

# 'Fortunate position': Coal price spike brings sustainability



Tegan Annett | 10th Nov 2016 5:05 AM

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A week after the first load of coal arrives at the Wiggins Island Coal Export Terminal, dozers and trucks begin to move the coal to bed down the stockyard.

Mara Pattison-Sowden

IT WAS once the present for naughty kids, but now everyone wants a piece of coal.

On Tuesday price for coking coal rose to its highest in five years to \$US307.20 a tonne.

Gladstone's industry will benefit from the price hike, being home to Queensland's largest multi-commodity port and two coal-exporting terminals. But while it's a step towards regaining confidence in the coal industry, ports and mines are far from cracking the champagne.

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The price increase has been driven by Chinese supply after the country's government restricted the working days of its coal mines from 330 days a year to 276.

It relaxed the restriction in September, allowing some mines to work at a rate equivalent of 330 days for the rest of the year.

The soaring price is a boost to the Gladstone Ports Corporation, which had 72.1 million tonnes of coal traded through in the 2015/16 financial year. CQUniversity economist John Rolfe said the price rise renewed confidence in the coal industry.

But he said it was just another example of the coal price being unpredictable.

"The industry is in a very fortunate position .... They've been through such a tough time and now the cost of production is quite low, but the tonnages are still high," Mr Rolfe said.

"The difficulty is to judge what's going to happen in the future.

"(The price) is back to the point where coal operations should be covering costs and have a return too," he said.

Mr Rolfe said the price hike could result in more spending within the mining industry taking as it return to "normal operating".

"The downturn in the resources sector in 2012 hurt Gladstone ... They will gradually be spending more in the mining industry as they start to return to normal operating, which should see more stability in employment."

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Mr Rolfe predicted the price would stay high for "some time" before dropping slightly. He doesn't expect it to fall to levels it was at 12 months ago. Gladstone Engineering Alliance chief executive Carli Homann said it had been interesting to track the coal prices this year.



The Gladstone Ports Corporation has recorded a record amount of tonnages for the 2015-16 year.

CHRISSY HARRIS

" In July alone, the coal price jumped more than 17 per cent. In August, it moved another 8 per cent, to more than \$US72 a tonne," she said.

"At the start of October, it still was sitting above \$US71 for thermal coal, up more than 40 per cent from its January low."

A Gladstone Ports Corporation spokesperson said an increase in tonnages would depend on the coal industry demand.

"More attractive coal prices may increase tonnages through the Port, however it is a matter for the coal industry to determine as to whether in fact that would occur," it read.

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