

The Coal Wars

Fact Check

Since Malcolm Turnbull replaced Tony “coal is good for humanity” Abbott, the Adani Carmichael Mine, the Galilee Basin and environmental “Lawfare” has been out of the news. An increase in the coal price and Turnbull’s apparent change of view means the Coal Wars are back. This is a review of some of the key claims at the heart of the Australian coal debate.

CLAIM: The Adani mine will create 10,000 jobs.

FACTS:

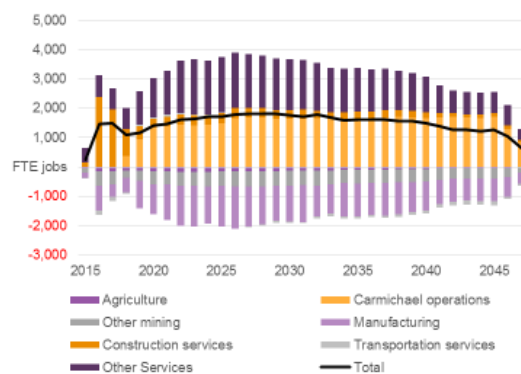
Adani’s own economist contradicted this under oath in the Queensland Land Court, saying:

“Over the life of the Project it is projected that on average around 1,464 employee years of full time equivalent direct and indirect jobs will be created”.¹

- Adani’s economist, Jerome Fahrner from ACIL Allen, found that Adani’s mine and rail operations would employ around 1,800 people directly and create around 1,000 downstream jobs in “other services”.
- But, in building and operating such a big mine, ACIL found that the project would reduce employment in agriculture, manufacturing and other mining projects by around 1,400 jobs.
- All this is shown in ACIL’s graph below, with increased jobs at the Carmichael mine in yellow, increases in services in dark purple and reductions in manufacturing, agriculture and other mining below the axis:

¹ Jerome Fahrner (2015) Carmichael Coal And Rail Project: Economic Assessment, Expert Report By Jerome Fahrner, Report To Land Court Of Queensland, Acil Allen Consulting Pty Ltd, Page 15 available from http://www.abc.net.au/mediawatch/transcripts/1513_adanijobs.pdf

Figure 4 Projected employment by industry: Australia



Note: All years are Adani financial years ending 31 March. FTE = Full-time equivalent.
Source: ACIL Allen

The black line represents the balance between jobs created and jobs destroyed by Adani’s mine. The average value of it is 1,464 jobs.

- Most of the jobs created would be Fly-In Fly-Out (FIFO) mining jobs, while the jobs destroyed are mainly manufacturing jobs in Queensland’s towns and cities.
- Queensland has a workforce of around 2 million people. Coal mining employs around 20,000 Queenslanders, or about 1% of the workforce. Coal is not a major employer in Queensland.

Claim: The Adani project and Galilee Basin are vital for Queensland’s budget.

FACTS:

- **Coal royalties account for just 4% of Queensland government revenue.** This is about the same percentage as the Queensland government receives from car registration. 96% of Queensland’s services are paid for by other parts of the economy.²
- **Queensland taxpayers paid for \$8 billion worth of coal infrastructure between 2009–2014.**³ Queensland Treasury noted “Governments face budget constraints and spending on mining related infrastructure means less infrastructure spending in other areas, including social infrastructure such as hospitals and schools.”⁴

² <http://www.tai.org.au/content/mouse-roars-coal-queensland-economy>

³ <http://www.tai.org.au/content/mining-age-entitlement>

⁴ https://cgc.gov.au/index.php?option=com_attachments&task=download&id=1727

- The Galilee Basin requires heavy subsidies to begin production. Adani was offered \$450m from the Newman government to help fund a rail project.⁵ Royalty “holidays” or “ramp ups” (aka free coal) have been, and may still be, Queensland government policy.⁶

CLAIM: The Adani mine has been held up in the courts for six, seven or even nine years!

