



Ref: 41-11
15 June 2011

Coal jobs lost under carbon tax could have huge flow on effect in NSW

NSW could be hit hardest by the Federal Government's proposed carbon tax, which will put more than 3,000 direct jobs in mining at risk in the first three years and the recovery of the State's economy under a cloud.

NSW Minerals Council CEO Dr Nikki Williams said this new information would concern thousands of families who are already worried about job security and the cost of living, especially in regional NSW.

"The coal industry is a cornerstone of the NSW economy. It has the potential to help turn around the State's financial fortunes but that progress could be stopped in its tracks by the carbon tax," Dr Williams said.

"A loss of more than 3,000 direct jobs in coal mining regions in the first three years of a carbon tax would put the NSW Government's plans to 'make NSW Number one again' on the back foot in a big way. Huge benefits from coal mining flow through the economy and the thousands of indirect jobs the industry supports in places like Wollongong, Maitland and Muswellbrook would be at risk.

"This new information comes at the same time as confirmation that electricity prices in NSW will increase next year on average by 17.3%. That's a huge impost on people that in some cases are already struggling to make ends meet.

"There's no point being compensated for the impact of the carbon tax if you don't have a job to pay the bills at all.

"The NSW Government has a big job ahead to help manage the rising cost of living, generate jobs and make the State an attractive place to invest. That's why we're calling on it to continue taking the fight up to Canberra to help ensure the people of NSW aren't worse off under a carbon tax."

Dr Williams said that coalfields in NSW had a particularly gassy make up, which meant that the cost of the carbon tax to some NSW operations would be huge, particularly in the Illawarra.

"Geology dictates that the amount an open cut coal mine from NSW will have to pay under the tax using the formula to estimate emissions is around three times that in Queensland. But the whole cost structure of our mines has to be considered, especially when some operations in NSW are a long way from port and a carbon tax impacts on transport, electricity and diesel costs," Dr Williams said.

"Future investment in coal mining may be affected too because production from underground mines and deeper open cut mines is expected to increase as coal deposits close to the surface are depleted and producers need to access deeper and potentially gassier resources.

"The combination of these factors means that the impact of the carbon tax will hit NSW harder than most and some mines could be forced to close.

"We believe in action on climate change and we are willing to pay our fair share. But this proposed carbon tax will put our coal industry – the State's biggest export earner – at a serious disadvantage in comparison to our international competitors.

“The introduction of a price on carbon will be the biggest structural change to our economy in a generation. There must be appropriate transitional arrangements for affected industries, including the minerals sector, so this State doesn’t miss out on the benefits that the mining boom can bring.”

Dr Williams said that the Federal Government had time to avoid these mine closures and job losses by introducing a carbon price by phased-in auctioning of permits at a sufficiently low level and only applying a carbon tax to fugitive emissions from coal mines in step with our major supply competitors.

“The worst thing that could happen is that NSW loses these jobs, investment, royalties and the export earnings without reducing emissions. If the emissions go offshore simply because our competitors don’t work within the same system, then we would have failed on both counts,” Dr Williams said.

ENDS.

Editor’s note: The Carbon Tax Report: *‘Impact of Proposed Carbon Price on Black Coal Mining’* can be found on Australian Coal Association website - <http://www.australiancoal.com.au/publications.aspx>.

Media Contact:

Scott Keenan | Deputy Director Communications Officer | NSW Minerals Council |
Phone: 02 9274 1413 | Mobile: 0438 280 073 | Email: skeen@nswmin.com.au |
www.nswmin.com.au | www.twitter.com/nswmc | www.youtube.com/nswmineralscouncil |