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Media release

Mining industry ads work, but fewer manufacturing workers do

Public perceptions of the size and significance of the mining industry to the Australian economy are radically different to the facts, a new survey by The Australia Institute reveals.

When asked what percentage of workers they believe were employed in the mining industry, the average response was around 16 per cent, when according to the Australian Bureau of Statistics (ABS) the actual figure is 1.9 per cent.

The survey also found Australians believe that mining accounts for more than one third (35%) of economic activity. However, ABS figures show that the mining industry accounts for around 9.2 per cent of GDP – about the same contribution as manufacturing and slightly smaller than the finance industry.

The survey was conducted as part of a new research paper by The Australia Institute. The Institute's Executive Director Dr Richard Denniss will launch *Mining the truth: The rhetoric and reality of the commodities boom* on Thursday 8 September at the Institute's annual conference in Sydney.

Dr Denniss said the mining industry's expensive advertising campaigns had clearly had an impact on people's perceptions.

"The mining industry likes to portray itself as a big employer, a big tax payer and a big money maker for Australian shareholders. Yet the reality just doesn't match the rhetoric," said Dr Denniss.

"The mining industry's advertisements ignore the way that the mining boom is driving up the exchange rate, driving up mortgage interest rates and driving down employment in other sectors of the economy.

"It is a bit rich for former BHP Billiton chairman Don Argus to talk about declining productivity growth when an analysis of the figures actually reveals that productivity in the non-mining sectors is growing quite rapidly. The irony is that it is the rapid decline in productivity in the mining industry that is driving down the national figures," said Dr Denniss.

The paper also reveals that the mining boom is driving a blow out in the current account deficit with the International Monetary Fund expecting the current account deficit to reach 6.5 per cent of GDP in the medium term. In the middle of a supposed export boom this will put Australia back into Paul Keating's 'banana republic' territory. *Cont'd.....*

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“It’s amazing to compare the rhetoric of the mining industry with the reality of the national accounts. Not only is the mining boom reducing the competitiveness of other exporters but the enormous outflow of profits to the foreign owners of the mining companies is driving up the net income component of the current account,” said Dr Denniss.

“It might seem bizarre, but Australia is set to simultaneously experience a mining boom and a blow out in our current account deficit.

“The mining industry is in the middle of planning massive further expansions. But the faster the expansion of the mining industry, the lower the level of employment in other industries will be. You don’t have to be a protectionist to see the merit in slowing the approval of massive new mining and coal seam gas ventures,” concluded Dr Denniss.

In summary, Australians believe that the mining sector:

- Employs nine times more workers than it actually does
- Accounts for three times as much economic activity as it actually does
- Is 30 per cent more Australian-owned than it actually is.

The *Making the boom pay ... if not now, when?* conference, co-hosted with Catalyst, will be held in Sydney on Thursday 8 September and features speakers including international finance expert Ann Pettifor, Ed Husic MP, Saul Eslake, Ged Kearney, Julian Disney and Tony Maher. More information on the conference can be found at www.tai.org.au or www.catalyst.org.au