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TITLE: The real cost of mining exposed

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Last week, the former NSW Treasurer and Minister for the Hunter Michael Costa attacked current Opposition Leader John Robertson for his comments suggesting the Labor Party was planning to phase out coal mining. Mr Costa labeled the move a betrayal of the party's traditional voters. Michael Costa's concern for the jobs of devout Labor voters is very selective.

Where has he been for the past decade while the mining boom was decimating jobs in manufacturing? And what about the hundreds of local jobs the coal industry is already shedding?

Mr Costa said Mr Robertson's comments could "undermine investment confidence in the industry" and presumably cost jobs. But the real threat to coal jobs comes from the coal industry itself.

The small mining job gains over the past 10 years are likely to be short-lived. Around 600 workers have recently lost their jobs in the Hunter region, and the industry is warning that there are likely to be more to come. In the past year alone the mining industry in Queensland dumped 9000 workers (around 20 per cent of its workforce) as the miners scrambled to maintain profit margins.

Meanwhile, nearly one in 10 workers in NSW works in manufacturing, whereas around one in every 200 work in the coal industry. Over the last decade manufacturing jobs have been decimated by the mining boom driving the Australian dollar to record highs and creating a severe skills shortage.

The high dollar has meant that the manufactured goods Australia exports are around 30 per cent more expensive than they were before the boom, and they have to compete against imports that are now 30 per cent cheaper. This has resulted in huge manufacturing job losses, particularly in traditional Labor heartlands like Newcastle, Wollongong and Port Kembla.

At the same time, a severe skills shortage has been created because so many massive resource projects are being built simultaneously. Manufacturing businesses have spent decades training skilled workers, and are now unable to compete with the high wages offered by the

mining industry, which does very little training itself. These added costs have caused manufacturing businesses to close or downsize, ultimately costing jobs.

If you don't believe me, take a look at the coal and gas industry's own analysis.

Clive Palmer's "China First" mine's own economic analysis acknowledges that this single coal mine in Queensland will destroy over 3000 non-mining jobs Australia-wide and knock out \$1.25 billion worth of manufacturing activity. Similarly, the 100 per cent foreign-owned Arrow Energy coal seam gas project in Queensland acknowledges that it will destroy 1600 jobs – around 1000 of those are in manufacturing.

The overall effect has been that while we have gained a few thousand jobs in coal mining over the duration of the boom, we have lost at least 78,000 manufacturing jobs, not to mention those in other industries similarly impacted by mining.

The truth is that the coal and gas sectors are small employers and they have been allowed to expand without taking into account the impact on our most important long term industries.

Winding back the expansion of coal and gas would allow non-mining businesses to expand and prosper, and create far more jobs than coal and gas ever will.

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