

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 14 – 15 February 2007

**Question:** aet 93

**Topic:** Competitive Advantage in Extraction of Coal

**Hansard Page:** E23

**Senator JOYCE asked:**

What is the window for coal exports into the future at our current rate of production?  
How long into the future can we continue to export coal?

**Mr Parker**—A couple of hundred years.

**Senator JOYCE**—A couple of hundred years sustaining the proportion of the economy that it sustains at the moment?

**Mr Parker**—This goes to the issue of what the reserves are and the level of economically extractable reserves. It is not just a question of how much coal or whatever there is absolutely in the ground; it is a question of whether it is economic to extract it. As the price goes up it becomes economic to extract more.

**Senator JOYCE**—Do we have a competitive advantage in our extraction of coal? Is ours like a far more affordable product to extract than, say, our major competitors in the coalmining industry? Do we have an avenue of basically less overburden and coal close to the surface that gives us a huge competitive advantage in our extraction of coal?

**Mr Parker**—I am not sure of the details.

**Senator JOYCE**—Can you take that on notice?

**Mr Parker**—Yes.

**Answer:**

The Department of Industry Tourism and Resource advises that a number of existing Australian coal extraction operations have the advantage of resources being close to the surface and easily mined. However, other operations do not have these advantages, and as the industry expands, it will need to be accessing deeper orebodies. In addition, Australia has to compete with other competitive suppliers, such as Indonesia, that have deposits close to the surface.