

The economic impacts of Australia's mining expansion

Quick links to research from The Australia Institute

The Australia Institute (TAI) has been researching the economic impacts of mining activity in Australia. This document provides a brief summary of key facts and links to TAI research papers, policy briefs and submissions currently available online.

Key facts

- 1. Mining 'crowds out' other industries:** The expansion of mining causes a contraction in non-mining industries, particularly manufacturing, tourism, agriculture and education. This results in business closures and job losses.
- 2. Mining is a small employer:** Mining is highly mechanised and employs few people relative to other industries. It employs only around 2% of the Australian workforce.
- 3. Mining is a poor taxpayer:** The effective corporate tax rate for mining is 13.9%, well below the industry average of 21%.
- 4. Mining is highly subsidised:** Every year the Commonwealth Government subsidises the mining industry by at least \$4 billion dollars.
- 5. Mining is 83% foreign owned.**
- 6. Mining did not 'save' Australia from the GFC:** Mining shed 15% of its employees within 6 months of the GFC. If the rest of the economy had behaved the same way, Australia would have experienced 19% unemployment.

TAI Research Papers

Click on the title below to download the full report. All are available at www.tai.org.au.

| Title | Focus | Key Messages |
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| Mining the Truth: The rhetoric and reality of the commodities boom By David Richardson and Richard Denniss | Economic impacts of Australia's resource boom. | <ul style="list-style-type: none"> • Mining only employs around 2% of the Australian workforce. • Mining activity 'crowds out' other sectors of the economy, especially agriculture, tourism, education and manufacturing. • The mining industry is 83% foreign-owned. • Mining companies are low taxpayers, paying around 13.9% corporate tax when the average is 21%. |
| Too much of a good thing? The macroeconomic case for slowing down the mining boom By Richard Denniss and Matt Grudnoff | The speed of mining development and Australia's national interest. | <ul style="list-style-type: none"> • It may be good for Australia that world prices for our resources are high. But it is not true that the faster new mines are developed the better off Australians will be. • The current rush to approve mining projects is damaging other industries. • There is a strong economic case for slowing down Australia's rapid mining expansion. |

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| <p><u>Mining Australia's Productivity: The role of the mining industry in driving down Australia's productivity growth</u> By David Richardson and Richard Denniss</p> | <p>Mining sector influence on Australia's labour productivity figures.</p> | <ul style="list-style-type: none"> • Weak national productivity growth is being driven by large reductions in labour productivity in the mining sector. • Other Australian industries are actually becoming more productive. |
| <p><u>Job creator or Job destroyer? An analysis of the mining boom in Queensland</u> By Matt Grudnoff</p> | <p>Economic impacts of mining in Queensland.</p> | <ul style="list-style-type: none"> • Queensland's non-mining sectors are under pressure from a high AUD and skills shortages, driven by the mining boom. • Proposed mining projects in Queensland could destroy almost 20,000 jobs across Queensland and Australia, mostly in manufacturing. |
| <p><u>Pouring Fuel on the Fire: The nature and extent of Federal Government subsidies to the mining industry</u> By Matt Grudnoff</p> | <p>Subsidies to the mining industry from the Federal Government.</p> | <ul style="list-style-type: none"> • The mining industry is making record profits. Yet it still receives billion of dollars in taxpayer subsidies every year. • This paper details more than \$4 billion per year in subsidies and concessions from the Federal Government alone. |
| <p><u>Beating Around the Bush: The impact of the mining boom on rural exports</u> By Matt Grudnoff</p> | <p>Impacts of the mining boom on Australia's agricultural sector.</p> | <ul style="list-style-type: none"> • Since the mining boom started, Australia's rural sector has lost \$43.5 billion in export income due to the high AUD, which is being driven up by the mining boom. • In 2010-11 alone, the beef industry lost \$2 billion in export income and the sugar industry lost \$566 million. |
| <p><u>Still Beating Around the Bush: The continuing impacts of the mining boom on rural exports</u> By Matt Grudnoff</p> | <p>Impacts of the mining boom on Australia's agricultural sector.</p> | <ul style="list-style-type: none"> • Updated analysis from Beating around the Bush shows rural sector losses of \$61.5 billion in export income due to the high AUD, being driven up by the mining boom. • Over the nine years of the boom: <ul style="list-style-type: none"> • Cotton growers have lost \$2.5 billion • Wheat growers have lost \$8.3 billion • The beef/veal industry has lost \$8.5 billion • The sugar industry has lost \$2.7 billion. |
| <p><u>An analysis of the impacts of the China First mine</u> By Richard Denniss</p> | <p>Impacts of the mining boom on manufacturing and other non-mining industries.</p> | <ul style="list-style-type: none"> • While the owners of Queensland's proposed China First coal mine stand to make large profits, net economic benefits to Australia are likely to be small at best. • According to Waratah Coal's own Economic Impact Statement the mine will cause: <ul style="list-style-type: none"> • The loss of 3000 jobs across Australia • The loss of \$1,249 million of manufacturing activity |

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| <p><u>An analysis of the economic impacts of Arrow Energy's Gladstone LNG Plant</u> By Matt Grudnoff</p> | <p>Impacts of the mining boom on manufacturing and other non-mining industries.</p> | <ul style="list-style-type: none"> • The proposed Arrow Energy LNG project in QLD will have result in job losses across QLD and Australia, and a range of other negative economic impacts. • The company's own Environmental Impact Statement acknowledges it will result in; <ul style="list-style-type: none"> • The loss of 1,600 jobs; 1,000 in manufacturing • The loss of \$441.5 million in manufacturing activity. |
| <p><u>James Price Point: An economic analysis of the Browse LNG project</u> By Matt Grudnoff</p> | <p>Impacts of the West Australian Government and Woodside's proposal for an LNG precinct in the Kimberley region.</p> | <ul style="list-style-type: none"> • There is virtually no evidence that the proposed Browse LNG development at James Price Point will have any economic benefits. • It will result in around 3,000 job losses across WA, especially threatening local tourism. • It will rely on up to 97% fly-in fly-out (FIFO) workers, employing few locals. |
| <p><u>Measuring Fugitive Emissions: Is coal seam gas a viable bridging fuel?</u> By Matt Grudnoff</p> | <p>Fugitive emissions from coal seam gas.</p> | <ul style="list-style-type: none"> • Fugitive methane emissions from coal seam gas mining are likely to be significantly higher than emissions from conventional natural gas. • More accurate measurement of fugitive emissions from CSG is urgently needed. |
| <p><u>CSG economic modelling: On the alleged benefits of the Santos coal seam gas project in North West NSW</u> By David Richardson</p> | <p>Impacts of the Santos coal seam gas project in North West NSW.</p> | <ul style="list-style-type: none"> • Santos' modelling shows minimal benefits to the local economy, with major benefits accruing to Santos owners. • The modelling, by Allen Consulting Group, raises more questions than it answers, suggesting only 30 new gas jobs, but 570 new public sector jobs will be created. |

Additional resources

You can download additional resources including a Mining the Truth fact sheet and presentation slides at www.tai.org.au/resources.

If you would like to arrange a 'Mining the Truth' presentation in your area or order hard copies of Mining the Truth contact us on the details below. TAI is also able to arrange training workshops in delivering the Mining the Truth presentation, or in understanding economic arguments more broadly.

Contact

Mark Ogge, Public Engagement Officer, The Australia Institute
M. +61 421 272 884 | E. mark@tai.org.au

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