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# STERILISATION OF COAL RESOURCES IN THE SOUTHERN NSW COALFIELDS: THE CFMEU PERSPECTIVE

Graham White<sup>1</sup>

## INTRODUCTION

The Construction, Forestry, Mining and Energy Union covers workers in several major industries, including coal mining. It represents an amalgamation of many trade-based and industry unions. One of these was "the Miners' Federation" (ACSEF - Australasian Coal and Shale Employees' Federation) that was formed in 1915. Union history shows sporadic coal unionism – including southern New South Wales – dating back to the 1850s. Within the coal industry the CFMEU represents the overwhelming majority of production and maintenance workers – over 15,000 across Australia. As a result of a high level of unionisation, and a history of strong union campaigning, coal mineworkers have wages substantially above average weekly earnings (around double) and enjoy better annual leave, sick leave and long service leave than in other industries. This means that coal mining jobs are particularly valuable jobs to have in a community – the income and expenditure from coal mining jobs has a greater local benefit than other lower-paying jobs.

## THE ECONOMIC SIGNIFICANCE OF COAL MINING

For many decades coal has been Australia's major export earner and has been the foundation for Australia's ability to trade with the rest of the world. In the financial year 2005-06 it is estimated that coal will earn over \$25 billion for Australia – a figure that is a country mile ahead of any other mining, manufacturing or service industry (Australian Bureau of Agricultural and Resource Economics, 2006).

The southern NSW coal field produces mostly coking coal – the more valuable coal used in the iron and steel industry. Significant amounts are exported through Port Kembla, and much is used by the Bluescope steelworks at Port Kembla and the OneSteel plant at Whyalla in South Australia – the foundations of Australia's iron and steel industry.

The Port Kembla Coal Terminal exported 9.2 Mt of mostly coking coal in 2005 – valued at around \$122 per tonne. Another 5 to 6 Mt of coal was sold to Australian steel mills at similar prices. The total value of the coal mined in the NSW southern coal fields is between \$1.6 billion and \$2 billion.

There are around 2,300 people employed in the southern coal mines, with average earnings of around \$2,150 per week, or \$112,000 per year. Mineworkers live locally and spend locally – meaning most of the \$258m they earn directly benefits the local economy. This is in addition to the substantial sums spent by the mining companies on local procurement of equipment, goods and services.

Every coal mining job directly creates another two to three jobs through demand for goods and services. Indirectly, many more people are dependent on the coal industry.

## PROSPECTS FOR COAL IN SOUTHERN NSW

Due to the rapid economic growth in Asia – especially China – there is now a period of sustained demand for Australian minerals on world markets – especially coal, and especially premium coking coal like that produced in southern NSW. Coal prices are far higher than there were in the 1990s, and most industry analysts see a sustained minerals boom. All booms do come to an end, and there may well be economic upheaval and uncertainties in Asia. But there is little doubt that China is an economic powerhouse that has a long way to go over the next two to three decades.

In southern NSW, old mines have been re-opened, new mines have been developed (notably Dendrobium) and the major producer, BHP Billiton, has stated plans to increase production significantly. The southern NSW coal industry is not an industry that is limping or ailing; it has a good future provided it has access to coal resources.

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The climate change problem is the principal issue that clouds the future of coal. The CFMEU is reasonably certain that coal use for power production will become a low-emissions technology within a generation, through the use of carbon capture and storage (CCS). In the longer term, coal may even be the basis for the "hydrogen economy" – where coal is the feedstock for energy technologies that are both zero-emission and ultra-reliable. In this context it would be extremely foolish for the region of southern NSW to have its economic prospects curtailed through poor land-use planning that arbitrarily excludes coal mining.

### COMPETING AND CO-EXISTING LAND USES

Coal mining has co-existed with limited housing and urban development for generations. For it to work successfully, people living in mining areas need to accept that there are occasional impacts from mining – notably subsidence.

Recent experience shows that people may buy housing in designated mining subsidence areas but pay little attention to that statement in the sale contract for their property. Further, some people buy property that is lower in value because of its designation as subject to subsidence or to a mine lease, and then seek to improve the value through lobbying for restrictions on mining.

These are problems that can be managed with better information and public education. Further, and especially in the case of the southern coal fields, the point needs to be made that coal mining and coal leases have preceded proposals for urban development.

Coal mines have an historical and legal right to be in southern NSW. New urban development – often project housing that will be little more than dormitory suburbs for Sydney – should ensure that it is compatible with coal mining rather than vice-versa. It should either be built to cope with potential subsidence and mine surface infrastructure, or postponed until mining is complete.

With respect to national parks, the CFMEU has long been of the view that the blanket prohibition on mining underneath such parks is excessive. Underground mining proposals that can ensure with very high certainty that they can preserve surface ecological systems and values should be allowed within national parks. The mine owner would have to accept the responsibility to "make good" where unforeseen ecological impacts do occur. This is already the practice in the NSW southern coalfield. BHP Billiton has already undertaken substantial projects to restore water flows and waterholes (eg in the Cataract River and Marhnyes Waterhole, respectively) where unexpected losses have occurred.

Mining under national parks is not a proposal that the CFMEU promotes strongly. It is raised to make the point that much current restriction on mining that results in resource sterilisation is without sound scientific justification. Existing past and current poor practice on land-use planning should not be extended through further restrictions on access to coal.

Coal mining is a temporary land-use; urban development is far more long term. They should be planned to co-exist; where that is not feasible then coal mining as a highly valuable temporary use should be prioritised.

### THE COAL STERILISATION PROBLEM

Research more than a decade ago (Coal Resources Development Committee, 1994) showed that almost half of all coal resources in NSW are already sterilised – they are locked up under national parks, urban development or other land-uses that prevent mining. Another third is difficult to access economically unless coal prices are very high. This leaves only about 20 percent of resources available to mining, and this amount is also under threat due to the establishment of more national parks, urban sprawl and infrastructure projects. The CFMEU is acutely aware that new urban developments in the Wilton, Condell, Cawdor and Menangle Park areas threaten the prospects for coal mining in that area.

## CONCLUSION

CFMEU policy and advocacy on sterilisation of coal resources has the following basis:

- Coal mining is one of many land uses and it is inevitable that conflict will arise over whether other land uses can co-exist with coal mining. Where co-existence is not possible, there needs to be rules that determine which land-use is preferable at a given point in time. In many cases sequential land-use is possible,
- Coal is a valuable commodity and coal mining is a major source of investment, revenue, export earnings and jobs,
- Coal mines and coal mining jobs generate substantial economic flow-on benefits for the regions in which they are based. Many people not employed in the coal mining industry directly or indirectly rely on coal mining for at least part of their livelihood,
- Particularly in southern NSW, coal mining has a long and proud history and is an integral part of the region's identity, culture and economy. It has a right to be there,
- Coal mining can often co-exist with other concurrent land uses such as housing and major infrastructure (eg roads) but all stakeholders must learn to live with each other, which includes making allowances for minor impacts. (For example, housing must be built and/or repaired to cope with the effects of planned subsidence),
- Substantial amounts of the coal resources of NSW have already been sterilised by land-use planning decisions that preclude coal mining. Further sterilisation has the potential to severely limit the future prospects of the coal industry, with negative implications for all, and
- It is important that further sterilisation of coal resources not occur without strenuous efforts being made to enable either co-existence with other land-uses, or sequential land-use that enables coal resources to be extracted prior to other activities.

## REFERENCES

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