

## BRIEFING

### Greenhouse pollution knows no borders: The PM's export coal plans just don't add up

It is *contradictory* and *immoral* for Prime Minister Kevin Rudd to expand Australia's export coal industry whilst talking about urgent action on climate change. Prime Minister Kevin Rudd's policies are increasingly at odds with his statements on climate change. Is Mr Rudd going to be the climate leader Australians hoped he would be?

A recent Essential Research poll found that 82% of Australians want our coal exports capped or reduced, not expanded<sup>1</sup>. Yet state government leaders, in particular Queensland Premier Anna Bligh, are pushing huge expansions: Queensland plans to double its export coal capacity by 2030, resulting in additional global emissions equal to 80% of Australia's current national total. How can this be consistent with Rudd's talk on working towards a global solution?

Coal is Australia's single biggest contributor to climate change, but Kevin Rudd is showing no signs of implementing policies that penalise the big polluters. We have to phase out coal if we are to avoid catastrophic climate change, yet a weak Carbon Pollution Reduction Scheme that gives free permits to polluters, coupled with plans to rapidly expand Australia's export coal industry, completely contradict the Rudd Government's rhetoric on taking urgent action on climate change.

Australians who voted for Prime Minister Rudd because he promised to take serious action on climate change have been abandoned, with the government instead pandering to big business and big polluters. Greenpeace is not asking for an overnight halt to the export coal industry but is demanding a ban on all future expansions, as a step towards an eventual decarbonised global economy. Certainly any project that has not begun significant construction should not be allowed to proceed.

The world has already started moving away from burning fossil fuels, such as coal, and using clean renewable energy. So it is a short sighted waste of taxpayers' money to continue to invest in the coal industry rather than in sustainable industries. The Federal Government should be planning for the long term, but there is no future in coal. We should instead be taking advantage of the global bounty of renewable industry opportunities.

July 2008

**Australians who voted for Prime Minister Rudd because he promised to take serious action on climate change have been abandoned, with the government instead pandering to big business and big polluters.**

<sup>1</sup> Essential Research online poll of 1036 people conducted 15-20 July 2008

# BRIEFING

When it comes to greenhouse pollution, out of sight is not out of mind. Coal burnt overseas contributes to the demise of all pristine environments; shipping Australian coal offshore will not save the Great Barrier Reef nor Queensland's wet tropics. The vast majority of Australians do not want export coal expanded. If Mr Rudd stopped the expansion of the export coal industry in Queensland he would be stopping the equivalent of an additional 65 coal-fired power stations' annual emissions entering the atmosphere.

The Rudd Government is missing new opportunities for Australia by sticking with a climate change policy that has coal at its core. To be an international leader on climate change Kevin Rudd needs to put in place policies that not only drive down Australia's domestic emissions, but also take note of the significant impact that Australia's coal exports have on global emissions.

## Australia exporting climate change

In 2006/7, we exported around 243 million tonnes (Mt), or 30% of the world's total coal exports. Australia is the world's largest exporter; the second largest, Indonesia, exports only about half as much, at around 129 Mt.

The Rudd Government cannot claim to recognise the science behind climate change, and the urgent need to act, while simultaneously approving export coal expansions. Yet they have provided significant support to the export coal industry in the eight months they have been in government:

- > In April of this year, Environment Minister, Peter Garrett, approved the \$1.3 billion Gladstone coal port expansion. This will increase Australia's exports by 25 million tonnes per year, creating 67.5 Mt of greenhouse pollution when completed. This is the roughly what Australia's total emissions for 2050 should be, based on two tonnes of greenhouse per capita according to Professor Stern
- > In May 2008, the Federal Government promised \$20 billion for infrastructure, most to be spent on increasing coal rail and port capacity
- > In the 2008 Budget they cemented their position: 'Plan To Secure The Future Of Coal' by allocating \$500 million to clean coal, and did nothing to wind back the subsidies that go to encouraging the use of fossil fuels
- > The Rudd Government has indicated its new Carbon Pollution Reduction Scheme (CPRS) will give coal-fired power generators and coal mining companies cash or free permits to pollute, encouraging ongoing investment in the coal industry. Also money raised by the CPRS scheme will be handed back to the big polluters as subsidies for so called 'clean coal' technology trials.

