



Coal Industry Key Emissions Trading Scheme Messages

- 1. Significant numbers of jobs will go, investment will decline and the Australian coal industry will lose market share because of the cumulative effect of the CPRS, increased royalties and the global financial crisis.**
 - The collapse in global commodity prices has seen prices for coal more than halved since mid 2008.
 - Coming on top of this dramatic change in market conditions the impact of emissions trading will be to reduce already thin margins even further.
 - 3000 jobs have already gone – these will lead to a further 9000 indirect job losses.
 - 2. Coal has been unfairly treated. The emissions trading scheme will place a tax on the industry of some \$4 billion dollars over the next five years mainly due to its fugitive emissions.**
 - The White Paper provides only \$750 million over five years – to address this serious threat to the industry's international competitiveness – less than 10% of what the CPRS will cost the industry over five years.
 - Other trade exposed emission intensive industries such as LNG and aluminium that, like coal, underpin Australia's wealth are being provided 60 to 90% transitional assistance under the White Paper's EITE arrangements.
 - 3. Our markets are likely to be taken by competitor countries that will not have emissions targets in the foreseeable future. This will result in job losses in Australia but no reduction in global greenhouse emissions.**
 - In the past seven years, Australia has already lost 15% of its export thermal coal market to Indonesia as a result of infrastructure bottlenecks.
 - In the competitive global coal market, any further impediment to Australia exports could see Australia lose more market share to coal producers like Indonesia, China, Colombia and South Africa.
 - 4. The coal industry is not asking for special treatment, just fair treatment. The White Paper's concern about the risk of windfall gains to certain mines if the EITE arrangements were applied to coal mining is easily addressed.**
 - The coal industry meets the White Paper eligibility criteria for a 60% permit allocation under the EITE arrangements.
 - We want the same rules that apply to the rest of trade exposed industry to apply to coal. A simple formula is available to ensure that coal companies do not make windfall gains from inclusion in the 60% EITE permit category.
 - 5. Coal mines that are directly tied to domestic power stations face closure because they are unable to pass on emissions trading costs.**
 - Australia has ten such mines which may not be able to pass on these costs because they are locked into long term supply contracts.
 - Where cost pass through is not possible the mines should receive permit compensation; where it is, the power station should receive permits from the Electricity Sector Adjustment Scheme.
 - Closure of any of these mines could result in disruptions to electricity supply.
 - 6. There is little opportunity for abatement of fugitive emissions from coal mining and it will be at least five years before it is possible to accurately estimate fugitive emissions from Australia's open cut coal mines.**
 - No country in the world can measure or directly estimate at site open cut fugitive emissions.
 - Australia will be the first, and possibly only, country in the world to include fugitive emissions in an emissions trading scheme.
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