring reluctant Japanese steel mills to accept a price hike of 50 per cent-plus.

But while rising raw material prices could "feed inflation" and dampen economic growth, Mr Adams said there were no signs of that happening yet.

"We are seeing continued growth (in the) consumption of steel, and a very high level of appetite for the kinds of products that we make," he said.

He said the outlook for the industry was strong based on sustained world economic growth around 33.5 per cent and China slowing from near double-digit growth to not less than 6 per cent.

Combined with dividends, the share buyback means BlueScope will have returned just over $1.2 billion to shareholders since its listing in 2002.

BlueScope will begin tendering for shares from March 21 at a 514 per cent discount.

While buying at a discount, the buyback will yield attractive tax advantages to local shareholders.

AT A GLANCE

BlueScope Steel

Half year 2004 2003

Revenue ($bn) .... 3.89 .... 2.62

EBITDA ($m) .... 811.0 .... 440.0

Net profit ($m) .... 485.1 ..... 227.0

EPS (c) .... 65.7 .... 29.8

Dividend (c)* .... 18.0 ...... 12.0

Shares yesterday ... $10.21 ... +30c*

dividend is fully franked

HAVING A BLAST

* Earnings from Australian and NZ steel production rise almost four times to $780 million from $199 million

* But local downstream manufacturing suffers $90 million EBIT loss, hit by higher steel input costs

* Surging slab and rolled steel prices add $491 million to EBIT

* Higher sales volumes add $53 million

* Rising costs of raw materials cut earnings by $170 million

* Strikes further cut earnings by $20 million

* Higher Australian dollar reduced earnings by $34 million

[AUS_T-20050222-2-019-467102   ]

Photo Table

Document AUSTLN0020050221e12m0005z

Skill shortage feared

188 words
2 July 2004
Northern Times, The
1 -
8
English

AN industry claim that "you have to be very smart to be a tradesman" should fit nicely with the government's promotion of Queensland as the smart state.

Unfortunately an apparent reluctance by those necessary to play a part in the "smart state" evolution people willing to take up apprenticeships suggests that is not the case.

Both the business communuity and those at the training coalface have warned about a looming skill shortage.

It is a warning that many will find hard to understand as on the completion of some apprenticeships, tradespeople can earn as much as $80,000. However, it must be heeded as a lack of tradespeople will lead to jobs being completed and higher costs.

While the government will point to its Budget allocation aimed at creating almost 18,000 more training places in high-priority areas, recent history has shown that getting people to take up these places is a major problem.

After all, if being paid almost $100,000 over four years while training is not enough incentive to get people into apprenticeships, why will creating extra places change things?

Document NORTIM0020040702e0720000f

UPDATE 5-Copper rises to 16-year high on dollar weakness.

By Martin Hayes

547 words

1 March 2005

05:03

Reuters News

English

LONDON, Feb 28 (Reuters) - Copper prices ended higher on Monday just shy of 16-year highs, after jumping 6 percent in the past month as investors pour money into red-hot industrial metals as an alternative to the battered U.S. dollar.

Three months copper futures peaked early at $3,275 a tonne on the London Metal Exchange (LME), a mere $5 off the $3,280 all-time high of January 1989. By the end of trade it had retreated to $3,235, although this was still up 1.2 percent from Friday's close of $3,197.

At the COMEX division of the New York Mercantile Exchange, copper for delivery in May closed at $1.4985 a lb, up 1.25 cent.

"The dollar weakness has a lot to do with this. If the dollar continues to weaken, you are going to see, for sure, prices continue to go up," Stephen Briggs, economist at SGCIB (Societe Generale Corporate Investment Banking), said.

A weak U.S. currency supports prices by making dollar-denominated metals cheaper for overseas investors.

But the longer-term picture appears less promising, as supply is building while the strong demand seen in 2004 will tail off.

"The market is going to be moving into balance and a small surplus in the second-half. Prices should drift off then," Briggs said.

FUNDS IN DRIVER'S SEAT

Metal prices have rocketed in the last week, driven mainly by an influx of money from funds keen to hedge against a depressed dollar and switch from lower-yielding bonds and equities.

Since commodities are relatively small markets, compared to bonds, big-money funds have much more financial muscle to move prices.

"This is all fund-driven, and it won't collapse until the funds put their money somewhere else. Trade selling is not enough to offset that yet," a trader said.

Briggs said that copper is currently being pushed and pulled by diverse factors, with the dollar often the key influence.

"The market is physically very tight, but there is a sense that the momentum from growth is slowing. What has tipped the balance recently is the dollar," he said.

Copper stocks are also low, with LME warehouses worldwide housing only 19 percent as much of the red metal as they did a year ago, despite an addition to stores on Monday.

"Like earlier in the year, this could be excess material at consumers' amid softer physical market conditions. We do not believe there are large quantities of unreported material out there...We remain upbeat on price prospects, but volatility is set to remain high," Ingrid Sternby of Barclays Capital said.

Mines will be pumping out more ore this year, but it needs smelters to treat these concentrates to fully redress the deficit in refined metal, Briggs said.

"It is a close call - if they (smelters) do not treat, it would leave the market in deficit," he added.

Miners, meanwhile, continue to benefit from the prospect of higher iron ore and metals prices. Rio Tinto (RIO.L) and BHP Billiton (BLT.L) rose to hit new all-time highs, while Anglo American (AAL.L) also gained.

(Additonal reporting by Robin Paxton in Singapore).

Document LBA0000020050228e12s003c4

Business

China drives OneSteel

JANE WILLIAMS and GREG TUBBY

AAP

563 words

24 September 2004

Herald-Sun

1 - FIRST

79

English

WORLD steel prices will remain high and supply tight for the rest of the decade as China's insatiable appetite continues to drive global markets, steel maker OneSteel said yesterday.

OneSteel chief executive Bob Every said at a business breakfast in Perth that while the rest of the world's steel consumption was pretty much stagnant, phenomenal growth in demand out of China would ensure prices remained robust until 2010.

Dr Every said that over the

past three years China had gone from consuming 150 million tonnes of steel a year to 300 million tonnes, at least 2.5 times the market in North America and Europe combined.

Slab steel -- a semi-finished steel product -- is now selling for $US480 ($A675) a tonne, up from $US160 a tonne four years ago.

Likewise prices of hot rolled coil had risen to more than $US600 a tonne from $US220 a tonne, he told the Institute of Chartered Accountants.

Meanwhile, Dr Every said in OneSteel's annual report, released yesterday, that the company, which produces steel tube and piping mostly for the domestic construction and mining industries, would continue to monitor international markets.

These markets would face new challenges over the next 12 months after a volatile 2003-04, he said.

