

Coal hard facts undermine Greens' dreamworld

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Greens' leader Richard Di Natale yesterday outlined his party's promise to shut down the coal industry by 2030. He is living in a complete dreamworld if he thinks Australia can be out of coal by 2030 and not face massive economic dislocation and lower living standards.

Without this export income, we become unable to import at the current rate, including the inputs for his beloved renewable energy. And without coal, state and federal governments will be less able to provide services and help the less well-off.

Let's go through some salient facts about coal in Australia. We are the largest producer of high-quality coal in the world, with three-quarters of our coal production exported, mainly to Asia. The amount of coal produced and exported has been increasing strongly in recent years, rising from about 60 megatonnes of exports a decade ago to 100mt today.

Coal is Australia's highest export earner, just above iron ore. (Of course, iron ore makes no sense without coal.) In 2017-18, coal exports amounted to \$66 billion. This figure is expected to be higher this financial year. The international prices of both coking and thermal coal have been rising since 2015, indicating ongoing strength in demand, particularly from Asia.

Coalmining in Australia directly employs more than 80,000 workers in high-paying jobs. There are at least as many indirect jobs created, including at export ports.

Coalmining is most prevalent in Queensland and NSW. Coal royalties are important to both state governments, particularly Queensland. This financial year, Queensland will earn more than \$5bn in coal royalties. Were it not for these, the Queensland government would be in deep fiscal trouble.

Coal is also important in supporting the federal budget through the flow of company tax receipts.

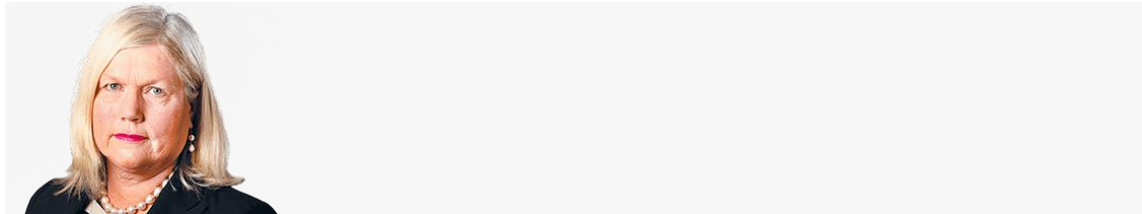
This year's budget papers noted that if the coking coal price were to remain elevated at current levels (compared with Treasury's assumption of a fall in the price), an extra \$600 million would be added to tax receipts next financial year and a further \$1bn in the following one.

While the start of the Adani mine in the Galilee Basin has been unforgivably delayed, two new coalmines have been approved in Queensland since 2015. Because the high-quality coal from Adani will replace high-emitting brown coal burnt in India to generate

electricity, the net effect on world emissions would be positive. And it would provide the basis for large numbers of Indians being able to access electricity for the first time.

Here's the real kicker: even if Australia gets out of coal, it doesn't mean the world's use of coal will fall — it will just be sourced from inferior ore bodies in different countries.

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