Australian Coal Association

ACA Policy Brief

# Climate Change Policy Position

## Coal is working to reduce emissions

The Australian coal industry acknowledges that reducing emissions during the utilisation of coal can play an important role in addressing climate change globally. It is partnering with governments to invest in the demonstration of low emissions coal technology solutions through its unique $1 Billion COAL21 Fund.

The industry supports the introduction of a long term price on carbon as part of an international agreement. In a post-Copenhagen environment the industry continues to assess climate change policy options and proposals against the following principles:

***Box 1: ACA Principles for Climate Change Policy***

Australia's climate change policies should:

1. maintain the international competitiveness of the Australian coal industry;
2. be calibrated with the development of a global protocol and/or action by major emitters of greenhouse gases;
3. promote the development and deployment of low emissions coal technologies;
4. be economically efficient and equitable;
5. be consistently, transparently and broadly applied;
6. be effective and sustainable over the medium/long term or facilitate a transition to such an outcome; and
7. contribute to abatement of emissions from mines.

## Australian climate change policies should be fair

Coal was unfairly treated in the Carbon Pollution Reduction Scheme (CPRS). Based on the government's own criteria coal was eligible for transitional assistance. The CPRS would make Australia the only coal producer to impose a tax on coal mine fugitive emissions – the emissions that arise due to the geology of the coal being mined.

Currently abatement solutions for fugitive emissions in underground mine ventilation air are very limited. There is no known means for abatement in operating open cut coal mines.

Imposing a tax on coal mined in Australia that is not imposed by our trade competitors would simply mean we would export less coal. Given world demand is set to increase for many decades that means some Australian production would simply move offshore. Australia would lose jobs and income but there would be no reduction in global emissions.

*Recommendation 1:*

Australian climate change policies should ensure fair treatment of coal industry fugitive emissions with the treatment provided by our competitors in countries such as Colombia, Indonesia, South Africa, the USA and the EU.

## Australia's policies should be part of an international effort

Australia produces only 1.4% of world greenhouse gas emissions and 5.6% of the world's black coal requirements. In the absence of an international response to reduce world emissions it is clear that actions by Australia alone will be ineffective and prove costly to our economy and our international competitiveness.

*Recommendation 2:*

Australian actions to reduce emissions must:

- form part of an international effort involving commitments from all major emitters;
- establish transitional arrangements to maintain the competitiveness of trade exposed industries including coal – Australia's largest export industry; and
- involve energy security measures to maintain competitiveness of coal mines selling coal to domestic power stations where the pass-through of carbon costs is restricted or unavailable.

## And involve complementary Research, Development and Demonstration (RD&D) policies

In a post Copenhagen environment weighed down by concerns about the ongoing global financial crisis it is unlikely an international treaty will be negotiated for some years.

In such circumstances governments might consider other approaches to introducing a price on carbon in order to achieve reductions in emissions. However, Australia should not get ahead of our international competitors. Any chosen policies will need to address industry's international competitiveness concerns and focus on achieving real mitigation benefits, principally through RD&D in low emissions and other abatement technologies.

*Recommendation 3:*

Government should implement complementary policies to stimulate investment in research, development and demonstration of low emissions technologies for both fossil fuels and renewables.