OneSteel overcame impediments such as the rising cost of raw materials and competition from cheap imports, to last month report a 36 per cent increase in net profit for 2003-04 of $127.9 million including a one-off tax gain of $19.8 million.

Despite the strong result Dr Every took a cut in his total pay package to $3.19 million from $3.57 million the previous year.

OneSteel corporate relations managing director Mark Gell said the package was affected by the lower rate of profit growth in 2003-04 and the company's safety record for the year, which improved on the previous year but did not meet company targets.

"Last year (2002-03) profit results doubled on the previous year. This year while we had a record year, the increase was not as good," Mr Gell said.

Dr Every's base salary of $1.2 million and superannuation benefits of $156,000 were unchanged.

However short-term incentives for the year fell to $1 million from $1.25 million previously.

And the total value of allotted options and share rights fell to $834,154 from $926.802.

Chairman Peter Smedley's remuneration fell to $410,924 from $500,000 previously.

In his report to shareholders, Mr Smedley said OneSteel would pay more attention to operational efficiencies and cash generation over the next two years as it embarked on the largest single organic growth project in its history, the $250 million Project Magnet.

By converting the South Australian Whyalla steel operation to produce steel from magnetite rather than hematite ore, the company could take advantage of the huge demand out of China.

Meanwhile Dr Every said general domestic market conditions in the construction industry were expected to remain robust, with the exception of the housing sector which accounted for just 15 per cent of OneSteel's activity.

OneSteel is seeking a successor to Dr Every, who will retire when his second contract period ends in January 2006.

OneSteel shares closed 5 higher at $3.02 yesterday.

[DHS_T-20040924-1-079-839158]

Document HERSUN0020040923e09o0006a

Skill shortage a major issue

with member for Mulgrave Warren Pitt

332 words

6 October 2004

Cairns Sun

1

4

English

QUEENSLAND, and indeed Australia, is facing the worst and most widespread skills shortage in memory.

Recognising the potential of this shortage to have enormous negative impact on the Queensland economy, the Beattie Labor Government has embarked on the most far-reaching overhaul of the state's education and training system ever undertaken.

School-based apprenticeships and traineeships will become an integral part of the state education system under the Education and Training Reforms for the Future, providing for the 70 per cent of students who choose not to enrol in university.

Another Beattie Government initiative to encourage skills growth has been the incentive payments of up to $2000 for employers to take on additional apprentices and trainees in skill shortage industries.

This year, the Beattie Government launched the $1 billion SmartVET initiative designed to counter shortages and equip our workers for industry of the future.

I would like to contrast this approach with a backward thinking Federal Coalition Government that has failed to introduce any real policy to address skill shortages, despite the repeated cries of state governments, industry and unions.

The costs of establishing 24 new technical colleges proposed by the Coalition would be far better spent in the existing TAFE system.

What's more, students could be charged upfront fees by private operators and they would provide only 7200 places throughout the country.

On the other hand, Labor leader Mark Latham has committed to creating 20,000 new TAFE places each year for three years - recognising the enormous importance of TAFE-based training in addressing skill shortages and equipping our workforce of the future.

The Latham $700 million Youth guarantee: learn or earn policy, is positive investment in the future of our children and our country.

Howard needs to get serious about this issue - it will take more than a tool box allowance and a half-baked technical college proposal to provide it.

[TSU_T-20041006-1-004-129351   ]

Document CAIRSU0020041006e0a600009

Business

High steel prices not great for all

Ian Porter with Bloomberg

183 words

21 February 2005

The Sydney Morning Herald

First

34

English

BlueScope Steel's interim profit is expected to surge more than 50 per cent thanks to world steel prices above $US600 a tonne for hot rolled coil but it's not good news for the steel sector.

While BlueScope and scrap merchant Sims Group will report boom results this week, those of Australia's other two steel makers Smorgon and OneSteel will be muted.

But for Smorgon and, to a lesser extent, OneSteel, scrap metal and flat steel are both important to their operations so, while BlueScope and Sims benefit, they tend to suffer as they struggle to pass on increased costs.

Analysts have forecast a BlueScope profit exceeding $440 million for the half, compared with $357 million posted for the second half of 2003-04. "Everybody wants steel and it's a cash cow at the moment," said Tony Farnham, an analyst at Aegis Equities Research.

Sims is expected to post a full-year profit of about $200 million.

with Bloomberg

Document SMHH000020050220e12l00027

Special Report - Skill shortage fears rising

Mark Beyer
1,090 words
19 August 2004
WA Business News
English

Concern about Western Australia's skills shortage is growing as industry finds it increasingly difficult to recruit the people it needs. Mark Beyer reports.

Dale Alcock, John Hughes and John Rothwell are three of Western Australia's best known and most influential business people.

All three of them came together last month for the industry launch of School Apprenticeship Link, a Western Australian Government program designed to boost the apprenticeship system and lift the supply of skilled trades people.

Their attendance at the launch speaks volumes about the significance of this issue.

Talk of a skills shortage has been getting louder over the past year as new resource and infrastructure projects get underway and the State economy enjoys continued rapid growth.

Many people now describe it as a crisis, though it is a term they are loathe to use in public.

For people such as United Group managing director Richard Leupen, it is a problem that goes hand-in-hand with record turnover for his engineering business.

"It's a real serious issue, particularly in north Queensland and Western Australia," he said.

"It's the resource sector particularly that is driving it."

Ian Satchwell, executive director of economic consultancy ACIL Tasman, said the skills shortage was repeatedly raised as the number one issue facing many businesses.

"Western Australia is facing shortages of all categories of design and construction workers," he said.

Mr Satchwell said it was possible WA could miss out on future development opportunities if the problem was not tackled.

"It is going to get worse and the opportunity costs for WA will be substantial unless there is some rapid and concerted action to fill at least some of the shortfall," he said.

Chamber of Commerce and Industry of WA training services director Gary Collins was in the Goldfields this week, getting first hand reports on the skills crisis.

"All day long, everywhere we've been, we've heard about businesses not being able to get enough people, or even any people," Mr Collins said.

"There seems to be a very widespread and deeply entrenched problem in terms of where the next generation of skilled labour is going to come from."

A recent report by Argus Research, commissioned by the WA Department of Education and Training, revealed the magnitude of the issue.

Argus said there were 35 committed resource and infrastructure projects in WA collectively worth $17.4 billion.

The number of workers needed during the design and construction phase of these projects was estimated to peak at 8,600 during 2004 and 2005.

ACIL Tasman forecasts new projects in WA will need up to 10,000 people and it expects this level of demand to be sustained through to the end of 2007.

