

NEWCASTLE BUSINESS EXPO

PRESENTATION

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“COAL IN THE HUNTER – IS IT JUST BLACKOR WHITE?”

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OVERVIEW

1. Represents the State's mining industry – single voice for producers, operators, explorers and related services
 2. Coal, copper, gold, lead, tin, silver, zinc
 3. Promote safe, dynamic, efficient and sustainable industry
 4. Promote best practice in OH&S, environment, community
 5. Promote mining education and careers in regions
- Mining is the backbone of the State's economy.
 - Total value of mining production in NSW is nearly \$12 billion
 - Total taxes and royalties from mining – well over \$1.5 billion.
 - State Government relies on this revenue to pay for schools, hospitals, roads, police, firefighters and many other essential services.

LOCAL PICTURE

- Unlike other regions of Australia, Newcastle and the Hunter were not built on the sheep's back but on the miner's back (*Alternative: "on the coal conveyor belt"*).
- From the first coal shipment exported to India in 1799 to today the region's economy has prospered due to the wealth generated by mining.
- The total value of coal production in NSW in 2005-06 was \$8.5 billion – up by a substantial \$1.5 billion compared to the previous year.
- Of that, Hunter Valley coal exports were valued at about \$5 billion – that's about 85 per cent of the total exports for the State (source NSW Treasury).
- There are 58 coal mines in the State and 35 of them are in the Hunter.
- There are currently 16 new coal proposals and extensions to existing mines in the Hunter being considered by the Government which could be developed over the next decade.
- In the Newcastle/Hunter region alone there are over 12,000 jobs directly in mining and more than 54,000 indirect jobs if you include minerals processing and jobs in businesses supported by mining.

- The respected economics firm ACIL TASMAN, has completed research which shows that the minerals industry across NSW accounts for a phenomenal 250,000 direct and indirect jobs.
- Part of the wealth from mining also comes from the much higher than average incomes of the mining workforce – which are now over 2 times the average salary (ACIL Tasman Report).
- The average coal miner's wages are over \$100,000 per annum – wages that support thousands of families and is re-invested in local businesses and services (ACIL Tasman Report).
- Through mining in the Hunter, infrastructure and services have progressively expanded over many decades, enabling many other industries and businesses to flourish and for the Hunter to now become one of the most diversified regional economies in Australia.
- Just one example is local Hunter region industrial supplier, Alesco, which owns Marathon Tyres at Sandgate. Alesco just reported a record profit of more than \$52 million dollars, up 13.5 per cent – a direct result of the mining boom.
- Their Chief Executive, Justin Ryan, says the mining sector is a very important part of their business. The profit is enabling that business to grow and to support more than 200 local employees (Reported in Newcastle Herald 31.8.07).
- Another example is in lower Hunter, where Singleton Council reports that the coal industry is a major economic driver behind the local economy.
- The Council's Economic Development Manager, Don Gray, says Singleton's industrial estates are reaching capacity and there's strong demand for new estates to open up.
- Don Gray says mining is a catalyst for the growing Singleton population, which is attracting new developers into the commercial sector, increasing housing demand and expanding local educational services such as the newly opened Australian Technical College Hunter.
- Further north, Muswellbrook is being touted as the next big boom town with new or expanded mining projects such as Centennial's Anvil Hill, Anglo's Drayton mine, and BHP's Mt Arthur community in the district.
- Anvil Hill's consent conditions require Centennial to contribute \$4.5 million to Muswellbrook Council on community recreation, infrastructure and environmental projects in the district, which will further improve local facilities and the quality of life.
- Muswellbrook's population is expected to increase by 35 per cent in the next 5 years.
- Local government in the Muswellbrook and Singleton regions will be opening up new housing estates and are planning expanded services to meet the growth.
- The mining industry attracts diverse employment, business and investment opportunities, not just directly in mining. Supermarkets, shops, restaurants, hotels, car dealerships, schools, medical services and a vast array of other services.
- The Hunter Valley Research Foundation reported that the mining industry has helped sustain employment growth in the Upper Hunter in 2006, despite a downturn in other sectors caused by the drought and other factors.
- Further infrastructure development is critical to continuing growth for the industry and the region.

- The Government's recent approval of a \$922 million third coal export terminal for Newcastle and ARTC's \$375 million five-year strategy to take Hunter coal rail exports up to 145 million tonnes a year are sound investments for the Hunter's future.
- It's also good news for small to medium businesses participating in this Hunter Business Expo.
- The many businesses represented at the EXPO such as IT, hospitality, business services, advertising, real estate, homes loans, transport, financial services, manufacturing and many others have a secure future investing in this region in the knowledge that ongoing growth in the mining industry will underpin that investment.
- Let's not forget that that the single biggest contribution coal makes to the Hunter, NSW and indeed Australian economies is the competitive advantage it provides us as a cheap and abundant source of energy for our industry, business and residential needs.
- Australians enjoy some of the world's cheapest electricity and best standard of living thanks to coal.
- In NSW more than 90 per cent of our total electricity comes from coal, the vast bulk of it from the Hunter.