**The planned export coal expansion in the first two years of the Rudd Government is nearly 50 Mt - close to a 20% increase.**

### Planned export coal capacity:

	2007	2009
- Hay Point (Qld)	92	112
- Gladstone (Qld)	59	71
- Newcastle (NSW)	93	102
- Others	32	38
<b>Total</b>	<b>276</b>	<b>323</b>

(source: RBA Bulletin June 2008)

**The world has already started moving away from burning fossil fuels, such as coal, and using clean renewable energy. So it is a short sighted waste of taxpayers' money to continue to invest in the coal industry rather than in sustainable industries.**

# BRIEFING

**Queensland alone plans to be exporting 370Mt of coal by 2030, double its current capacity.** This will emit an additional 460 million tonnes of CO<sub>2</sub> into the atmosphere – equivalent to the annual emissions of 65 average coal-fired power stations.

Japan is our single largest customer 107Mt (44%), followed by European countries 28Mt. Together, these wealthy countries account for 56% of Australia's coal exports. They are followed by Taiwan (24Mt), Korea (21Mt), India (20Mt) and China (6.2Mt, or 2.5%)<sup>i</sup>.

## Export coal revenue

Export coal is currently worth around \$23 billion annually. If the Federal Government called a halt to the expansion of the export coal industry now, this revenue would largely stabilise, depending on the market price. Instead of expanding an industry that creates climate change, effort and money should be focussed on joining the global gold rush towards renewable energy. While Australia has already missed key opportunities, we could still develop a 'green collar' industry capable of exporting renewable technologies to the region. If Australia wants to export energy, it should become a renewable technology energy exporter.

## Export coal myths

### Myth #1 China and India need our coal so they can develop

Ironically most of Australia's coal actually goes to wealthy developed countries like Japan, who clearly can, and must, make the switch to renewables. By halting its expansion of the coal industry, Australia would be sending a strong and clear signal to the global community. Rather than continuing to feed a global addiction to coal that must stop, we all need to work towards reducing our dependence on coal.

While developed countries must reduce their emissions by quickly moving away from fossil fuels, developing countries must bypass the addiction to coal and decouple economic growth from carbon emission growth. They are already taking some steps towards renewable infrastructure:

- > India has the 4th largest amount of wind installation in the world, and in 2006 installed about two and a half times the amount of wind capacity that Australia has as a whole<sup>2</sup>.
- > Over 100 million square metres of solar hot water systems were installed in China by the end of 2006<sup>3</sup> and they also now have the largest annual market for solar hot water than any other country<sup>4</sup>.

### Myth #2 If we don't sell coal someone else will...

This is the same immoral argument used by drug dealers, which the community does not accept. This is a moral issue as much as being a scientific and economic issue. We can choose to do the right thing at home, and hope that our leadership inspires other countries to take real action to reduce greenhouse pollution.

### Myth #3 If we don't sell our good quality coal to developing countries, they will use lower grade coal that creates even more emissions...

Black coal, regardless of the grade, releases the roughly the same amount of greenhouse pollution. When people say "cleaner", they are generally referring to the lower natural particulate and sulphur pollution as opposed to greenhouse emissions.

**The planned export coal expansion in the first two years of the Rudd Government is nearly 50 Mt - close to a 20% increase.**

**Queensland alone plans to be exporting 370Mt of coal by 2030, double its current capacity. This will emit an additional 460 million tonnes of CO<sub>2</sub> into the atmosphere – equivalent to the annual emissions of 65 average coal-fired power stations.**

<sup>2</sup> REN21 Global Renewables Status Report 2007

<sup>3</sup> People and planet 2007, Worldwatch Institute

<sup>4</sup> REN21 Global Renewables Status Report 2007

## BRIEFING

The substantial gains in emission reductions are not going to be made by switching between coal grades, but by moving away from coal altogether. This argument that our coal will save the environment is false, and is only about selling more coal. We need to do all we can to help the world move away from coal – and capping our exports is a responsible first step.

### **Myth #4 China is a big customer...**

Actually, China is a very small coal customer, only 2.5% of Australia's total coal exports are to China. China is growing rapidly and therefore expanding its energy generation, but it is not just focussed on coal. Wind, solar, solar hot water and other renewable technologies are all expanding rapidly in China. Australia could position to be the supplier to China of high-tech solar energy technologies. Giving Australia a long term export market with China rather than focussing on coal which China will give up at some point in response to climate change.