"There is a high potential for strong employment demand to continue over the next five

years," Mr Satchwell said.

The issue is not unique to WA.

In the past month, the Australian Industry Group and the Australian Council of Trade Unions have called for action to deal with the growing skills crisis.

Peel MLA Norm Marlborough, who has been closely involved in helping the State Government develop new training initiatives, said the problem extended internationally.

On a recent trip to Europe, Mr Marlborough said he discovered a highly mobile engineering and construction workforce moving around the continent to work on major projects.

WA has traditionally relied on attracting workers from interstate during the boom years but a buoyant national economy has made this option increasingly difficult.

Similarly, recruiting workers from overseas is not an easy option, though that has not stopped many organisations from trying.

The response of many businesses is to offer higher wages to attract the extra staff they need.

"It brings out the ruthless side," one business executive said.

"People are prepared to pay whatever it takes to get people."

The finger of blame is usually pointed at contractors working on big projects, which have greater incentive and more capacity to pay higher wages.

The losers out of this process are often local engineering and fabrication workshops, which struggle to offer competitive wages.

While the booming resource sector is the single major reason for the current skills shortage, the reality is that shortages apply across a wide range of industries. The latest report on skills shortages by the Federal Department of Employment and Workplace Relations lists more than 40 professions and trades in WA experiencing shortages.

These include engineering trades such as metal fabrication and welding, automotive trades such as motor mechanics and auto electricians, and building trades such as bricklaying.

The boom in resource and infrastructure projects has placed acute pressure on the supply of engineers.

The strong WA economy has also lifted demand for lawyers, which are officially in short supply, and accountants. The latest accounting and finance survey by recruitment firm Hays found the largest overall increase in recruitment levels in the June quarter was in WA.

The State Government has adopted a range of initiatives to deal with the issue of skills shortages, including the Skill up for the Burrup, Skilling WA and Fast Track apprentice programs, all of which are refresher courses designed to reskill and upskill existing workers.

This is on top of its $60 million annual funding of training programs.

Its latest initiative is the School Apprenticeship Link, under which students will gain practical exposure to a range of trades during year 11 and then study full-time at TAFE for up to three months.

“It is envisaged that this intensive training may lead to a reduction in the length of an apprenticeship,” Education and Training Minister Alan Carpenter said. “A shorter apprenticeship is also very attractive to industry because it produces more skilled workers in a shorter time.”

The Government is hoping up to 500 school students will participate in the pilot program next year, in the metals, building and construction, automotive and food industries.

Mr Collins said the Government initiatives were worthwhile but a lot more needed to be done, including lifting skilled migration.

Mr Alcock agrees the School Apprenticeship Link is a useful step but he wants more fundamental reforms to the training system.

“The apprenticeship model is old and it needs updating, it needs shortening,” Mr Alcock said.

He would like to see apprentices complete two-year modules rather than the current four-year program.

Shortages

Civil engineer

Electrical engineer

Metal fitter

Metal machinist

Metal fabricator

Welder

Sheetmetal worker

Motor mechanic

Auto electrician

Panel beater

Vehicle painter

Bricklayer

Plumber

Cabinetmaker

Nurse

Lawyer

Hairdresser

Document WABN000020040818e08j00009

Steel industry expected to deliver strong price-driven profits

553 words

18 February 2005

Australian Associated Press Financial News Wire

English

STEEL By Jane Williams

MELBOURNE, Feb 18 AAP - Australia's steel makers are expected to release some strong financial results next week on the back of robust **steel prices**.

But analysts said the industry could face some stiff cost challenges in the year ahead.

Goldman Sachs JBWere said global steel giants had suggested high steel prices could be sustained at current levels or even higher in the near term.

But the cost of raw materials and exchange rate fluctuations could hit hard.

Cheap imports, which slashed steel companies' revenue in 2003/04, should have less of an impact in 2005, Aspect Huntley Pty Ltd senior equities analyst David Walker said.

Australia's biggest steel company, BlueScope Steel Ltd, is the first to report its first half results on Monday.

The multi-national, flat steel maker is expected to post a robust interim result, reflecting strength in global hot rolled coil prices, although margins could be squeezed by skyrocketing iron ore and coking coal prices.

"Their corporate strategy is designed to reduce sensitivity to these variables by increasing downstream value-added production," Mr Walker said.

He said the company would also be hit by the cost of industrial action at its Western Port plant in Victoria during the half.

BlueScope reported a net profit of $227 million for the six months to December 31, 2003.

This preceded an annual net profit of $584.1 million in 2003/04.

The company said momentum had continued into 2004/05 with analysts expecting full year results in the $895.6 million-$905 million range.

OneSteel, which produces steel tube and piping used in the construction industry, has predicted a 2004/05 half year net profit of $45 million to $55 million including a $40 million EBITDA (earnings before interest, tax, depreciation and amortisation) impact stemming from the operational issues at its Whyalla blast furnace.

The furnace, in South Australia's Middleback ranges, has been back on line since mid-December after shutdowns in October and November last year.

The market will be looking for an update on operations at the mine and commentary on the Australian residential and commercial construction industry.

OneSteel, which posted a net profit of $45.5 million in the first half of 2003/04, has its own iron ore mine but rising costs from coking coal and scrap metal are also expected to impact the final result.

Voracious demand from Chinese steel mills is keeping the price of scrap historically high, at around $US300 a tonne.

"Overall it should be an upbeat result on the sales and marketing side but costs are always a challenge for steel companies," Mr Walker said.

OneSteel rival Smorgon Steel Group Ltd is even more exposed to soaring costs and to the impact of cheap imports into the domestic market.

The company has said it was comfortable with market forecasts which estimated the company's 2004/05 net profit to be around $64 million.

Smorgon Steel reported a $24.735 million net profit for the six months to December 31, 2003, and a $102.97 million net profit for the full 2003/04 year.

Smorgon Steel's interim results are expected to include an update on the group's new Lite Steel Beam (LSB) product.

AAP jmw/jcc/tcs

Document AAPFIN0020050218e12i000f2

PLATTS - Chinese copper imports show signs of slowing - Macquarie.

400 words

8 March 2005

02:33

Platts Commodity News

English

Washington (Platts)-7Mar2005/1127 am EST/1627 GMT Net copper imports by China show signs of slowing, which could influence the copper market over the next few months, according to a report Monday from Australia's Macquarie Bank. Chinese net imports of refined copper totaled 112,568mt in January, virtually unchanged from January 2004, and the highest level of imports since April 2004, Macquarie said. After collapsing in the May/July period, net imports have been picking up in recent months, although they have remained below year-earlier levels. Though the trend in net imports appears positive, a less positive sign is the differential between copper prices on the Shanghai Futures Exchange and the London Metal Exchange, which has been deteriorating in recent weeks, with the Shanghai price failing to keep pace with the strong run in LME prices, Macquarie noted.