BIGGER PICTURE

- Overall, the Hunter and Australia is enjoying unprecedented prosperity due to the mining boom.
- The Australian Bureau of Agricultural and Resource Economics (ABARE) has reported that the resources boom has pushed investment in minerals and energy development to a record \$43 billion, with the Hunter's coal mining industry playing a significant role.
- Professor Anthony Owen has just delivered his report to the Government on the future of electricity generation in NSW and it is likely, with demand outstripping supply, that a state of art coal fired power station will be built to meet that demand.
- With the APEC Leaders meeting in Sydney this week, ABARE has released a report showing that energy consumption in APEC countries - which make up over 60 per cent the world's economic output - will grow by a massive 140 per cent by 2050.
- World-wide there are 800 new coal fired power stations on the drawing board, with 500 of them to be built in China alone over the next 10 years.
- China and other developing nations such as India are investing in low cost coal fire power in order to continue their unprecedented industrialisation and modernisation.
- But unless you've been living on the moon lately, most of us know there's an elephant in the room and the elephant is Climate Change.
- Many of us are rightly concerned about the future health of the planet and what the impacts of climate change will be if Governments ignore the issue.
- Since September last year a "perfect storm" of circumstances have emerged to place mining, especially coal, firmly on the political and scientific centre stage.
- Al Gore's documentary, "*An Inconvenient Truth*" and his world tour - closely followed by the release of the Stern Report on Climate Change in Great Britain - began a virtual tsunami of public debate across the world.

- In Australia this heightened debate became interwoven with our unprecedented drought and the legitimate concerns of many people that extreme weather patterns in recent years could be linked with global warming.
- Throw into the mix both a State Election in NSW and a Federal Election all in the same year and the volatile ingredients for our perfect storm all came together.
- Wherever you look in the media these days the mining industry is getting coverage – either as the “darlings” in the business section or the “demons” on the news pages.
- Mining was even breathlessly reported as being responsible for Newcastle’s tragic earthquake of 1989 - despite the subsequent outpouring of Australian scientific opinion being skeptical of this claim by a United States researcher.
- It’s a sad but true fact that the demonisation of the mining industry has become a popular sport in some media outlets.
- While shock headlines may sell newspapers, our community still relies on the media to inform us, to search out the facts and to fairly present both sides of the debate as part of our democratic process.
- The recent NSW State Election, with some tightly contested regional seats, including here in Newcastle, provided anti-mining activists with a platform for campaigns that set out to create fear and misinformation in the community.
- Calls for blanket bans on new coal mines, or bans on coal exports and new export infrastructure, such as the Newcastle Port expansion, are politically and economically untenable.
- So too are the more radical calls for the closure of coal fired power stations. It doesn’t take much imagination to visualise how our modern life would be affected without sufficient electricity to supply our daily energy needs.
- When Newcastle City Council voted late last year to cap coal exports from Newcastle, I was correctly quoted in your city’s leading newspaper that this was pathetic tokenism on the issue of climate change.
- Only 4% of the world’s total coal production passes through Australian ports.
- Australia’s coal exports account for only 1.3% of the world’s total greenhouse gas emissions.
- If we closed down all coal fired power stations and stopped all greenhouse emissions in Australia tomorrow – the equivalent amount of greenhouse emissions would be created by China within 9 months.
- We need a national and global response to address global warming, not unilaterally ending NSW coal exports.
- The mining industry understands the reality of our 21st century existence.
- Like it or not, we are dependent on coal for our entire way of life – the electricity that enables us to heat and cool our homes and businesses, cook, run the fridge, TV, computer, power tools and so on.....
- Electricity drives all our industry needs, manufacturing, construction, steel making for cars, buildings, railways and planes – all the things we take for granted in our modern way of life.

