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Media release

Coal not vital to economic success of Hunter Valley

A strong majority (83%) of Hunter Valley residents do not want to see the coal industry expand, while 41 per cent would like to see it decrease or be phased out, a new research paper by The Australia Institute finds.

***Seeing through the dust: Coal in the Hunter Valley economy* will be launched at 10.30am, Friday 13 June, Queens Wharf Brewery (eastern side carpark), Newcastle. Bulga resident John Krey and local vigneron Stewart Ewan will also be available for comment at the doorstep.**

The report also finds that local residents believe the coal industry employs four times more people than it does and that coal royalties contribute 10 times more income to the NSW Budget than is the case.

Report author Roderick Campbell said the significant difference between the perceptions of local residents and the reality of the industry's economic contribution sadly confirms how successful the industry has been in inflating its importance.

"The coal industry's public statements invariably emphasise its apparent economic importance. But when the industry is placed in context we see that coal is not the bedrock of the Hunter economy," Mr Campbell said.

"The reality is that 95 per cent of Hunter workers do not work in the coal industry and only two per cent of NSW government revenue comes from coal royalties."

Contrary to claims by the NSW Minerals Council, a smaller coal industry would have only minor impacts on the future Hunter economy. Modelling shows that long-term adverse conditions for the coal industry would have minimal effects on employment and economic output.

"The fact that coal is not vital to the economic success of the Hunter Valley also seems to be sinking in locally. Despite residents having a heavily inflated impression of the coal industry's economic importance, only one in three feels that the industry's economic contribution outweighs the other costs it imposes on the community," Mr Campbell said.

"Residents are concerned about the negative effect the industry has on the Hunter's air quality and health, on water and bushland and its impact on other local industries such as vineyards, horse studs, tourism and agriculture.

"What our report shows is that the Hunter has a diversified, modern economy and that the region's future isn't tied to the success of the coal industry," Mr Campbell said.

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Coal industry claims in context

	Industry claim	Placed in context
Spending and output	Directly spent over \$12.8 billion on goods and services, wages and salaries, local government payments and community contributions in NSW during 2012-13	In the NSW economy with a GSP of \$476 billion, this contribution is modest. The industry's output accounts for two to three per cent of GSP.
Business support	Supports over 10,500 businesses throughout NSW	NSW has a count of more than 680,000 businesses, meaning the mining industry contributes to 1.5 per cent of them. ¹
Exports	Is the state's largest export industry (by value)	Coal represents some 22 per cent of NSW international exports. Profits earned are also exported, however, because the industry is 90 per cent foreign owned.
Employment	Employs 53,745 people	Over 3.6 million people are employed in NSW. ² The mining industry accounts for 1.4 per cent of NSW employment.
Royalties	Generated \$1.3 billion in royalties in 2012-13, with \$7.4 billion forecast over the next four years.	This represents less than two per cent of total NSW Government revenue.

Notes for editors

- A survey of 1,001 Hunter Valley residents was conducted in November 2013. A professional polling company conducted the poll using voice-automated telephone interviewing and random-digit dialling to numbers known to be within the Hunter Valley and Newcastle. Demographic data was also obtained, and after the interviews were completed, the responses were weighted against population estimates derived from the 2011 Census.

¹ ABS (2011a) *State and Territory Statistical Indicators, 2011 - Count of Businesses*

² ABS (2014) *Labour force December 2013 6202.0*