

Subsidence, Subsidies and Subsistence

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Subsidence, subsidies and subsistence, what do they have in common? Subsidence is induced by longwall coal mining, subsidies reflect governments supporting such coal mining, and subsistence expresses the living-mode of low-paid workers and pensioners consequent upon escalating power-prices. An over-simplification, but the previous sentence is a useful starting point!

Much current debate revolves around the extent to which governments, oppositions, market-mismanagement and business-greed are responsible for escalating power-costs. The major political parties characteristically blame each other for creating instability and business-uncertainty, the market operator has seemingly been insufficiently forceful¹ in the face of governmental instability, and the coal and gas industries have, not unsurprisingly but perhaps too greedily, exploited high export prices to the detriment of the 'local' market. There is enough blame for all to share. The federal government should now create business-certainty in the context of Australia's regrettably inadequate commitments to the Paris Agreement. Vacillation and internal politics are placed above the needs of the country. Subsistence-living linked to escalating power-prices will be an ongoing outcome of this short-term thinking.

Subsidies are of concern to the Coalition. The National Party's federal conference at Canberra resolved that subsidies for renewable power-sources should be phased out². The conference also rejected the Finkel Report's clean energy target of 42 per cent of renewable energy by 2030³, whilst at the state Liberal National Party's convention in Brisbane, the motion to withdraw from the Paris Agreement was only just defeated⁴. Nothing was said about subsidies for the coal industry!

The coal industry benefits directly and indirectly from governmental subsidies. For example, government subsidies for Australia's coal-export industry approximate \$1.8 billion a year⁵, and this excludes the environmental cost of coal-production subsidies. The Australia Institute, in a separate determination, suggested that the Federal Government's subsidies to the **entire mining industry** amounted to \$4.5 billion in 2013⁶. This was a substantial underestimate because certain types of federal subsidy were omitted. Furthermore, had generous **state** subsidies also been included, the total value of subsidies from governments could have doubled⁷.

The mining industry and the Australian Minerals Council have disputed the various determinations based on matters of detail including what should be defined as a subsidy⁸. The determinations are 'approximations' but they nevertheless show that the coal industry and the mining industry at large benefit greatly from federal and state subsidies.

The following potential and existing subsidies for the coal industry⁹ will place **subsidizing renewables** in a sensible perspective.

- As envisaged in the Finkel report¹⁰, despite his assertion that the concept is energy-source 'agnostic', subsidizing renewables would help to meet Australia's pathetic commitments at the Paris Agreement to combat climate-change; subsidizing coal compromises the commitments and constitutes global suicide.
- The Coalition is now likely to **reduce** Finkel's Clean Energy Target and adopt an emissions index such that 'clean coal' and perhaps even 'dirty coal' are beneficially favoured - this will subsidize the coal industry rather than penalize it.
- Were the Federal Government to make a payment or low-interest loan to Adani, under the guise of the NTIF (Northern Territory Infrastructure Fund), it would be directly subsidizing the coal-export industry; the Queensland Government has already offered Adani special dispensations¹¹.
- NSW's Biodiversity Offsets Scheme¹² and the federal Department of the Environment through the bilateral agreement¹³ support the coal industry (and developers in general)

by ensuring that, if all else fails, approval can be given contingent upon a 'suitable' financial offset - this is an indirect subsidy.

- Seemingly inadequate time-limits and their enforcement when coal mines go into 'care and maintenance' and/or remediation works are prescribed, are an indirect subsidy; insufficiently large financial assurance funds lodged to meet site-rehabilitation needs¹⁴, particularly if the commitments are 'on-sold'¹⁵, are also an indirect subsidy. All benefit the company and are detrimental for the taxpayer and the environment.
- Additional direct and indirect subsidies include: removal of the 'carbon tax'; the Federal and State Governments' funds for research into 'clean coal'; provision of infrastructure such as road/rail transport, and loading/unloading and port facilities; the Federal Government's Diesel Fuel Rebate Scheme which particularly benefits the mining industry; and taxation concessions related to capital expenditure and exploration costs.
- Finally, the coal industry does not pay for the huge volumes of mine-water pumped from beneath the watertable and used for operational purposes, nor does it pay for treating the polluted water to sufficiently high standards before being discharged to once-pristine watercourses¹⁶, and nor does it pay compensation for the health-costs inflicted on communities during mining, treatment, transport and utilization.

The above is incomplete. It only scratches the surface of how the coal industry (not alone in such practices) exploits the system while polluting the air and water and in other ways wreaking environmental destruction. Some is a heritage of past practices but now is the time to move forward and embrace renewables for your health and that of the planet.

What can you do? Tell your local state and federal members to press for action on removing subsidies for coal and promoting the adoption of renewables. Australia and the planet need your help.

¹ At least in terms of the information available in the public domain.

² <http://www.abc.net.au/news/2017-09-09/nationals-vote-to-phase-out-renewable-energy-subsidies/8888990>

³ <http://www.theaustralian.com.au/national-affairs/climate/nationals-demand-pm-reject-finkel-over-clean-energy-target/news-story/4040a24ef9eeee03e732f18ac1a08377>

⁴ <http://www.theaustralian.com.au/national-affairs/paris-climate-agreement-in-sights-of-liberal-national-party-convention/news-story/f3923089036e83078c58cafecb522278>

⁵ <http://reneweconomy.com.au/coal-production-subsidies-cost-australians-1-8bn-a-year-77543/>

⁶ <http://www.tai.org.au/sites/default/files/PB%2052%20Pouring%20more%20fuel%20on%20the%20fire.pdf>

⁷ I emphasise that despite these figures being for the entire mining industry, the coal industry would be a significant beneficiary.

⁸ <http://www.abc.net.au/news/rural/2013-06-25/nrn-dist-mining-subsidies/4778042>

⁹ As acknowledged by then Minister Canavan; see <http://www.tai.org.au/content/adani-and-end-subsidy-denial>

¹⁰ <http://www.environment.gov.au/energy/publications/electricity-market-final-report>

¹¹ <http://www.abc.net.au/news/2017-05-18/queensland-government-gives-adani-royalties-holiday/8536560>

¹² <http://www.environment.nsw.gov.au/biodiversity/offsetscheme.htm>

¹³ <http://www.environment.gov.au/protection/environment-assessments/bilateral-agreements/nsw>

¹⁴ <https://independentaustralia.net/business/business-display/who-will-pay-the-178-billion-mining-rehabilitation-bill,7772>

¹⁵ <https://independentaustralia.net/environment/environment-display/peabodys-grossly-inadequate-rehab-bond,8894>

¹⁶ This is slowly changing following many years of inadequate licensing by government and strong resistance by the coal-mining industry.