

Coal economics quick facts

Coal mines on NSW farmland and forests are approved largely on the basis of the claims they make about jobs and economic benefits. Coal mines certainly employ some people and generate economic activity – but often not to the extent claimed by industry advocates. The industry also says very little about who benefits and who bears the costs. This fact sheet aims to give context to the role of the coal industry in the NSW economy.

How many jobs does coal mining provide?

Coal mining employs less than half of 1% of the Australian workforce,ⁱ and around the same proportion of the NSW workforce.ⁱⁱ

Even in the coal intensive Hunter Valley it employs only around 5% of the local work force.ⁱⁱⁱ

What about indirect jobs?

All industries create indirect jobs, but few talk about them as much as the coal industry. “Jobs multipliers” used by the coal industry to make claims about the indirect jobs they create have been recognized as “biased”, by the Australian Bureau of Statistics who no longer publish multipliers for that reason.^{iv}

If all industries claimed to provide as many “indirect jobs” as the coal industry does, it would add up to more than 3 times the amount of jobs that actually exist in Australia.

Do we rely on coal royalties?

Coal Royalties made up just 2% of NSW government revenue in 2013/14. The NSW government makes a similar amount from fines and licenses.^v

What tax rate does the coal industry pay?

Coal mining pays a low rate of company tax. Last year the coal industry paid 12% company tax rate, well below the average rate of 17.6% paid by Australian industries.^{vi} The global coal giant Glencore avoided paying any tax at all for its Australian mines for the last three years.^{vii}

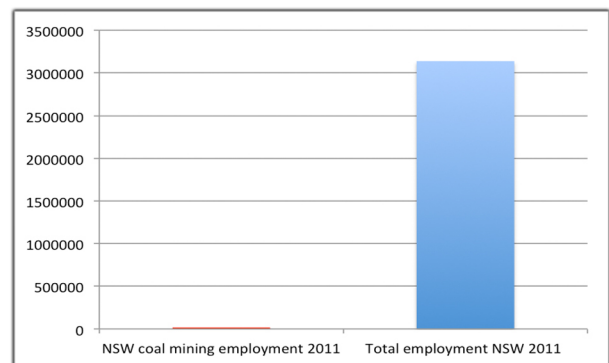


Figure 1: Coal mining employment NSW 2011, Source ABS Census 2011.

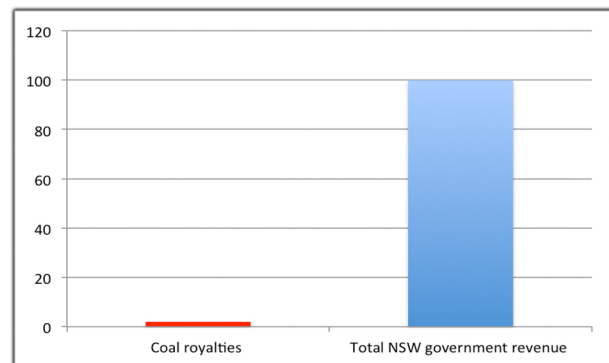


Figure 2: Coal royalties NSW as a percentage of total NSW Government revenue 2012/12. Source Campbell (2014)

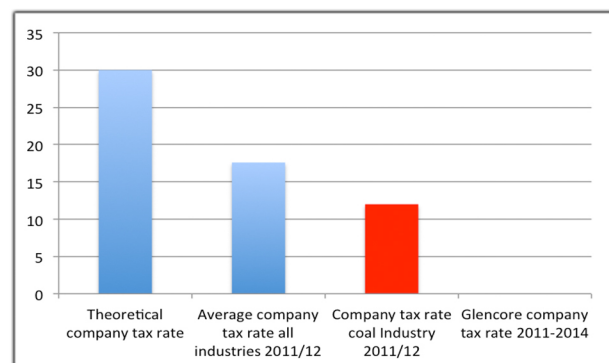


Figure 3: Coal Industry company tax rate 2011/12. Source ABS, ATO.

How reliant is Australia on coal taxes?

