

## Moratorium on coal mines makes sense for all



A ban on new coal mines would not affect supply or existing jobs. **Brendon Thorne**



by [Richard Denniss](#)

If you think that world demand for coal is going to grow in the coming decades, then it makes sense to build the 50 new coal mines proposed for Australia.

And if you think that the world will continue its shift away from coal, then it makes no sense to build expensive new mines with 50-year lives. The problem for Malcolm Turnbull is that he seems to simultaneously believe both.

Of course the Prime Minister avoids the simple question of whether he thinks the world will need more or fewer coal mines in 20 years' time by attacking the straw man proposal that Australia should not stop mining coal tomorrow. The fact that no one is actually proposing to shut down coal mines tomorrow makes it the perfect proposal to reject. It's easy to win a debate against an empty room.

There is, however, growing support for the more modest proposal of a global moratorium on new coal mines. In recent weeks 11 Pacific Island countries, Sir Nicholas Stern and 61 eminent Australians, including former RBA governor Bernie Fraser and former head of the Australian Coal Association Ian Dunlop, have supported President Aote Tong of Kiribati's call for such a moratorium.



It is absurd to suggest that Australia's contribution to a low carbon economy should be to double coal exports. **Bloomberg**

A moratorium on new coal mines does not lead to short-term shortages of coal. On the contrary, it helps put upward pressure on coal prices as the world begins its transition to the 100 per cent renewable economy to which the G7 is now committed. It is absurd to suggest that Australia's contribution to a low carbon economy should be to double our coal exports.

The economic impacts of a global moratorium on new coal mines are entirely unrelated to the economic impact of shutting down all of our existing mines tomorrow. That, presumably, is why the Prime Minister is trying to conflate the two.

An immediate shutdown of existing coal mines would lead to job losses in existing mining regions, but a moratorium on new coal mines would protect those same jobs.

The economic modelling prepared by the proponents of Adani's Carmichael mine makes it clear that the expansion of Queensland coal will come at the expense of coal jobs in the Hunter Valley. It is remarkable that the so-called NSW Minerals Council is supportive of new Queensland projects that will harm their "local members".

## ROYALTY REVENUE

A moratorium on new coal mines would also protect NSW and Queensland's coal royalties. The chief executive of the world's largest coal trader, Glencore's Ivan Glasenberg, has confirmed what students are taught in Economics 101 – increasing the supply of coal will push coal prices even lower.

As royalty revenue moves with coal prices, and it has been suggested that Adani has been offered a "royalty holiday", the Carmichael mine is bad news for royalty revenue in both states.

Malcolm Turnbull and other supporters of the need to build more coal mines to help tackle both climate change and global poverty have made much of IEA "forecasts" that suggest that coal will have a significant role in the global energy mix for decades to come. Let me be clear, they are right.

The premise of a moratorium on building new mines is that coal will continue to be mined and burnt for many years to come. Again, a moratorium on new mines is unrelated to an immediate shutdown of existing mines.

But while supporters of a moratorium on new mines hold the consistent position that existing mines will provide ample coal to a world that is reducing its reliance on fossil fuels, the Prime Minister is arguing the absurd position that a world that is tackling climate change and burning less coal will need more coal mines. Either that or Mr Turnbull isn't really planning for a world that actually lowers emissions.

The Prime Minister has never been a climate sceptic and he has done much to advance the case that it is possible to tackle climate change without ruining the economy. He is, of course, completely right about that.

But his recent statement that Australia's plans to double our coal exports would not make "one iota" of difference to global emissions is completely wrong. Australia has a larger share of the world seaborne coal market than Saudi Arabia has of the world oil market.

If we double our exports, we will push the price of coal down which will lead to an increase in world consumption and a reduction in Australia's terms of trade. If the Prime Minister doesn't know that, then our economy is in risky hands.

Greg Hunt said at the weekend that if we are to avoid dangerous climate change, then Australia, and the world, will need to do even more to reduce emissions after Paris than they have done to date.

If Glencore can admit that such a world will need fewer coal mines, not more, surely it is time for Mr Turnbull to admit the obvious as well.

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