



Australian Government
Department of Industry and Science

Office of the
Chief Economist



Coal supply and exports in Australia

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20 March 2015

Australia's coal industry

426 Mt

Black coal production in 2013–14



\$40 billion

Coal exports in 2013–14

2nd

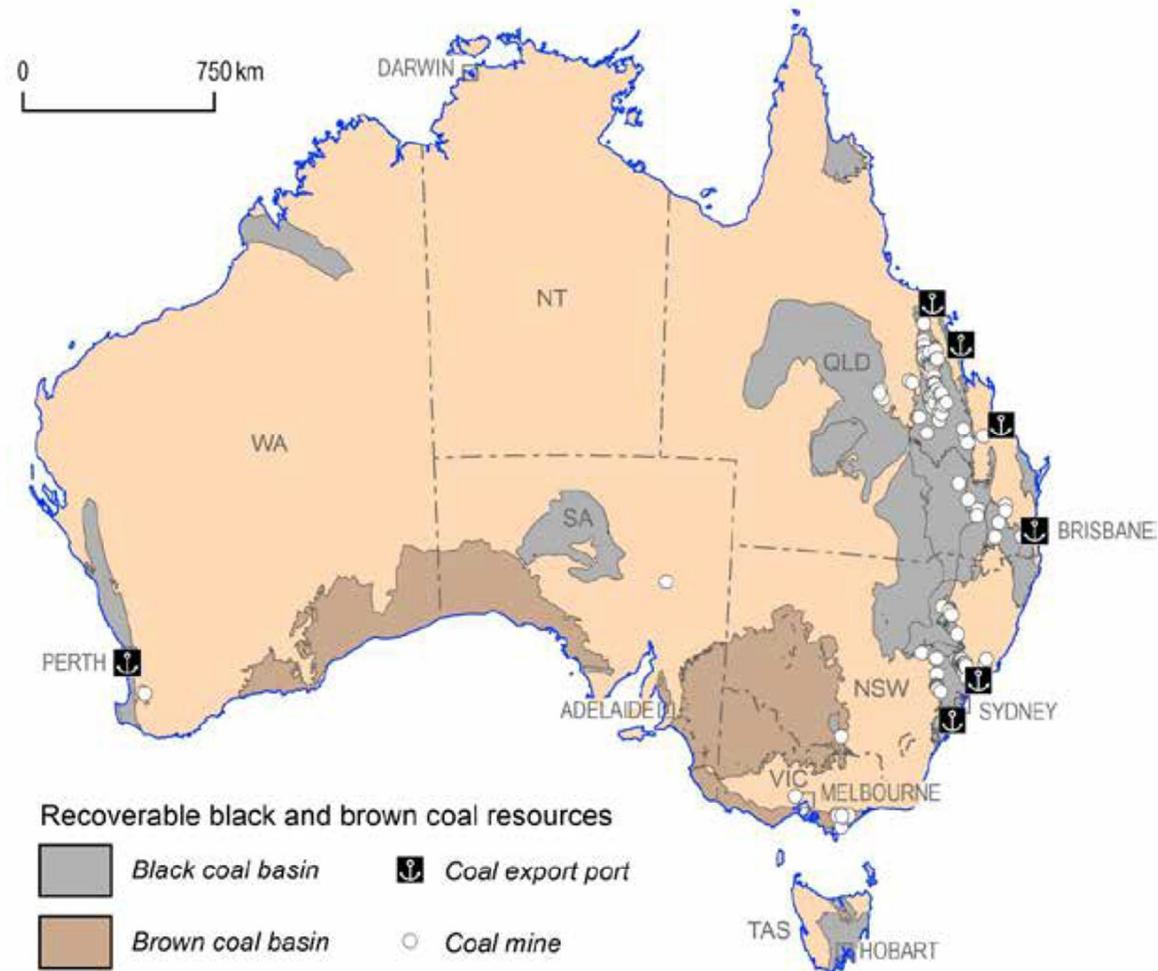
Largest coal exporter in 2013



54%

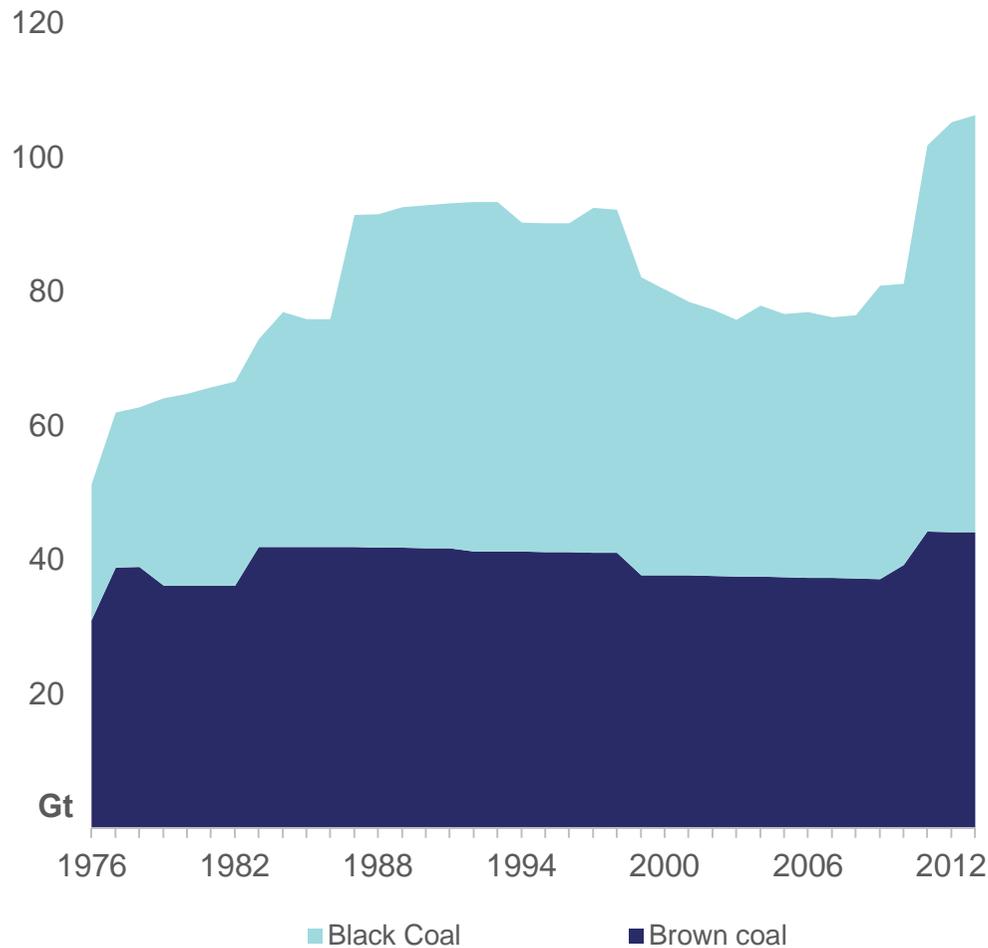
Share of world metallurgical coal exports in 2013