FACTS:

- ***None of the current challenges legally prevent Adani acting on their approvals. A far more important hold up is that banks are reluctant to lend money to build the mine.*** 14 banks have distanced themselves from the project.⁷
- Adani received environmental approval from the state government in May 2014⁸ and Federal government in June 2014⁹. Even if the project was only being delayed by legal objection, at most the project has been delayed by two years.
- Delays have been caused by Adani’s environmental assessment documents being considered inadequate by regulators. Adani first referred the project under the EPBC Act to the Department of Environment in November 2010.¹⁰ Adani didn’t submit its EIS for the project until two years later (December 2012).¹¹ The EIS was found to be inadequate and the Queensland Coordinator General had to seek additional documents from Adani. Adani were still submitting documents as part for the assessment process in March 2014.¹²

⁵ <https://www.theguardian.com/commentisfree/2015/feb/03/why-was-newman-was-handing-out-billions-to-an-indian-coal-mining-company-that-didnt-need-it>

⁶ Queensland Government (2013) *Galilee Basin Development Strategy November 2013*, no longer posted on web, copy available on request.

⁷ <http://www.smh.com.au/business/mining-and-resources/national-australia-bank-rules-out-funding-adanis-carmichael-coal-mine-20150902-gjdsfl.html>

⁸ <http://www.statedevelopment.qld.gov.au/assessments-and-approvals/carmichael-coal-mine-and-rail-project.html>

⁹ http://epbcnotices.environment.gov.au/_entity/annotation/232b4305-3468-e511-9099-005056ba00a8/a71d58ad-4cba-48b6-8dab-f3091fc31cd5?t=1477347014444

¹⁰ http://epbcnotices.environment.gov.au/_entity/annotation/76c7cbd3-8869-e511-b93f-005056ba00a7/a71d58ad-4cba-48b6-8dab-f3091fc31cd5?t=1477346433640

¹¹ <http://www.statedevelopment.qld.gov.au/assessments-and-approvals/carmichael-coal-supplementary-environmental-impact-statement.html>

¹² <http://www.statedevelopment.qld.gov.au/assessments-and-approvals/carmichael-coal-additional-information-for-the-eis.html>

CLAIM: Vexatious “lawfare” is holding up mining and other major development.

FACTS:

- **Legal action cannot be vexatious if you win.** A legal challenge by the Mackay Conservation Group, saw Adani’s EPBC Act approval set aside by Federal court order in August 2015¹³ because the government agreed that then Environment Minister, Greg Hunt had made an error in the approval by failing to consider impacts on endangered species.¹⁴
- **Legal action against other coal mines has also been successful,** finding that coal companies have not prepared adequate environmental assessment and that regulators have been wrong to approve them. For example, multiple cases against Rio Tinto’s Warkworth mine.
- Cases that have not resulted in coal approvals being overturned have not been vexatious. All have been found to have valid legal argument and most have seen environmental conditions tightened. For example, even in Adani’s Land Court win, the judge noted that its economic claims were overstated in both its environmental impact statement and in evidence to the court.¹⁵
- The main environmental law that mining companies want changed is the Federal EPBC Act. Any examination of EPBC referrals shows that the law is not being misused. In its first 15 years (2000-2015) 5,500 projects referred under Act, with only 22 challenged in court by third parties. This means that 3rd party appeals to the Federal Court only affected 0.4% of all projects referred under the legislation.¹⁶

¹³ <https://www.comcourts.gov.au/file/Federal/P/NSD33/2015/3715277/event/28181487/document/607760>

¹⁴ <http://www.abc.net.au/news/2015-08-20/bradley-'vigilante-litigants'-didn't-stop-the-carmichael-mine/6708414>

¹⁵ <http://www.edoqld.org.au/wp-content/uploads/2015/11/mra428-14etc-adani.pdf>

¹⁶ [http://www.tai.org.au/sites/default/files/EPBC Statistical Review Briefing August 2015.pdf](http://www.tai.org.au/sites/default/files/EPBC%20Statistical%20Review%20Briefing%20August%202015.pdf)

CLAIM: Australian coal is cleaner than coal from other countries.

