

MEDIA RELEASE

Coal Royalty Hike: One step forward and two steps back

The Victorian Government's Budget announcement today to fund pre-commercial research on brown coal technologies by more than doubling the Royalty 'take' from coal producers in the Latrobe Valley is a very disappointing outcome for the State.

MCA Victorian Division, Executive Director, Mr Chris Fraser said it was a case of "smart initiatives, poor funding policy". "The allocation of \$90 million to pre-commercial ready demonstration plants aimed at trialling new brown coal technologies, a geosequestration trial, and a demonstration plant to research the mechanical thermal expression clean-coal technology are all very welcome initiatives, which are vital to enabling the long term utilisation of Victoria's world class brown coal resources in a carbon constrained world.

"However, imposing this blunt financial impost on coal producers to singularly bear the cost of pre-competitive research is sadly the easy option for the Government.

"The current producers have limited capacity to pass on the Royalty increase to electricity consumers in what is a fully contested electricity market.

"In addition to the adverse impact on current producers, the increased Royalty will only serve to make it more difficult for new technologies to become economically viable, an outcome that is in itself counter productive."

"Bringing these technologies to commercial ready status requires the collaboration of both industry and government (State and Commonwealth).

Victoria has a world class brown coal resources in the Latrobe Valley, which currently fuels 85% of Victoria's electricity demand. The resource contains sufficient coal to maintain the State's energy needs for centuries at current mining levels.

Few realistic commentators dispute the World Energy Congress's conclusions that fossil fuels will be somewhere between 80-90 per cent of the world's energy supply for the foreseeable future.

"Research into new technologies has indicated that low emissions technologies can make the use of Victoria's brown coal a long-term proposition, benefiting all Victorians.

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