Washington (Platts)-7Mar2005/1129 am EST/1629 GMT "Anecdotal reports from China suggest that some manufacturers/semi-fabricators are reaching their 'pain threshold' on copper prices, and have been reducing purchases due to the high prices, with some even reporting that they have not restarted operations after the Lunar New Year holiday due to an unwillingness to buy copper at these prices," the bank said. The Shanghai price appears unable to break past the RMB32,000/mt ($3,865/mt) barrier, equivalent to an LME price of just over $3,200/mt after the value-added tax and import duty are taken into account. "Of course, this barrier may not be insurmountable if inflation picks up and manufacturers are able to pass on the higher raw material costs to their customers, but for the time being, it appears that this may be a limiting factor for LME copper prices," Macquarie said. The bank added that when the Shanghai price moves to a premium, net imports tend to jump in the following months, and vice versa.

Washington (Platts)-7Mar2005/1130 am EST/1630 GMT An example of this relationship is the collapse in Chinese copper prices, relative to LME, in April 2004 and the subsequent sharp fall in the rate of net imports, Macquarie said: "The recent price moves are certainly not pointing to a collapse in net imports, but do suggest that net imports could slow to the 70,000/90,000mt/month level from over 110,000mt in January."

Document PLATT00020050307e137008sp

News

Job growth, but skill shortage looms

Josh Gordon, Economics Correspondent, Canberra

512 words

13 August 2004

The Age

First

5

English

The Australian economy has been creating so much work that businesses now warn they face a severe skills shortage, hampering efforts to grow.

The Bureau of Statistics yesterday estimated the economy created 21,600 new positions last month, all of them part-time.

Despite the improvement, the unemployment rate edged up a notch to 5.7 per cent in July as more people joined the hunt for work and the number of working-aged people leapt by a record 24,400.

Treasurer Peter Costello said the unemployment rate had now been below 6 per cent for 11 consecutive months, a first since monthly figures began in 1978.

"We are looking at a growing Australian economy which is now well into an expansion, yet it still has low inflation and it is still creating jobs," Mr Costello said. "We haven't been in this territory for a long time."

Using the bureau's less volatile trend estimates, total employment grew by 222,700 over the 12 months to July. Close to nine out of every 10 new jobs created were full-time, and 60 per cent went to men.

Australia is entering a 14th consecutive year of economic growth in the longest expansion since the postwar boom was torpedoed by surging oil prices and inflation in the early 1970s.

Economists predicted that employment would continue to rise by 20,000 positions a month, suggesting that the unemployment rate might have further to fall, despite soaring world oil prices.

While the strong jobs market is good news for the Government as it gears up for the election, it is creating problems for business. Economists are concerned that it could lead to a wages blow-out, adding to inflation and increasing the odds of an interest rate rise.

The Australian Industry Group, representing about 10,000 companies, will today urge the Government to tackle what it says is a severe skills shortage.

Qualified workers are particularly scarce in the defence industry, in the construction industry, manufacturing and in the services sectors, the group says.

It is pushing the Government for a major overhaul of vocational education and training. Prime Minister John Howard has suggested he was sympathetic.

Earlier this week, he told the group that he had "well and truly" heard their concerns about the decline of trade and apprentice numbers.

The Government has been criticised by business groups for failing to put additional funding into training in the May budget, while Labor has promised to fund 20,000 additional TAFE places.

Employment firm Adecco warned yesterday that the skills shortage could affect business growth, with employers having to spending more time searching a shallow talent pool for workers.

The official figures showed Victoria's unemployment rate increased to 5.8 per cent in July from 5.6 per cent the previous month, worse than NSW on 5.6 per cent, better than South Australia on 6.4 per cent, and equal to Queensland.

Document AGEE000020040812e08d0003q

Business

Manufacturers feel heat of skyrocketing steel prices

Ian Porter

518 words

28 February 2005

The Sydney Morning Herald

First

30

English

The 71.5 per cent price rise achieved by iron ore producers this week was greeted with wonder and excitement by investors.

And, while it was good news for iron ore producers and their shareholders, the rest of us should be bracing for a dose of cost-of-living reality as those prices flow through the production chain.

Everything from hair clips to motor cars, clothes lines to refrigerators will be affected. Or, at least, they would be affected if the price rises were passed down the chain.

The iron ore producers and steel makers can raise prices almost at will. But the story is different as the metal gets closer to the price-sensitive customer.

Here price rises can become more a dream than a reality and there is already a lot of bleeding in the manufacturing sector which has not been staunched.

The price rises reflected a world shortage of steel over the past 18 months or more and the increasing competition for supplies of what has almost become a semi-precious metal.

Steel prices have been jumping at an alarming rate, with the most common industrial feedstock, hot rolled coil, rising from $US330 to $US630 a tonne in the past 14 months.

The pain has been obvious during this profit season. At least it was if companies could secure steel supplies.

"We have all been struggling, not just with prices, but a lack of availability," said Bruce Griffiths, chief executive of car parts maker Air International, a Futuris Corp subsidiary. "We have got full-time employees trying continually to source steel."

But, whether the steel supplies flowed or trickled, it was the rapid escalation in price which hurt the most.

"Steel prices really got us in the December half, they went ballistic," said Roger Brown, executive chairman of four-wheel drive accessories maker ARB Corp.

"They rose around 50 per cent in just six months. And you just can't pass it on."

It was a similar story at Hills Industries, where chief executive David Simmons reported profit margin compression in the December half year.

While the Adelaide company Hills is famous for its clothes lines and other household products, the company's other two divisions, electronics and building products, are now larger than the original home and hardware operation. Which is just as well.

"If we were just in home and hardware in the last six months, we would have been crucified," Mr Simmons said after reporting a profit rise for the whole group in the December half. Home and hardware was down 30 per cent.

"The problem was a lack of notice from BlueScope Steel. There is a three-month lag for us to recover steel price rises."

And that's only if Hills can raise prices. "There is a fine line between recovering prices and being able to retain the business," Mr Simmons said. "If you raise the price, a retailer is just as likely to say 'Well, we'll get it offshore'."

Document SMHH000020050227e12s0001o

Skill shortage feared

188 words
2 July 2004
Northern Times, The
1 -
8
English

AN industry claim that "you have to be very smart to be a tradesman" should fit nicely with the government's promotion of Queensland as the smart state.

