

MEDIA RELEASE

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Don't blame the boom: why mining has (mostly) been good for us

8 Malvina Place
Carlton
Victoria 3053
Australia

T. +61 3 8344 3637
W. www.grattaninstitute.edu.au
E. info@grattaninstitute.edu.au

The economic benefits of Australia's 10-year mining boom far outweigh the costs, yet the Federal Government has not saved enough of the \$190 billion it earned from the boom to ensure the health of future Australian budgets, according to a new Grattan Institute report.

[*The mining boom: impacts and prospects*](#) finds that the incomes of most Australians – not only those from mining states – have risen faster during the boom decade than in the one before.

And while the boom has pushed up the dollar and made it hard for industries that compete internationally, Grattan's analysis of comparable events overseas suggests that manufacturing and other trade-exposed industries will bounce back quickly once the exchange rate falls.

"Our report examines the fears some Australians have about the potential adverse consequences of the boom," says Grattan Institute Productivity Growth Program Director Jim Minifie.

"People worry about the damage caused by the high dollar, the impact of the boom on non-mining regions and the risk we will turn into a quarry economy. These concerns are all understandable but they're not borne out by the evidence."

"There is always the risk of a downturn as resources investment and prices decline, but Australia has low inflation and a recession is far from inevitable."

The report finds, however, that one community concern is well-founded. Tax decreases and spending increases have been larger than Australia can afford in the long run.

Some spending was justified by the response to the Global Financial Crisis and some has been well invested, but underlying budget deficits must now be repaired in more difficult times.

Governments should resist the temptation to protect affected industries, but continue to invest in skills and education to help workers and citizens adapt to an ever changing, globalised economy, Dr Minifie said.

"These skills will be even more important as the longest and largest boom in 150 years winds down."

For further enquiries: Dr Jim Minifie, Program Director Productivity Growth
M. +61 (0)403 040 941 T. +61 (0)3 8344 5931 E. jim.minifie@grattan.edu.au