Australia's coal resources are concentrated in Queensland and New South Wales



Source: Geoscience Australia

Australia's coal recoverable resources are large and high quality

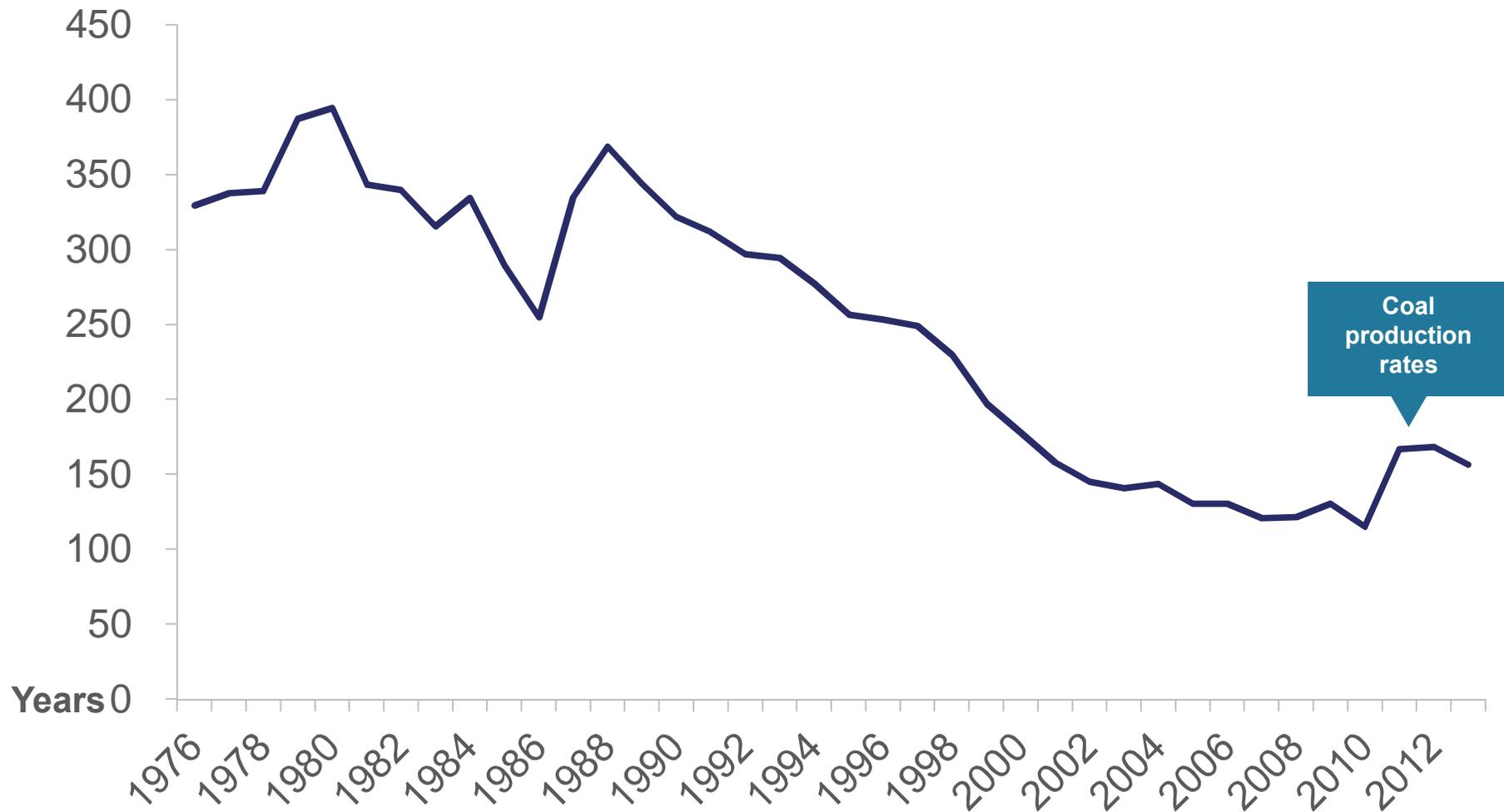


Australia has large coal resources.