Unfortunately an apparent reluctance by those necessary to play a part in the "smart state" evolution people willing to take up apprenticeships suggests that is not the case.

Both the business communuity and those at the training coalface have warned about a looming skill shortage.

It is a warning that many will find hard to understand as on the completion of some apprenticeships, tradespeople can earn as much as $80,000. However, it must be heeded as a lack of tradespeople will lead to jobs being completed and higher costs.

While the government will point to its Budget allocation aimed at creating almost 18,000 more training places in high-priority areas, recent history has shown that getting people to take up these places is a major problem.

After all, if being paid almost $100,000 over four years while training is not enough incentive to get people into apprenticeships, why will creating extra places change things?

Document NORTIM0020040702e0720000f

Features

Copper goes bullish

Robin Bromby Mining writer

MATP

597 words

25 September 2004

The Australian

1 - Preprints

C18

English

COPPER prices broke out of their holding pattern this week when it became obvious that China's attempts to cool economic growth were having no effect on demand for metals.

The red metal, used in a wide range of electrical products, brass manufacture, cars and housing, flirted with $US3000 a tonne. The Commonwealth Bank said the fact that it had broken out of the high side of the range where it had traded since June gave copper a distinctly bullish tone.

Prices lifted in New York after a rally on the Shanghai Futures Exchange, the Chinese buying triggered by fears that shortages of the metal were looming.

The rise should throw a spotlight on a range of Australian companies exploring for copper at home and abroad.

Analysis by Deutsche Bank shows the scale of the problem for copper consumers.

In the first six months of 2004, there was a deficit of refined copper totalling 682,000 tonnes, the difference between production and demand.

World refined production grew just 2.1 per cent but usage was up six per cent -- in China the rise was 17.1 per cent, Taiwan 10.5 per cent and Thailand 18.5 per cent.

Deutsche is expecting high copper prices right through 2005, especially with the US dollar forecast to weaken.

While the price boom has been very kind to the bottom lines of the majors -- BHP Billiton, Rio Tinto and WMC Resources -- investors looking for entry and growth lower down the sector are spoiled for choice.

Local companies on the copper hunt include Straits Resources, Minotaur Resources and Oxiana (at Prominent Hill in South Australia), Havilah Resources and Hillgrove Resources (separate projects in South Australia), Hibernia Gold and Sipa Resources (both in the Pilbara), Meteoric Resources around Tennant Creek, Alkane Exploration in NSW and Cullen Resources near Mt Isa.

Then there is the planned merger of copper interests of Avon Resources and Robert Champion de Crespigny's Buka Minerals to form the new CopperCo, also based on projects around Mt Isa.

Australian companies are ranging far and wide abroad too.

Lafayette Mining and Climax Mining have copper projects in the Philippines, Albidon is searching in several African countries, Apex Minerals in China and there is also Sub-Sahara Resources, whose Eritrean project has been frozen by the government there (along with all other foreign exploration players).

Another player with political risk is Tethyan Copper, the Perth-based company which owns the Reko Diq copper-gold project in Pakistan -- and slap up against the border with Afghanistan for extra measure.

On the other side of the ledger, the resource is huge -- 4.8 million tonnes of contained copper and nine million ounces of gold, and with another 17 unexplored ore bodies to be drilled.

Managing director David Moore says the project, when fully explored, has the potential to produce 200,000 tonnes of copper and 400,000oz of gold a year. But his priority is to get one of the smaller deposits, known as H4 Starter, into development as soon as possible to generate cash flow for Tethyan.

But even that relatively modest project will not be cheap: the company is capitalised at only $42 million, but H4 will require $US150 million ($214 million) in capital.

If Tethyan's initial public offering last year is any guide, this might be something that has to be sold to institutions rather than potential small shareholders. The institutions coughed up $13 million of the $15 million IPO in 2003.

[AUS_T-20040925-1-C18-030321]

Photo

Document AUSTLN0020040924e09p0005s

Shortage of skilled workers reflected in figures

By The Canberra Times
465 words
26 August 2004
Canberra Times
21
English

Vacancies for skilled workers rose 0.6 per cent in August and were 7 per cent higher than the same time last year, according to official figures issued yesterday. The Department of Employment and Workplace Relations figures confirmed skill shortages were emerging in some industries - particularly for trades and hospitality - after the jobless rate hit 23-year lows in May. The national figures come after an Australian Business Limited survey showed the main concern for ACT businesses was a growing skills shortage. The survey found the capital's businesses were struggling to find skilled staff, with 76 per cent of respondents saying they were concerned about employing people with the right skills. The Department of Employment and Workplace Relations said yesterday its national skilled vacancies index rose to 115.6 in August, although two of the three major occupational groups fell.

Vacancies in the trades rose 1.6 per cent in the month and 17.6 per cent over the year, while associate professional vacancies were 17.5 per cent lower over the year and professionals 3.6 per cent lower. A separate index for information technology and communications vacancies published on recruitment web sites rose 3.2 per cent in August to be 66.6 per cent higher than the same time last year. The biggest rises in vacancies in the month were for metal trades (up 5.1 per cent), food trades (up 4.8 per cent) and chefs (up 2.5 per cent). The biggest falls were for printing trades (down 4.9 per cent), building/engineering associates and organisation and information professionals (down 4.8 per cent). Meanwhile Australia's top apprentices and trainees have gathered in Canberra to take part in a national leadership program titled, Today's Skills: Tomorrow's Leaders. The program was launched by the Governor-General Major-General Michael Jeffery, who is also the patron of Group Training Australia, at Government House yesterday. The three-day program, conducted at the Australian Institute of Sport, includes interactive sessions targeting personal leadership skills, effective workplace teams and leadership in the broader community to help participants spread the word about the value of a trade-training background.Group Training Australia chief executive officer Jim Barron said the current climate of national skill shortage meant it was important to provide added support and incentive for apprentices and trainees and to provide opportunities for them to learn and develop leadership, work and life skills. "Today's Skills: Tomorrow's Leaders is an initiative that recognises the wealth of talent and commitment that exists amongst the group training network of apprentices and trainees and is a practical step towards a culture that values skilled leaders," he said. - Claire Hunter and AAP

Document CANBTZ0020040825e08q0000i

Business

Steel remains solid

235 words

24 September 2004

PNG Post Courier

1

39

English

PERTH: Steel prices will remain high and supply tight for the rest of this decade driven by China s phenomenal growth, steel maker OneSteel Ltd said yesterday.

A seachange is occurring in the industry centred around China, which in three years has gone from consuming 150 million tonnes a year of steel to 300 million tonnes, OneSteel s outgoing chief executive Bob Every told the Institute of Chartered Accountants in Australia yesterday.

