

Question on notice no. 10

Portfolio question number: BET010

2024-25 Budget estimates

Economics Committee, Treasury Portfolio

Senator Malcolm Roberts: asked the Climate and Energy Division on 3 June 2024—

Senator ROBERTS: This is for the Treasury, on coal pricing. The Treasurer said in March, regarding Australian power station coal prices, that thermal coal burned in power stations in Australia was 'more or less tracking', according to Treasury's December forecast, to be down about a third from a year ago. Do you track the price of thermal coal burned in power stations in Australia?

Mr Yeaman: We look at overall market movements in coal prices both for export and for generation, yes, as part of our CPI forecast.

Senator ROBERTS: How do you get that information on thermal coal prices in Australia for domestic use?

Dr Heath: In tracking coal prices on a regular basis, the most publicly available coal prices tend to be shipped coal. So if you're looking-

Senator ROBERTS: Exported coal?

Dr Heath: Exported coal—that's what is publicly available. The arrangements that individual coal-fired power plants have to access their coal means that the prices they pay could be quite different to those public prices. That's not publicly available information, so we would have to basically go directly to the coal-fired power stations to find that information.

Senator ROBERTS: I understand the local price is much lower because they're locked into long-term contracts. So it's a vague process. When you're talking about power stations, is it only power stations that buy their coal or is it also the power stations that are at the mine mouth—where it just goes straight from the mine into the power station?

Dr Heath: I think that's getting to a level of detail that I don't have.

Senator ROBERTS: Could you take that on notice, please?

Dr Heath: We can take that on notice, but I'm not sure-

Senator ROBERTS: I'd like to know how you get that price—or, if you don't get that price, that's fine.

Mr Yeaman: I am aware that we have in the past. Our colleagues at the department of climate change and also the department of industry, along with our colleagues at the Australian Energy Market Operator, look at prices by facility, and I think that does include those that get coal directly from the mine.

Senator ROBERTS: So you get that information from those other agencies?

Mr Yeaman: I'm not sure how systematised that is, but I'm aware we have in the past drawn information from those sources.

Senator ROBERTS: What's the latest figure you have for the price of thermal coal burned in Australian power stations?

Mr Yeaman: If it's that specific a question, I'll take it on notice, if that's okay.

Answer —

Please see attachment.

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 2024-2025

Agency: Department of the Treasury
Question No: BET010
Topic: Coal pricing
Reference: Spoken pp. 64-65 (03 June 2024)
Senator: Malcolm Roberts

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Answer:

1. Treasury does not forecast or track thermal coal prices in Australia for domestic use.

2. Prices of thermal coal burned in Australian power stations are not publicly available information, as most coal-fired power stations purchase their thermal coal on long term, confidential, contracts.