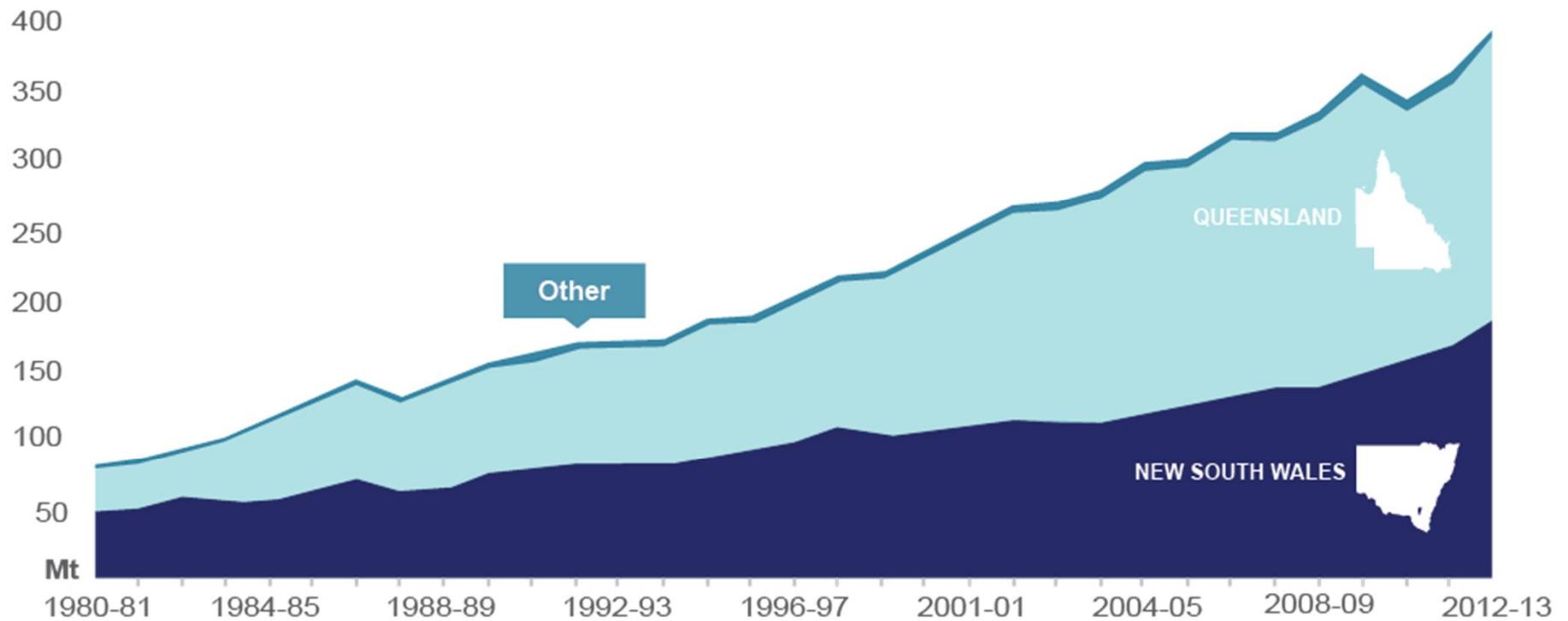
The large increase in coal resources since 2008 was the result of increased exploration and reclassification of resources