To put that in perspective, that s at least two and half times the market in North America and Europe combined, Mr Every said.

If China s economy continues to grow at 8 per cent a year it will require another 24 million tonnes a year of steel, Mr Every said.

The single biggest steel works in Australia, Port Kembla, makes five million tonnes, so you need five new Port Kemblas every year just to meet the growth in China, he said.

When OneSteel was spun out of BHP Ltd and listed on the Australian Stock Exchange in 2000 slab steel a semi-finished steel product traded around the world was selling at $US160 a tonne, Mr Every said.

Today, it is selling at $US480 a tonne.

Likewise prices of hot rolled coil, another steel product traded around the world, have risen from $US220 a tonne to more than $US600 a tonne, he said.

[PTC_T-20040924-039-139082]

Document PNGPOS0020040925e09o0002a

ACT skill shortage critical; Trades held back as positions remain vacant

By Ben Doherty
498 words
15 July 2004
Canberra Times
21
English

A critical shortage of skilled employees is holding Canberra businesses back and could hurt the broader ACT economy, president of the Canberra Business Council John Miller has said. The council intends to commission a research project in the next few months to determine areas of most critical shortage, as well as devise strategies to attract skilled workers to Canberra. Anecdotally, Mr Miller said, shortages existed in the accounting, quantity surveying, construction and motor trades industries. "What we're finding out from anecdotal evidence is that a skill shortage exists across the territory, and not just in one or two areas, but in several. It's an issue which we need to

address, before the situation worsens." Mr Miller said he had heard from business owners keen to expand but who found themselves unable to do so as they were unable to fill vacant positions. "People are finding it hard to cover all positions, they've got the jobs, but without someone working they can't get the output. It is a source of frustration for many, not being able to get people in. "We want to conduct some research to find out where the shortages exist now, and where they are likely to exist into the future, we don't want to be caught out." Executive partner at Ernst and Young Geoff Knuckey said accountants were scarce on the ground. "I think all the firms are anxious to

hire good people, good accountants are a very marketable commodity." Mr Knuckey said a mobile workforce - accountants often leave Canberra for interstate or overseas positions - and an increased demand for accountants at many firms has put pressure on the industry.Executive director of the ACT Motor Trades Association, Tony Howard, said the shortage of skilled tradesman in the motoring industry had been building for several years in the ACT. "It's become quite critical in our industry, across all areas, but qualified panel beaters, spray painters and mechanics are especially difficult to find.'' He said the problem was not confined to the ACT, but was a nation- wide issue. Mr Howard said the difficulty in

attracting young people to the skilled trades was connected to the perception of those jobs. "We have to change the image of these skilled trades, we need to get into schools and teach kids about the trades, and how the jobs are changing with technology." Executive director of the Master Builders Association, David Dawes, said shortages had existed in the areas of construction such as plastering and bricklaying since the Sydney Olympics. But he said a school-based apprenticeships program had begun to turn around the deficit. "I remember 10 years ago we used to get 700 or 800 applications for our apprenticeships, now we're lucky to get 40. "But by going into schools and working with children we have been able to recruit some quality people to the industry."

Document CANBTZ0020040714e07f0000n

Skill shortage and tax concern Australian industry.

257 words
24 April 2004
00:01
Reuters News
English

CANBERRA, April 24 (Reuters) - A skills shortage, tax burdens and international competition are the key concerns of Australian industry ahead of the May release of the government's budget for fiscal 2004/05, a survey showed on Saturday.

The Australian Industry Group (AIG) study found a 31 percent rise in the Australian dollar since end-2002 combined with low cost imports from China had made international competitiveness a top issue the nation's industry want addressed by the government.

The 786 firms surveyed, with a total annual turnover of A$50 billion ($36 billion), described a shortage of skilled workers as a looming crisis for industry, while the impact of personal and company tax was also of concern.

"A real drag on that competitiveness comes from what was meant to be a 'temporary' three percent tariff on imported industrial goods applying under the Tariff Concession Scheme," said AIG Chief Executive Heather Ridout.

"The time is right to remove this tax on competitiveness and AIG calls on the government to rescind the three percent tariff in the coming budget."

Ridout said the conservative government could also underwrite future productivity through longer term investments and programs in skills development, research and innovation, export market development and addressing regulatory burdens.

The Liberal/National coalition government, which will seek a fourth term in office at an expected election later this year, will release it 2004/05 budget on May 11. It has forecast a surplus of A$3.8 billion.

($1=A$1.37).

Document LBA0000020040423e04n001vx

Property

Worse ahead, London to a brick

Robert Harley

444 words

8 February 2005

Australian Financial Review

First

55

English

Analysis CONSTRUCTION COSTS

If you think your renovation is pricey, wait five years.

The building industry, like many others in Australia, is facing a long-term labour crisis.

In December, the federal Department of Employment and Workplace Relations, not surprisingly, reported national skill shortages among carpenters and joiners, plasterers, both fibrous and solid, bricklayers and plumbers.

But it is going to get worse. Those tradesman are ageing. By one count, the average age of a bricklayer is 45.

No amount of talking about the value of a grey workforce can hold such experienced workers when their knees and backs start to give.

And they are not being replaced.

On the federal government's numbers, 80,000 tradespeople will leave the industry because of ageing over the next five years, but only 36,000 workers will step in to replace them.

"There is a major problem getting trades," the Housing Industry Association's Glenn Simpson says.

"It's going to cost the economy a couple of billion dollars over the next couple of years."

The chief executive of Master Builders Australia, Wilhelm Harnisch, says the challenge will be to deal with the skill shortage.

"There are some short-term fixes but some of the problems are long-term and structural and will take four to 10 years to address," he says.

"First we have to find out why half the apprentices that enter the industry, some 13,000 every year, drop out."

He has welcomed the federal government's iniatives on the issue.

Mr Simpson says: "It's undoubtedly a failure of the training system and it's going to get worse because the failings of the training system are not being addressed. It is not delivering the outcome the employers want, or the outcome the home renovators want and probably not even the result the unions wanted."

Mr Harnisch says the problems are not restricted to tradespeople but also affect other professionals in the industry, such as contract managers.

Even the local builder is threatened. Many have quit in the past four years, pushed out by the demands of the providers of home-warranty insurance.

Under the pressure of trade shortages, not only will prices rise but the structure of the industry might change.

"The shortages will not have an effect on large-scale housing companies, because of their connections with the subbies," Australand managing director Brendan Crotty says.

"But it will have an impact on renovations and alterations where business is smaller and the builders might only do two or three jobs a year," he says.