Japan and Europe are Australia's largest coal customers and as part of the wealthy developed world they will need to move to cleaner energy technologies as part of the imminent global response to climate change.

### **Myth #5 Carbon capture and storage (CCS) will make coal clean...**

Australia is pumping billions of dollars into CCS and using this unproven technology as an excuse to continue to dig up and export coal. However, CCS has several fundamental flaws. It is unproven technology, and thus it is extremely risky to pin all our hopes on it. It will also be very expensive to deploy commercially, pushing the price of coal above that of some renewables, which begs the question why do we not simply invest in renewables now. Additionally, it is highly unlikely that there are enough underground storage sites for the billions of tonnes of CO<sub>2</sub> produced, not just in Australia, but around the world – and even then there is the issue of the toxic time-bomb we'll be sitting on. But the biggest problem is that CCS, if it works, will not be up and running in time to turn around emissions around by 2010, as scientists say has to happen. It is truly frightening that our leaders have bought into this false hope, which is a delaying tactic by the threatened coal industry to avoid real action on addressing climate change.

Solutions to meet our energy needs are available now. Our energy needs can be met by cheaper renewable technologies, like wind and solar, that could be deployed immediately. If the Government was pumping as much public money into renewables as it is into CCS we would be progressing rapidly in the right direction for tackling climate change, not the wrong one.

### **Coal for steel**

Australia exports thermal coal for power generation and metallurgical or coking coal for steel-making. We export roughly equal amounts of each. Thermal coal is generally pulverised and combusted, whereas coking coal is usually used in blast furnaces.

Both types of coal create roughly the same amount of greenhouse gas, so it's important that we start to address both. Australia is the world's biggest metallurgical coal exporter, exporting 62%<sup>5</sup> of the global export market. The decisions Australia makes about coal exports will have an impact on international markets and drive solutions to reduce dirty steel production.

**Ironically most of Australia's coal actually goes to wealthy developed countries like Japan, who clearly can, and must, make the switch to renewables. By halting its expansion of the coal industry, Australia would be sending a strong and clear signal to the global community. Rather than continuing to feed a global addiction to coal that must stop, we all need to work towards reducing our dependence on coal.**

<sup>5</sup> Energy in Australia 2008, ABARE, February 2008

## BRIEFING

It is important that governments address all major sources of greenhouse pollution, and steel production is one of these. We cannot ignore the fact that making steel by burning coal is a problem. Industry needs to implement manufacturing methods that use renewable energy and do not require coking coal as a primary input.

### The greenhouse mafia

The Rudd Government isn't off to a good start on climate change. Rudd is talking the talk but he is not walking the walk. The Carbon Pollution Reduction Scheme has breathed life into the coal-fired generating industry by handing out free permits to pollute, big handouts for continuing to chase the elusive silver bullet "solution" of CCS. The government is also supporting an expanding coal export industry which will only serve to make the transition away from coal harder.

Unfortunately it seems as if the influence of big business and big polluters has played a part in giving a leg up to the coal industry at a time when the "greenhouse mafia", who dictated John Howard's climate change policy, needed to be sent out of the room.

The Rudd Government needs to stop the contradictions on climate change. They need to immediately implement policies that make fossil fuels progressively more unattractive whilst simultaneously deploying large-scale renewables. A cap on our coal exports would send a strong signal to the global community that Australia takes its obligations seriously and that we are working towards a global solution.

### Links

Australia's Energy Revolution report:  
<http://www.greenpeace.org/australia/resources/reports/climate-change/energy-revolution-scenario-full>

Ensuring a Just Transition for coal communities:  
<http://www.greenpeace.org/australia/resources/reports/climate-change/just-transition-report>

Greenhouse mafia: <http://www.guypearse.com/>

**The Rudd Government needs to stop the contradictions on climate change. They need to immediately implement policies that make fossil fuels progressively more unattractive whilst simultaneously deploying large-scale renewables. A cap on our coal exports would send a strong signal to the global community that Australia takes its obligations seriously and that we are working towards a global solution.**

<sup>i</sup> Energy in Australia 2008, ABARE, February 2008