Australian coal typically has high energy content; low sulfur and low-medium ash

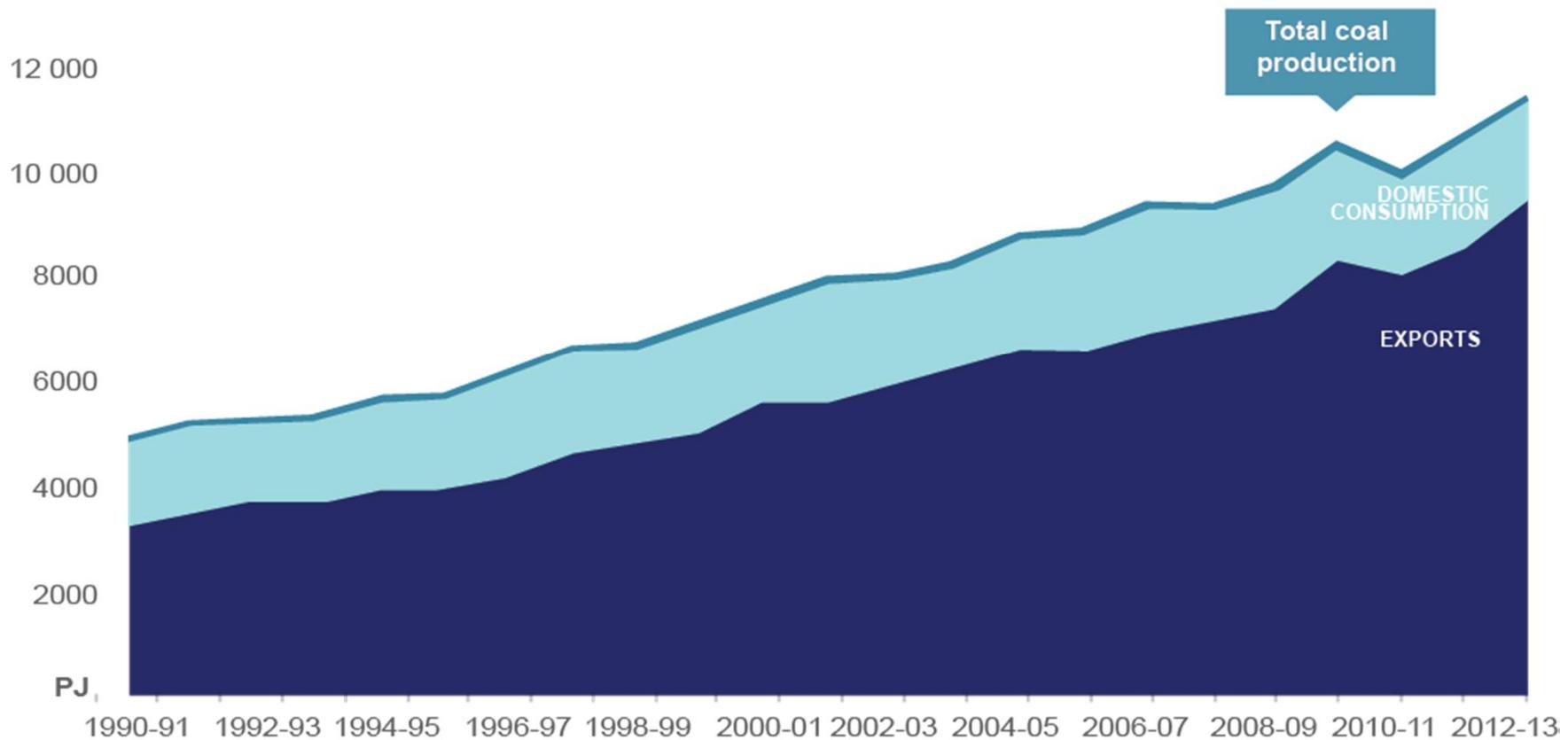
Australia's black coal resources are sufficient to last many years at current production rates



