
Australia Coal Mines can bear proposed carbon cost - Mr Greg

Thursday, 29 Oct, 2009

Mr Greg Combet the minister assisting the minister for climate change said that Australia coal mining industry can afford the cost of carbon reduction proposed by the government's climate change legislation.

He said that the cost may amount to about 80 Australian cents per metric ton of coal produced, assuming a carbon permit cost of AUD 25 per tonne.

Mr Combet said that "At around AUD 25 a ton carbon price, the median level of liability per ton of saleable coal in the industry is around 80 cents per tonne. That is a carbon liability that the industry can bear. State government royalties are currently around AUD 12 per tonne."

He said that coal mining companies in Australia are lobbying to have greater assistance provided to them by the government under the proposed carbon reduction legislation which expected to be voted on by both houses of parliament by the end of November. The ruling Labor Party has committed to provide assistance to coal mines on a case by case basis related to the amount of greenhouse gases each pit produces.

Mr Combet a former coal mining engineer and union leader said "Coal is five percent of our greenhouse gas emissions that means that if we were to exclude the emissions from coal, other sectors of the economy have to work harder to achieve our emissions reduction targets."

He said that the industry can't pull the wool over my eyes adding that he believed the government proposals would still ensure the viability of coal mining in Australia the world's largest exporter of the fuel.

Mr Combet said coal mining in Australia often leads to the release of methane, a gas 26 times worse than carbon dioxide in global warming terms. He said that some mines would have significant carbon liability in terms of the proposed Carbon Pollution Reduction Scheme legislation.

He added that "I believe the best response is to look at the profile of methane emissions across the coal industry and target the government assistance accordingly to alleviate where that liability is the most significant."

(Sourced from Bloomberg)

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