The two main Commonwealth taxes paid by the coal industry are company tax and the MRRT. In 2011/12 these taxes made up around half of 1% of Federal Government revenue.^{viii}

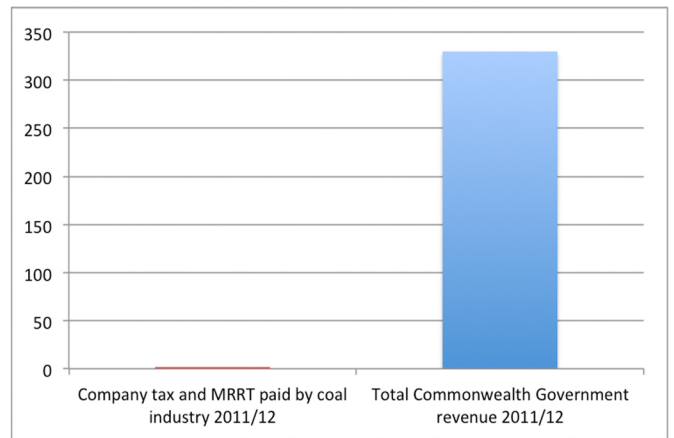


Figure 4: Coal industry company tax and MRRT compared to total Commonwealth revenue 2011/12. Source: Budget papers, ATO.

Where do the profits go?

Mostly overseas. Coal mining in NSW is 90% foreign owned. This means that 90% of the profits go offshore.^{ix}

Do local businesses rely on the coal industry?

The coal industry buys almost all of its equipment from overseas and supports relatively few local businesses. The NSW Minerals Council claims the coal industry supports 10,500 businesses in NSW, which is around 1.5% of the 710,733 businesses registered in NSW.^x

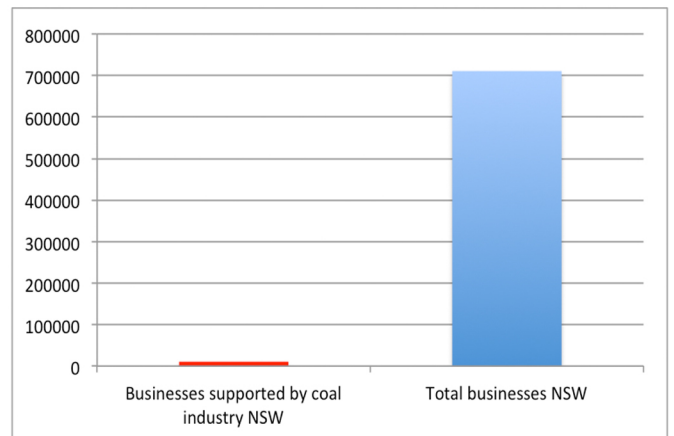


Figure 5: Businesses supported by the NSW coal industry compared to total businesses registered in NSW. Source: Campbell 2014, ABS.

How does coal mining affect other industries?

While mining projects work with some industries like construction, they also “crowd out” jobs in other industries, particularly manufacturing, tourism and agriculture. Most “indirect jobs” are not a new job – they’re jobs transferred from another industry.

For example, **economic modeling by Waratah Coal in 2011 found that a single QLD coal mine would displace 3000 jobs in other industries and crowd out \$1.2 billion of manufacturing activity. And that’s just one mine!**^{xi}

ⁱ ABS (2014) 56291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Table 06. Employed persons by Industry Subdivision and Sex

ⁱⁱ Coal industry jobs, Australian Coal Association, Total workforce NSW, Profile ID NSW Industry Sector employment based on 2011 Census,

ⁱⁱⁱ Campbell (2014) Seeing through the coal dust: Coal in the Hunter Valley economy.

^{iv} ABS (2010) 5209.0.55.001 - Australian National Accounts: Input-Output Tables - Electronic Publication, Final release 2006-07 tables.

^v NSW Budget papers 2013-14 Chapter 6.

^{vi} ABS operating profit before Tax 2012, ATO Company tax 2011/12

^{vii} West, M (2014) Glencore tax bill on \$15b income: zip, zilch, zero

^{viii} Commonwealth Budget papers 2011/12, ATO 2012

^{ix} Campbell (2014) Id.

^x Campbell (2014) Id.

^{xi} Denniss R (2011). An analysis of the economic impacts of the China First mine, The Australia Institute.