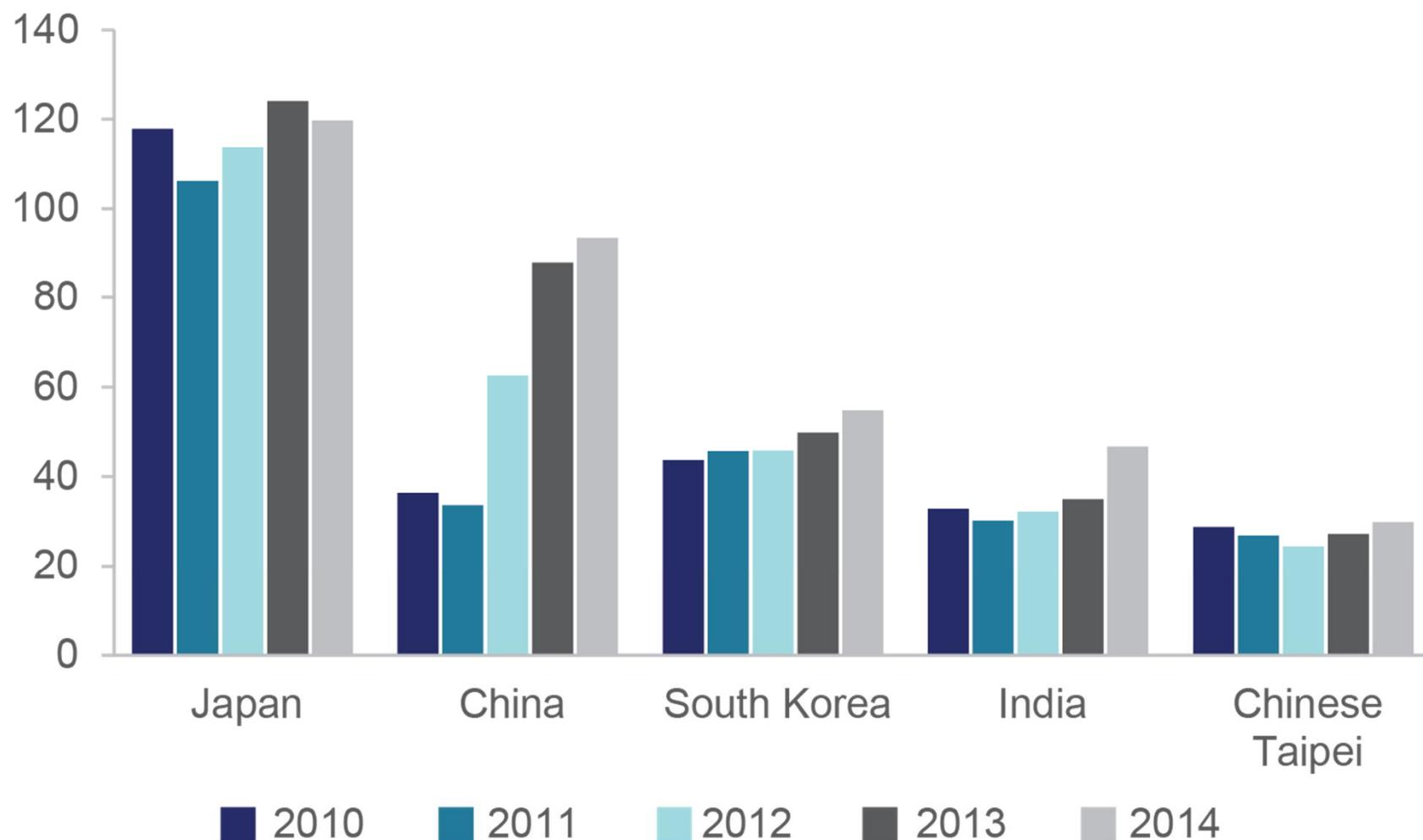
Coal is mainly produced in Queensland and New South Wales



