

Miners upbeat after tough times

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Mining leaders say commodity prices have hit the bottom, with industry bosses upbeat for the first time in three years despite ongoing tough conditions.

Source: AAP

Australian mining leaders believe commodity prices have bottomed out despite ongoing tough conditions but iron ore magnate Gina Rinehart warns the industry faces another threat.

For the first time in three years, the mining industry has an upbeat outlook, with 43 per cent of industry leaders optimistic about the year ahead, compared to just 10 per cent a year ago, according to the Mining Business Outlook Report released by Newport Consulting.

The report draws on interviews with 50 mining leaders and features an interview with mining magnate Ms Rinehart, who warns that the greatest challenge for Australia's mining industry today is "onerous and expensive" government regulation.

"Without significant action to address this issue, we will continue to see the substantial decline in exploration investment," Ms Rinehart says in the report.

"And without this investment to find the next big mineral resource deposits, I fear that we will not see the development of a mega project like Roy Hill for a long time to come.

Newport Consulting managing director David Hand said the report had found an improvement in sentiment in the mining industry.

"The mining community has its own conviction that commodity prices have found their floor," Mr Hand told AAP.

"They won't go down from here."

Despite concerns about poor market conditions, low commodity prices and capital constraints, there has been a distinctly positive shift in sentiment and outlook among the miners.

"They can begin to see the future," Mr Hand said.

"When you are in a situation of falling prices, which the sector has been in for two or three years, you just don't know where it's going to end so you don't make any decisions or plans."

While half of the miners expect commodity prices to stabilise over the next 12 months, companies are looking beyond the current economic situation as they prepare for growth.

More than a quarter of Australian miners reported no change to spending, and despite predictions of further job cuts, around one in ten companies now plan to boost their workforce in the year ahead.

That comes after 80 per cent of miners shed staff last year.

Among the leaders who were not as optimistic about the next 12 months, almost half cited poor market conditions for the lack of confidence.

Meanwhile, the number of companies reducing staff has decreased from 80 to 44 per cent over the past year.

Mr Hand said job losses and mine closures were ongoing but the mood for retrenchments had "dissipated".

Ms Rinehart, chairman of the Roy Hill iron ore company, said her company was now turning its attention to the efficient ramp up of its operations to 55 million tonnes per annum after shipping its first cargo six months ago.