



## Walarah 2 Coal Project: Overview of Employment and Economic Benefits

Briefing for  
Community Liaison Committee

W2CP Offices, Tuggerah, 22 April 2009

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## Study Undertaken by CCRF



- Using the Hunter Valley Research Foundation's (HVRF) Input-Output (I-O) model, economic impacts were estimated in terms of the value of goods and services (output) and the number of jobs created on the Central Coast as a consequence of the economic stimulus provided by the project.
- *In I-O analysis, a job is defined as lasting for one year and being full-time. (i.e. each job is thus akin to a "job-year")*
- The multipliers derived from the I-O model enable the estimation of output and employment.

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## Economic Multipliers

- A report prepared for the Minerals Ministerial Advisory Council estimated an employment multiplier in the mining industry of 4.5.
- The employment multipliers applied to the Central Coast for Wallarah 2 Coal were significantly more conservative.
- Some additional benefits also flow to adjacent regions (e.g. Hunter):
  - those services and materials required for the construction and operation of the mine that may be sourced from outside the Central Coast
  - where local suppliers source their required raw materials, equipment, components, services etc. from outside of the Central Coast

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## Constructing the Wallarah 2 Coal Project

- The pattern of expenditures required to develop the Wallarah 2 Coal Project includes direct and flow-on impacts that will result from the initial expenditures.
- Over three years, expenditures will be made into the sectors of:
  - *Machinery etc* (\$270 million);
  - *Construction* (\$168 million);
  - *Transport equipment* (\$59 million);
  - *Retail* (\$26 million);
  - *Property and business services* (\$20 million)
  - and others.
- The total initial expenditures in the Central Coast region are estimated to be \$613.5 million over the construction phase.
- The total impact on the Central Coast economy from the three years of the mine's construction is expected to be approximately \$1,058 million

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## Estimated output impacts on Central Coast from the construction of the Wallarah 2 Coal Project

### Output impacts on Central Coast

	Year 1 \$m	Year 2 \$m	Year 3 \$m	Total \$m
<b>Initial</b> (i.e.W2CP direct local expenditure)	227.8	231.1	154.5	613.5
<b>Total flow-on</b>	173.8	168.0	102.4	444.2
<b>TOTAL OUTPUT IMPACT</b>	<b>401.6</b>	<b>399.1</b>	<b>256.9</b>	<b>1,058</b>

The total impact on the Central Coast economy from the 3 years of the mine's construction is expected to be approx \$1,058 million.

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## Estimated employment impacts on Central Coast from the W2CP construction

### Employment impacts (number of jobs)

	Year 1	Year 2	Year 3	Total
<b>Initial</b> (i.e.W2CP direct)	1,001	1,188	801	2,989
<b>Total flow-on</b>	807	820	509	2,135
<b>TOTAL OUTPUT IMPACT</b>	<b>1,808</b>	<b>2,007</b>	<b>1,309</b>	<b>5,125</b>

In total, an estimated 2,989 jobs ("job-years") are expected to be created on the Central Coast as a result of the mine's three year construction. With flow-on impacts, the total jobs created on the Central Coast over the construction period will be 5,125.

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## Estimated output impacts on Central Coast from the operation of the Wallarrah 2 Coal Project

	Output impacts					
	Year 1 \$m	Year 2 \$m	Year 3 \$m	Year 4 \$m	Year 5 \$m	Ongoing average \$m
<b>Initial</b> (i.e.W2CP direct local expenditure)	53.0	74.1	93.9	120.0	121.3	130.8
<b>Total flow-on</b>	34.2	47.1	58.8	76.1	77.1	83.4
<b>TOTAL OUTPUT IMPACT</b>	<b>87.2</b>	<b>121.2</b>	<b>152.7</b>	<b>196.1</b>	<b>198.4</b>	<b>214.2</b>

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## Estimated employment impacts on Central Coast from the operation of the Wallarrah 2 Coal Project

	Employment impacts					
	Year 1 Jobs	Year 2 Jobs	Year 3 Jobs	Year 4 Jobs	Year 5 Jobs	Average ongoing
<b>Initial</b> (i.e.W2CP direct employment)	250	300	300	300	300	300
<b>Total flow-on</b>	178	247	301	389	393	426
<b>TOTAL JOB IMPACT</b>	<b>428</b>	<b>547</b>	<b>601</b>	<b>689</b>	<b>693</b>	<b>726</b>

Flow-on employment in the Central Coast is greater than direct employment after initial years of operation

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## Job Benefits to Hunter Region

- Some of the economic impacts generated by the *operation* of the Wallarah 2 Coal Project are expected to spill over into the neighbouring Hunter Region.
- This will result from the closeness of the proposed mine site to the boundary with the Hunter Region, and the Hunter's historical association with coal mining.
- Specifically, it is expected that demand for some services available in the Hunter Region, such as specialised engineering, will be created by the operation of the proposed mine.
- The additional employment benefits which are estimated to accrue to the Hunter Region from the Wallarah 2 Coal Project amount to 336 jobs every year once near-full production is reached.

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## Hunter Region employment impacts from the operation of the Wallarah 2 Coal Project

Employment impacts (number of jobs)

	Year 1	Year 2	Year 3	Year 4	Year 5	Ongoing average
<b>Initial</b> (i.e. W2CP direct Hunter employment)	0	0	0	0	0	
<b>Total flow-on</b>	102	182	230	322	326	336
<b>TOTAL JOB IMPACT</b>	<b>102</b>	<b>182</b>	<b>230</b>	<b>322</b>	<b>326</b>	<b>336</b>

After initial years, Hunter flow-on employment will also be greater than direct mine employment but less than the flow-on employment benefits to Central Coast. Total 1,062 ongoing jobs [Central Coast (726) and Hunter (336) jobs] does not include elsewhere in NSW.

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## Summary of Central Coast Jobs Impact for Construction

- Initially, 2,989 jobs are expected to be created over the three years of construction.
- The 2,989 initial jobs will be spread throughout the local economy including the sectors of: *Machinery, etc.* (1,526 jobs); *Construction* (513 jobs); *Transport equipment* (227 jobs); and *Accommodation cafes and restaurants* (189 jobs).
- As a result of this initial employment, flow-on employment impacts will be generated from the production and consumption induced impacts. Over the three years this combined flow-on is estimated to be 2,136 jobs.
- As a result of the construction and preparation works required to prepare the mine, the estimated total employment impact on the Central Coast economy over the three years of construction is estimated to be 5,125 jobs.

Note: Jobs = "job-years"

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