



Coalpac

Proprietors of Invincible Colliery
and Cullen Valley Mine

Coalpac Pty. Ltd.
Invincible Colliery,
Castlereagh Highway,
Cullen Bullen, NSW 2790, Australia.

Telephone: +61 2 6359 0600
Facsimile: +61 2 6359 0608
Email: Coalpac@cetresources.com

ABN 91 003 558 914

The Secretary
Senate Select Committee on Climate Policy
PO Box 6100
Parliament House
CANBERRA ACT 2600.

2nd April, 2009

Dear Sir/Madam,

Submission to Senate Select Committee on Climate Policy

Coalpac Pty Ltd is a privately owned, Australian company that owns and operates two coal mines in the Lithgow District of New South Wales. We directly employ over 100 people and support a raft of other local sub-contractors and supply/service companies. The primary focus of our business is coal supply to the local power stations (owned and operated by Delta Electricity). We also supply other local businesses who operate boilers as part of industrial processes.

Along with rest of the mining industry Coalpac has long accepted its role in responding to climate change. We strongly believe that Australia's response to the challenge of climate change requires a suite of policy measures that balance the need to ensure energy security, ongoing economic growth and international competitiveness and actual reduction in global emissions. This includes:

- An efficiently designed emissions trading scheme
- Investment and incentives for accelerated research, development and demonstration of all low emission technologies including low and zero emission coal technologies and renewable technologies
- Comprehensive demand management policies
- Adaptation policies to enable Australian society to adjust to the changes from climate change
- Systematic and coordinated programs that secure energy efficiency savings across the economy from households to major businesses and industries.

As a member we support the NSW Minerals Council position regarding the reversal of the unilateral removal of coal from Emissions Intensive Trade Exposed (EITE) support. We believe it is unfair to unilaterally exclude the industry from receiving EITE assistance when the industry satisfies the EITE criteria.

The NSW Minerals Council estimates that the proposed emissions trading scheme will place a tax on the industry of some \$4 billion dollars over the next five years mainly due to its fugitive emissions. The White Paper provides only \$750 million over five years – to address this serious threat to the industry's international competitiveness – less than 10% of what the CPRS will cost the industry over five years. Other trade exposed emission intensive industries such as LNG and aluminium that, like coal, underpin Australia's wealth are being provided 60 to 90% transitional assistance under the White Paper's EITE arrangements.

We are not asking for special treatment, just fair treatment. We believe that concerns about the risk of windfall gains to certain mines if the EITE arrangements were applied to coal mining is easily addressed. We want the same rules that apply to the rest of trade exposed industry to apply to coal. A simple formula is available to ensure that coal companies do not make windfall gains from inclusion in the 60% EITE permit category.

Without adequate transitional assistance our company will be placed under considerable financial pressure because of the cumulative effect of the CPRS, increased royalties and other taxes (eg coal waste levy in NSW) and global financial crisis. Margins are already tight in the domestic power station supply market where we do not enjoy the margins available to export producers.

As a company operating coal mines that are directly tied to domestic power stations we face closure because we are unable to pass on emissions trading costs. Where cost pass through is not possible we believe we should receive permit compensation; where it is possible, the power station should receive permits from the Electricity Sector Adjustment Scheme. Closure of our mines could result in disruptions to electricity supply. Closure of our mines would also impact on jobs and the local and regional community that depend on our company for their livelihood as well as State revenues from royalties and other taxes we pay.

We would ask the Senate Committee to consider our case in their review and we would welcome the opportunity to appear before the Committee in support of our case.

Regards,



Dr. Ian Follington,

MIEAust., C.Eng

Chief Executive Officer