- Debate on the issue of climate change is very important.
- The NSW mining industry wants to be very clear that it acknowledges the science linking climate change with the burning of fossil fuels such as petroleum and coal.
- The mining industry accepts its role in actively finding solutions, but our industry can't solve global warming on its own.
- We believe this responsibility must be shared with all the other industries which also contribute to global warming, such as oil, gas and agriculture.
- Governments play a pivotal role in terms of policies that can reduce greenhouse emissions and lastly, consumers in terms of their energy choices and decisions.
- We recognise the solutions to global warming need to be found quickly and that we all must work together to bring about change.
- Our industry has been working for the past 7 years on ways to reduce greenhouse emissions.
- Coal companies have committed to an historic world first initiative of \$1 billion to develop carbon capture and other low emission technologies through the Coal21 Fund.
- There are currently 10 major low emission technology projects in development around Australia and the race is on to find the best solutions as quickly as possible and to commercialise them.
- The Coal 21 Fund will leverage several billion more from government and private sources towards this vitally important research and development effort.
- This is not just industry spin – these projects are real and have a high prospect of success.
- CO2 emissions are already being captured and stored deep in the earth's surface in Norway. The Norwegians estimate that the CO2 will remain in situ at least until the next ice age in 5-10,000 years
- A Coal21 project in Victoria's Otway Basin, will soon begin trialing CO2 capture and storage.
- Here in Newcastle, the CSIRO's Post-Carbon Capture project is also interesting because it involves retro-fitting an existing coal fired power station with a mobile capture unit.
- Retrofitting technologies will be key to delivering the 60 per cent cuts being called for by 2050 by leading scientists who are part of the Intergovernmental Panel on Climate Change.
- International experts, including both Al Gore and Sir Nicholas Stern, warn that there is no silver bullet on climate change.
- We need "a hamburger with the lot" approach - a whole suite of solutions, which include not just low emission technology for coal, but solar and other renewables, bio-mass, geo thermal and nuclear.
- The experts both overseas and here in Australia all agree that carbon capture and other low emission technologies represent one of the best opportunities to reduce global warming.
- This investment could also create an important new export industry for Australia.

- Another important response to climate change must also come at local community level through measures which encourage energy efficiency and strategies to better manage energy demand.
- These responses can fill the gap while new technologies are being commercialised - whether they are technologies to reduce fossil fuel emissions or renewable energy alternatives.
- The Energy Supply Association of Australia says that while development of renewable energy sources such as solar and wind power may be desirable, the technology is not sufficiently developed to represent a solution to our base-load energy needs in the short to medium term.
- The international energy modeling agency the EIA, states in its 2006 report that world net electricity consumption will more than double by 2030. (*International Energy Outlook 2006*)
- The EIA predicts that fossil fuels - oil, natural gas and coal - will continue to supply up to about 82% of world energy needs over this period, with renewables growing to nearly 11% of the total, and nuclear energy making up the smallest of about 7%.
- It is now certain, given the Federal Government's decision to introduce an emissions trading scheme, that Australians will see higher energy costs in future, more comparable with many European and north American nations.
- But this does not necessarily mean we will be a poorer society. On the contrary, it may just make us a cleverer, more efficient and energy-diverse society.
- There are also a myriad of other industries and factors contributing to climate change – deforestation and outmoded farming practices require a concerted response, both in Australia and overseas.
- We need reasoned and well informed public debate and action on the ground, which is what the mining industry is delivering.

(NEXT SECTION OPTIONAL)

- So how does mining really work? Mining is the most heavily regulated industry in NSW. Mining applications require some of the strictest environmental assessments of anywhere in Australia and the world.
- This is why NSW mines also have some the world's best environmental standards, through tough Government regulations and monitoring.
- Yes, mining can have impacts. Mine operations spend millions of dollars on land rehabilitation and measures to avoid or local impacts on water, air quality and amenity.
- Mine companies are fully responsible under the law for rehabilitating land that has been mined, including any damage to natural habitats.
- In fact if you're an environmentalist, you'd be more likely these days to pick up work in the mining industry than in the environmental movement!
- Contemporary mining practice in NSW is based on extensive community consultation.
- Our industry wants local communities to be fully informed about mine projects, to have input and contribute to the project.

- Government regulations mean that local residents, groups, businesses and Councils have the opportunity to participate in assessing individual mine proposals and contribute to a careful evaluation of the facts – the benefits versus the impacts.

CONCLUSION

- Our industry has a record as good corporate citizens who take seriously their responsibilities towards the communities in which they work and live.
- Mine operations build infrastructure such as roads, bridges and dams. Many native habitats, including along the Hunter River, are being rehabilitated by local mining companies.
- Our companies also support a huge variety of projects and activities, including health care, local schools, sports clubs, land rehabilitation and bushfire brigades, even your own Newcastle Knights who scored a great win last Friday night (against West Tigers).
- We are proud to be part of a technologically sophisticated, environmentally aware industry that works closely with the community for mutual benefit.
- Coal mining has been an integral part of the development of the fantastic City of Newcastle and the Hunter region for a very long time.
- Despite the doomsayers, the coal industry will continue to support this region, your kids and your kids' kids in many different ways for many years to come.
- Thank you for giving me the opportunity to share my thoughts with you today.