Document AFNR000020050207e12800051

Local

Call to increase skilled migrant numbers

James Riley

MATP

273 words

8 February 2005

The Australian

1 - All-round Country

2

English

IMMIGRATION Minister Amanda Vanstone is being urged to increase the intake of skilled migrants next financial year to offset problems caused by a 28-year low in unemployment in Australia.

With an estimated 1million mainly skilled Australians working overseas, the federal Government needed to adopt a long-term skilled migration program to fill a growing skills vacuum, the technology industry's peak recruitment lobby said.

The Information Technology Contract and Recruitment Association said the failure to attract more skilled temporary residents would add to a looming skills shortage and stunt economic growth.

"The number of Australian professionals leaving to work on short-term assignments is expected to steadily increase to 120,000 a year by 2009," said Norman Lacy, the association's executive director.

He said about 60,000 Australian professionals had relocated overseas on two- to four-year assignments last year.

"We need to either attract these people back to Australia or replace them with other skilled people," he said.

Mr Lacy added the Australian economy would face "the largest global skill shortage ever" in the next three years.

Senator Vanstone has been canvassing industry views on the skilled migration program. The Government's plans for migrant intake is announced annually as part of the budget process.

A spokesman for Senator Vanstone said no decision would be made on increasing the skilled migrant intake until the consultations with industry were completed.

Australian Manufacturing Workers Union national secretary Doug Cameron said skilled migration was a short-term fix at the expense of opportunities for younger Australian workers.

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Document AUSTLN0020050207e1280000c

Qld: Electricity workers receive huge pay rise

310 words
1 February 2005
Australian Associated Press General News
English

ELECTRICITY BRISBANE, Feb 1 AAP - Queensland's electricity workers will receive pay rises of more than $200 a week under a new wage agreement.

The Electrical Trades Union (ETU) today said workers with the government owned electricity grids Energex and Ergon would receive rises of up to 31 per cent over three years, with increases of up to four per cent in allowances for some.

ETU state secretary Dick Williams said the rises amounted to between $205-$225 extra a week for workers, higher for those eligible for a four per cent increase in existing allowances.

"Certainly it's a win in terms of dollars and cents for our members, there's no doubt about that," Mr Williams said.

"But more importantly it's a win for the industry employers, namely Energex and Ergon because they should now be able to retain and recruit the skilled labour that they need.

"Without these sorts of wage rates, there's no chance in the world that Energex and Ergon would be able to recruit people over the next couple of years, which will still see a significant skill shortage in highly trained electrical workers in this country."

Mr Williams said up to 5,000 workers in both companies would be eligible for the rise, with 2,200 technical trades workers able receive the full 31 per cent increase.

Premier Peter Beattie said the rise would not come at the expense of higher electricity prices.

"There is not going to be an increase in electricity prices beyond CPI," he said.

The payrise was intended to attract and retain electricity network maintenance workers, Mr Beattie said.

"We either get the brains to make sure we can continue to repair the system or we don't.

"Yes, it is money well spent."

AAP rm/rad/sc/cjh/sd

Document AAP0000020050201e121000m9

Market Wrap

Bosses looking blue

David Bassanese

782 words

8 November 2004

Australian Financial Review

First

22

English

HIA TRADE CONTRACTOR PRICE INDEX

	Sep Q % chg	Annual % chg
Bricklaying	10.9	-5.0
Carpentry	-2.7	5.1
Ceramic tiling	-4.5	-9.0
Electrical	7.1	9.8
General building	3.7	11.8
Painting	2.8	3.0
Plastering	-2.5	7.0
Plumbing	8.1	12.5
ALL TRADES	1.7	8.3

Building construction contractor rates are the most visible sign of wage pressures.

SOURCE: ABS, Westpac, RBA, ACCI, DEWR

Recruiting workers, especially blue-collar ones, is becoming a harder task. Still, the labour constraint has not led to a wage breakout yet, writes David Bassanese.

If you've been noticing a lot of help-wanted ads sprouting up at your local cafes, you are not alone and neither are the cafes.

Businesses are finding it increasingly hard to attract staff.

In a report to clients on the skill shortage, Westpac senior economist Andrew Hanlan notes: "The Westpac-ACCI survey of industrial trends reveals that firms have found it increasingly difficult to find labour over the last year."

The index hit +17 in the September quarter, which Hanlan says is "in line with the highs of 1994 and 1999-2000 periods when the RBA raised interest rates.

"Indeed labour is more difficult to find now than in late 2003, when the RBA last tightened monetary policy."

And it's not greedy bankers, lawyers or other white-collar professionals most in demand. Rather, it's the blue collar tradespeople racing around to service the demand for new home construction and renovations, the Department of Employment and Workplace Relations skilled vacancies index indicates.

As Hanlan notes: "The level of the total trades vacancies index has doubled over the last three years, while vacancies for professionals remain relatively few."

Who's most in demand? Plumbers. The Housing Industry Association's Trades Report shows the availability of tradespeople fell further in the September quarter, particularly for plumbers.

And at least at the coalface of sub-contracting, traditional labour market pressures are showing up in wages. Hanlan notes that the HIA Trade Contractor Price Index is up 8.3 per cent over the past year, with the contract price for plumbers rising by 8 per cent in the September quarter alone to be up 12.5 per cent over the year.

But the remarkable aspect of Australia's tight employment markets is that we're yet to see a major breakout in wage pressures. At this stage in previous economic expansions with unemployment and labour scarcity so tight wages have usually increased, forcing the Reserve Bank of Australia to raise interest rates and kill the expansion.

The officially-measured private sector wage cost index rose 3.4 per cent in the year to the June quarter, down from 3.5 per cent in the March quarter, and has shown little sign of acceleration in the past three years.

The National Australia Bank quarterly survey of employment costs has risen from 2.3 per cent in the year to March 2002, to only 2.9 per cent in the year to September 2004.

Back in the mid-1990s, the NAB measure of wages rose to 4.5 per cent which was, not surprisingly, also a time of rising underlying inflation and interest rates.

The benign behaviour of wages have been largely attributed to various structural changes in the labour market the reduced role of centralised bargaining and unions, and the strong rise in more flexible employment forms such as contract and part-time employment.

Hanlan notes that as a sign of new-found flexibility, while firms find it hard to recruit workers, they do not report lack of labour as a major constraint on operations.

This suggest that so far, "firms have put in place adequate strategies to combat the current bottlenecks", Hanlan says.

It's also notable that much of the employment growth in recent years has been in part-time employment and many would prefer to work longer hours. This may well be providing another important safety valve for the market.

Either way, it's still unclear if new-found labour market flexibility will prevent wages from ever breaking out, or is merely delaying an eventual market response.