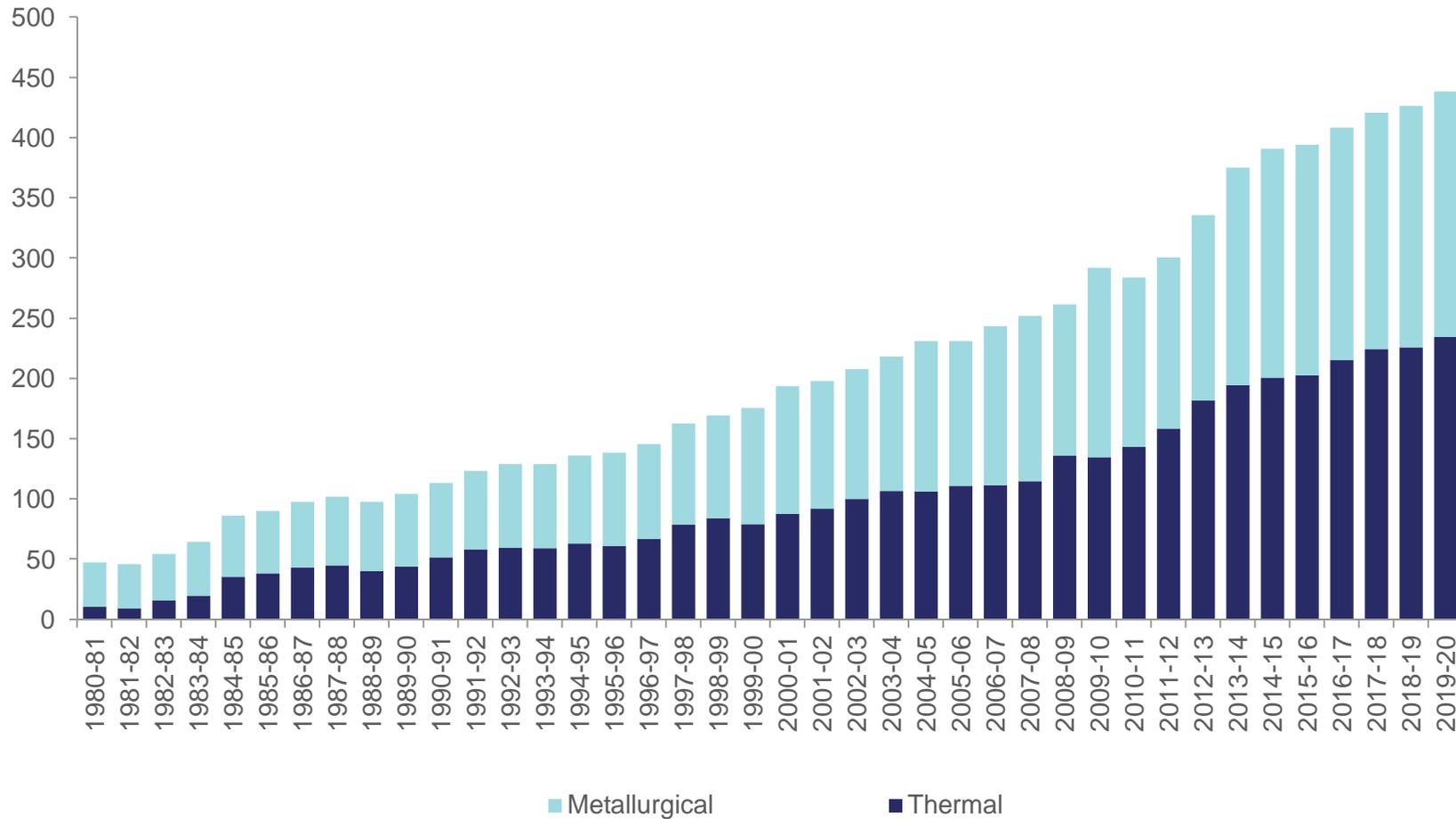
Australia only consumes a small portion of total coal production – the rest is exported