FACTS:

- **Australia does have a lot of high quality coal. Most of this is already being mined in the Bowen Basin and Hunter Valley.** The coal proposed to be mined by Adani's Carmichael project has energy content of only 4,950Kcal¹⁷ compared to the benchmark of 6,000kcal.¹⁸
- The ash content of Carmichael coal is estimated to be 26%¹⁹ - more than double the average of 12% for Australian thermal coal.
- With an energy content of only 4,950kcal and 26% ash content, Carmichael is only 10% above the average quality of domestic Indian thermal coal in terms of energy content.²⁰
- Any environmental impact comparison would need to account for the requirement that this low energy, high ash thermal coal needs to be transported 5-10 times the distance of domestic Indian coal – adding additional greenhouse pollution related to transport.

CLAIM: Galilee Basin coal is needed to solve the problem of energy poverty in India.

FACTS:

- People lack access to electricity not because there is no electricity but because they cannot afford access to it. **The fastest and cheapest measures to alleviate energy poverty come from renewable energy.** Adani's energy poverty programs in India involve donating solar street lighting.²¹

¹⁷ Coal from the Carmichael mine's energy content of ~5,200kcal Gross as Received (4,950kcal NAR). Referenced by Adani Mining Pty Ltd in Queensland Land Court in 2014

¹⁸ To illustrate, using the Argus price sheet from 31/10/2014, the Newcastle 6,000kcal price was US\$63.94/t, while the Newcastle 5,500kcal was US\$53.15/t. The US\$10.79 difference is 17%. Taking the coal energy content down from 5,500 to 4,950kcal is another 10% reduction. Lifting the ash content from 20% to 26% takes us to ~30%.

¹⁹ Adani Mining P/L SEIS Report for Updated Mine Project Description 18 October 2013, page 15.

²⁰ Source: Table 2.13 in

http://www.coal.nic.in/sites/upload_files/coal/files/coalupload/provisional1314_0.pdf

²¹ http://www.tai.org.au/sites/default/files/All%20talk%20no%20action%20FINAL%20Nov2014_0.pdf

- **Several coal companies support energy poverty programs in developing countries. NONE of these programs use coal as it is not an efficient solution.**²²
- **Solar energy is now cheaper in India than coal.** Indian solar tariff bids in 2015/16 reached lows of US\$65/MWh²³ and are forecast to fall to US\$50/MWh within three years.²⁴ New imported coal fired power generation requires a tariff of US\$90/MWh.²⁵ Therefore, new solar is already substantially cheaper than coal and will become significantly more so in future.
- The sharp decline in solar and wind power costs means scaled-up distributed renewables are the cheapest and quickest way of reaching electricity-poor households.²⁶
- Increased use of coal will make poverty worse, not resolve it, as 12 leading international development agencies recently argued.²⁷

CONCLUSION

The Adani project and the Galilee Basin mines are a 90 year bet on coal at a time when the rest of the world is betting the other way. They represent a substantial risk to local land holders, Queensland's taxpayers and the world's climate.

²² http://www.tai.org.au/sites/default/files/All%20talk%20no%20action%20FINAL%20Nov2014_0.pdf

²³ <http://cleantechnica.com/2016/04/22/finlands-fortum-invest-e400-million-indian-solar-market/>,

<http://www.pv-tech.org/news/softbank-sweeps-350mw-in-andhra-pradesh-matching-record-low-tariff>

²⁴ <http://www.livemint.com/Industry/WnUIDB3p8Ilex9VIJ8cQwI/Solar-power-tariffs-expected-to-fall-to-as-low-as-Rs350-a-u.html>

²⁵ <http://ieefa.org/wp-content/uploads/2016/08/India's-Questionable-Ultra-Mega-Power-Plans-Viability-Issues-Continue-to-Complicate-New-Coal-Fired-Projects-August-2016.pdf>

²⁶ <https://www.odi.org/publications/10589-beyond-coal-scaling-clean-energy-fight-global-poverty>

²⁷ <http://www.reuters.com/article/us-energy-coal-poverty-idUSKCN12O2S1>