Some build-up in wage pressures seems inevitable the stronger and longer employment continues to grow, which is why the RBA is likely to retain a bias towards raising interest rates. Indeed, the NAB monthly business survey has hinted at some increase in wage pressures in the past few months.

For the record, Westpac is calling a rate increase in the first quarter of next year.

Document AFNR000020041107e0b80002b

News

Engineering a real turn-on

By GREG ELLIS

428 words

27 August 2004

Illawarra Mercury

First

10

English

ELECTRICAL engineers could be a powerhouse of the economy but Australia desperately needs more of them, according to Integral Energy chief executive Richard Powis.

Power engineering may not be seen as sexy by young people planning their future but it had more going for it than many realised, according to University of Wollongong vice-chancellor Gerard Sutton.

The comments were made at the announcement of a $1 million Integral Energy investment in the University of Wollongong's Power Quality and Reliability Centre to create more student opportunities and fund more research to improve an essential service that is taken for granted.

The money would primarily address a critical skill shortage in the power engineering field.

Bachelor of Electrical Engineering honours graduate Lianne Moller said it was a sexy industry that was likely to attract interest from a growing number of women.

It was a diverse field that offered good employment, travel prospects and exciting career opportunities.

Ms Moller was inspired by an aunt who had worked in rocket propulsion for NASA and presently conducted research at 30,000ft in a Boeing 747.

Her ultimate goal was to conduct such research on a space shuttle or a manned mission to Mars.

"These are the kind of things electrical engineers can do if you get yourself in the right places such as sitting out on the ocean in a big box looking at the dynamics of waves," Ms Moller said.

But you didn't have to leave terra firma to find interesting work as a power engineer.

Mr Powis said anyone interested in working with high-tech equipment and securing a steady income couldn't go wrong with power engineering.

"We have got about $3 billion worth of assets that require technical people and engineers to manage.

"Given the requirement for engineers in Australia and the economic boom that is going on they are the ones that are in the powerhouse of actually producing something."

Professor Vic Gosbell said a significant amount of funding would go towards research that helped ensure future power quality and reliability for consumers.

He said there were five post graduate and 30 undergraduate students enrolled in power engineering courses but with the latest round of funding from Integral Energy, which had helped establish Australia's first Power Quality Centre, he expected the number to increase by 50 per cent. He hoped the number of female students would increase from about seven per cent to 25 per cent.

Document ILM0000020040827e08r00010

News

Job growth, but skill shortage looms

Josh Gordon, Economics Correspondent, Canberra

512 words

13 August 2004

The Age

First

5

English

The Australian economy has been creating so much work that businesses now warn they face a severe skills shortage, hampering efforts to grow.

The Bureau of Statistics yesterday estimated the economy created 21,600 new positions last month, all of them part-time.

Despite the improvement, the unemployment rate edged up a notch to 5.7 per cent in July as more people joined the hunt for work and the number of working-aged people leapt by a record 24,400.

Treasurer Peter Costello said the unemployment rate had now been below 6 per cent for 11 consecutive months, a first since monthly figures began in 1978.

"We are looking at a growing Australian economy which is now well into an expansion, yet it still has low inflation and it is still creating jobs," Mr Costello said. "We haven't been in this territory for a long time."

Using the bureau's less volatile trend estimates, total employment grew by 222,700 over the 12 months to July. Close to nine out of every 10 new jobs created were full-time, and 60 per cent went to men.

Australia is entering a 14th consecutive year of economic growth in the longest expansion since the postwar boom was torpedoed by surging oil prices and inflation in the early 1970s.

Economists predicted that employment would continue to rise by 20,000 positions a month, suggesting that the unemployment rate might have further to fall, despite soaring world oil prices.

While the strong jobs market is good news for the Government as it gears up for the election, it is creating problems for business. Economists are concerned that it could lead to a wages blow-out, adding to inflation and increasing the odds of an interest rate rise.

The Australian Industry Group, representing about 10,000 companies, will today urge the Government to tackle what it says is a severe skills shortage.

Qualified workers are particularly scarce in the defence industry, in the construction industry, manufacturing and in the services sectors, the group says.

It is pushing the Government for a major overhaul of vocational education and training. Prime Minister John Howard has suggested he was sympathetic.

Earlier this week, he told the group that he had "well and truly" heard their concerns about the decline of trade and apprentice numbers.

The Government has been criticised by business groups for failing to put additional funding into training in the May budget, while Labor has promised to fund 20,000 additional TAFE places.

Employment firm Adecco warned yesterday that the skills shortage could affect business growth, with employers having to spending more time searching a shallow talent pool for workers.

The official figures showed Victoria's unemployment rate increased to 5.8 per cent in July from 5.6 per cent the previous month, worse than NSW on 5.6 per cent, better than South Australia on 6.4 per cent, and equal to Queensland.

Document AGEE000020040812e08d0003q

Warning on skills shortage

335 words

2 July 2004

Northern Times, The

1 -

3

English

THERE are fears that a shortage of apprentices now will lead to major problems in the future as tradesmen become increasingly harder to find.

The warning about the looming skill shortage comes from the business community and those at the training coalface.

East Coast Apprentices chief executive officer Alan Sparkes, whose Strathpine organisation supplies apprentices to industry, said all traditional trades were affected.

Without new people entering trades Australia would not have enough skilled workers, leading not just to delays in getting jobs done, but also to higher costs and a brake on economic development, Mr Sparkes said.

"We could probably place 50 apprentices in carpentry if we had them," he said.

Greg Shannon, general manger of the industry-funded body Construction Training Queensland, estimated another 2500 apprentices were needed to cope with demand in construction, double the present number.

Pine Rivers-based Youth Works, which helps students obtain on-the-job training and experience, says the Federal Government has identified trades with shortages.

These include metal fitting, metal machining, metal fabrication, welding, sheetmetal

working, motor mechanics, auto (electrical, panel beating and painting), electrical, refrigeration and airconditioning mechanics, bricklaying, plumbing, cooking, cabinetmaking and hairdressing.

This was despite efforts to attract young people by advertising, and pointing out the financial advantages over university study.

Mr Sparkes calculated that over four years an apprentice was paid almost $100,000, received free training (unlike university students who had to pay HECS) and was guaranteed a job paying about $80,000 a year.

"The education system has created a mindset if you do not go to university you are a failure," he said.

Last month's State Budget contained an $118 million three-year package to target industries with a shortage of skilled employees, including manufacturing,

mining, and building and construction.

Training Minister Tom Barton said this would add to funding already in place to build a new statewide skilling strategy, which would create an estimated extra 17,800 training places in high-priority areas.

Document NORTIM0020040702e07200004