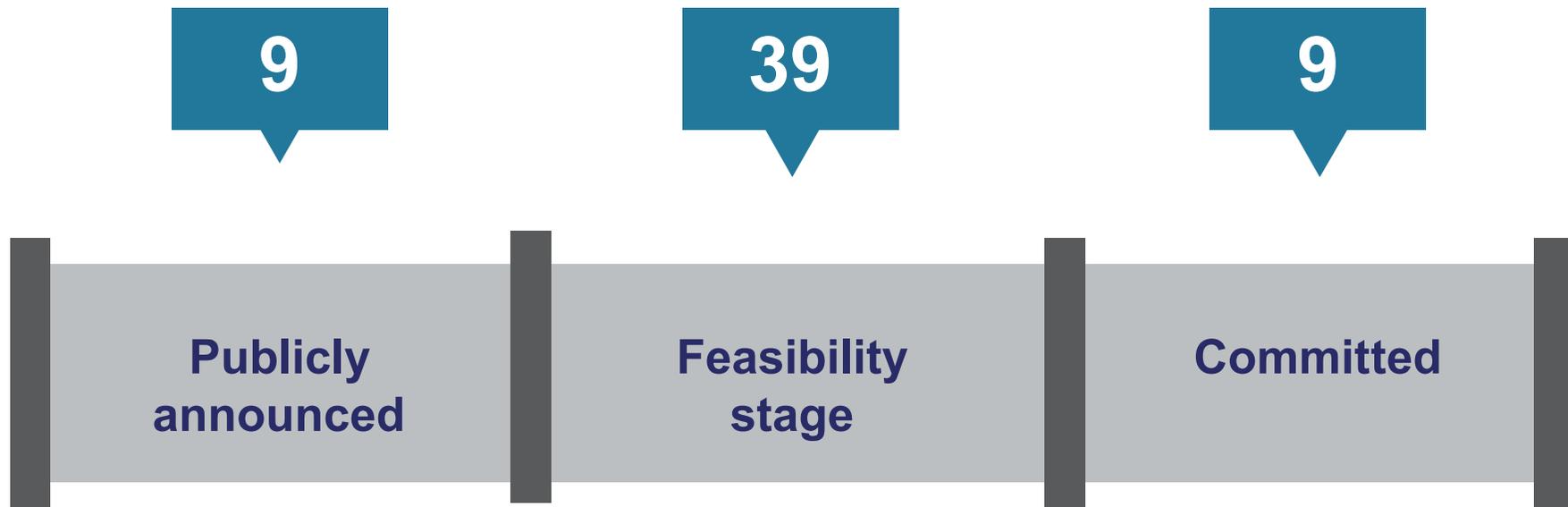
Japan is Australia's largest export market, but China has been driving growth in volumes



Australia's export volumes are projected to grow over the medium term



There is a long pipeline of new projects, but not all of them will be developed



Challenges facing Australian coal projects



Market Conditions

- “ Prices
- “ Environmental and climate policies
- “ Economic growth
- “ Import demand
- “ Non-tariff barriers



Opposition to coal mine developments

- “ Localised project protests
- “ Larger environmental campaigns

Challenges facing Australia's coal projects cont.



Finance

- " Difficulty obtaining finance . broader industry issue
- " The fossil-fuel divestment campaign



Costs

- " Australia had become a high-cost environment, but costs are declining
- " Didn't appear to affect exports
- " Cost-cutting exercises, lower fuel costs and a depreciating Australian dollar have increased the viability of Australian operations
- " Strong focus on production rather than just expansion

Key messages

1

Australia has large, high-quality recoverable coal resources.

2

Despite a rapid increase in coal production, current known resources are sufficient to last more than 150 years at current production rates.

3

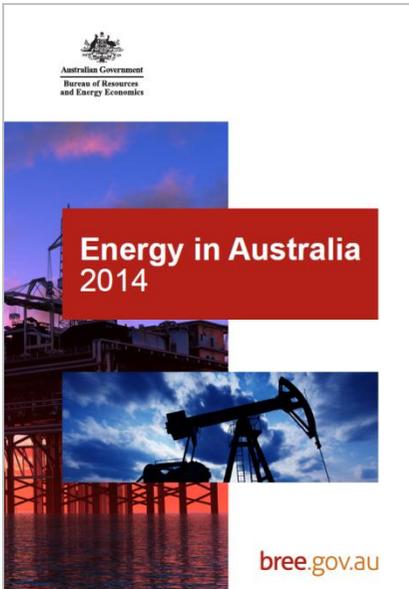
Australia is a major coal exporter, and exports are projected to continue to increase over the medium term.

4

There are still many coal projects under consideration, but not all of them will proceed to development.

5

The key challenges to new projects or project expansions include market conditions, community opposition, finance and costs.



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