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**Sent:** Friday, 4 November 2016 4:49 PM

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**Subject:** RE: AM2014/67 - Proposed variation to the Black Coal Mining Industry Award 2010 in respect to redundancy pay [BD-CM.30002560.02-3000-0722]

Dear Associate

**AM2014/67 - 4 yearly review of modern awards – Black Coal Mining Industry Award – redundancy pay**

We refer to the correspondence from the CFMEU and APESMA of 3 November 2016 providing a further witness statement and "Supplementary Expert Report" of Professor David Peetz dated 31 October 2016.

We **attach**, by way of filing, an unsigned copy of a further witness statement of David Gunzburg dated 4 November 2016. The further statement of Mr Gunzburg responds to the Supplementary Expert Report of Professor Peetz.

The further statement of Mr Gunzburg has not been able to be signed due to Mr Gunzburg working remotely today. A signed copy of the statement will be provided at the commencement of the hearing on Monday, 7 November 2016.

A copy of this further statement of Mr Gunzburg was foreshadowed to the CFMEU, APESMA, AMWU and AiGroup yesterday (3 November 2016) and has been provided to each of them earlier today (4 November 2016).

The CMIEG intends to seek leave from the Full Bench to tender the further statement of Mr Gunzburg into evidence at the hearing.

We have copied this email to each of the representatives for the CFMEU, APESMA, AMWU and AiGroup.

Yours faithfully

**Adrian Morris**

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**IN THE FAIR WORK COMMISSION**

**Matter No.:** AM2014/67

**Title of Matter:** Four yearly review of modern awards – Black Coal Mining Industry Award 2010 – Clause 14 – Redundancy

**STATEMENT OF DAVID GUNZBURG**

On 4 November 2016, I, David Gunzburg, of [REDACTED] Consultant, say:

**Background**

1. I have prepared a previous witness statement in these proceedings dated 23 March 2016 (**first witness statement**).
2. For convenience, within this further witness statement I continue the numbering of my annexures commencing at "DG-7" (as my first witness statement contained annexures DG-1 to DG-6).
3. This witness statement is supplementary to my first witness statement and deals with certain matters raised in a witness statement of Professor David Peetz dated 31 October 2016, attaching a document entitled "Rejoinder to Comments on my Report "Employment in the Australian Black Coal Industry" (**Peetz Supplementary Report**).

**Unemployment experiences of people coming from different industries**

4. The Peetz Supplementary Report refers to Annexures DG-5 and DG-6 of my first witness statement (at [34] and [35]).
5. I have conducted a further study of ABS data relating to periods of unemployment.
6. As set out in my first witness statement, I have performed searches of the Australian Bureau of Statistics (**ABS**) website ([www.abs.gov.au](http://www.abs.gov.au)) and then downloaded and reviewed data showing the average time spent unemployed by individuals who have been retrenched categorised by the previous industry of employment of the persons concerned. I have done this for the periods 1991, 1996, 2001, 2007, 2012, each in the February quarters, plus the most recent data available being for the August quarter of 2016.
7. The data is taken from the "Data Cube" prepared by the ABS entitled "UQ2a – Unemployed persons by Industry division of last job (ANZSIC), State and Territory,

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February 1991 onwards". This data is from the ABS Catalogue number "6291.0.55.003", with the most recent being "6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, Aug 2016".

8. In this data set and data cube the data was reported as being referable to "left last job" and "lost last job". These terms are defined by the ABS in "6103.0 - Labour Force Survey Standard Products and Data Item Guide, Jun 2016"<sup>1</sup> as follows:

LEFT LAST JOB / LOST LAST JOB

Unemployed persons who have worked in the last two years are classified by whether they left or lost their job.

Persons who provided one of the following reasons for ceasing their last job are categorised as leaving their last job:

- unsatisfactory work arrangements/pay/hours;
- to obtain a better job or conditions;
- the job was a holiday job;
- they left the job to return to studies;
- their last job was running their own business which closed down or was sold, for reasons other than financial difficulties;
- start own or new business;
- family reasons: get married, have children, holidays, caring, move house, spouse transferred; or
- retired.

Persons who provide one of the following reasons for ceasing their last job are categorised as losing their last job:

- laid off or retrenched from that job;
- left that job because of their own ill-health or injury;
- job was seasonal or temporary;
- they were running their own business and the business closed down because of financial difficulties; or
- dismissed.

Variables

Products

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Reason left or lost last job -Lost last job -Left last job	6291.0.55.003 Datacubes UQ2a, UQ3a.
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<sup>1</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6103.0>

9. Annexed and marked "**DG-7**" is a table that I created in Excel using the data I extracted as described above.
10. From this data I have calculated the proportion of total unemployment deriving from each industry which arose from the "lost last job" reason. I prepared a graph from this data. Annexed and marked "**DG-8**" is a graph I produced based on the data referred to in paragraph 8.
11. The data shows a wide variability for each industry over time and between industries at the same time. The "Mining Industry" shows a greater variability over time than most, but not all, other industries. At various times the Mining Industry has had a greater and lesser proportion of unemployment being for reason of "lost last job" than most other industries at that same time.
12. From reviewing the data it appears that during periods of down turn for a particular industry that both the total number of unemployed people deriving from that industry increases as does the proportion of people leaving from that industry for reason of "lost last job".
13. When viewed in conjunction with the ABS data contained in my first statement it appears that over time the Mining Industry experience in relation to:
  - (a) reason for people leaving their last job; and
  - (b) the amount of time taken to find a new job;is similar to the experience of other industries contained in the ABS data set.

#### **Coal mining industry – economic conditions**

14. The Peetz Supplementary Report annexes an extract of an OECD report (DP-7). The report deals with job displacement of persons in industries including the "mining industry". The OECD report deals with the structural economic trends through to, approximately, 2013.
15. In respect of the economic trends in the black coal mining industry, a relevant indicator is the price of coal.
16. Annexed and marked "**DG-9**" is a chart and table showing the price (in Australian Dollars) of thermal coal over the past 5 years. The information has been obtained from a website called Index Mundi which collates commodity price data.<sup>2</sup>

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<sup>2</sup> <http://www.indexmundi.com/commodities/?commodity=coal-australian&months=60&currency=aud>

17. Annexed and marked "**DG-10**" is a table showing the price (in US Dollars) of coking coal over the past two years. This information has been obtained from a website called INO Inc, also being a website that collates commodity price data.<sup>3</sup>
18. Annexed and marked "**DG-11**" are two recent media articles from the Australian Financial Review on 26 October 2016, and the Newcastle Herald on 3 November 2016, each reporting on the recent increase in coal prices.

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David Gunzburg

Date: 4 November 2016

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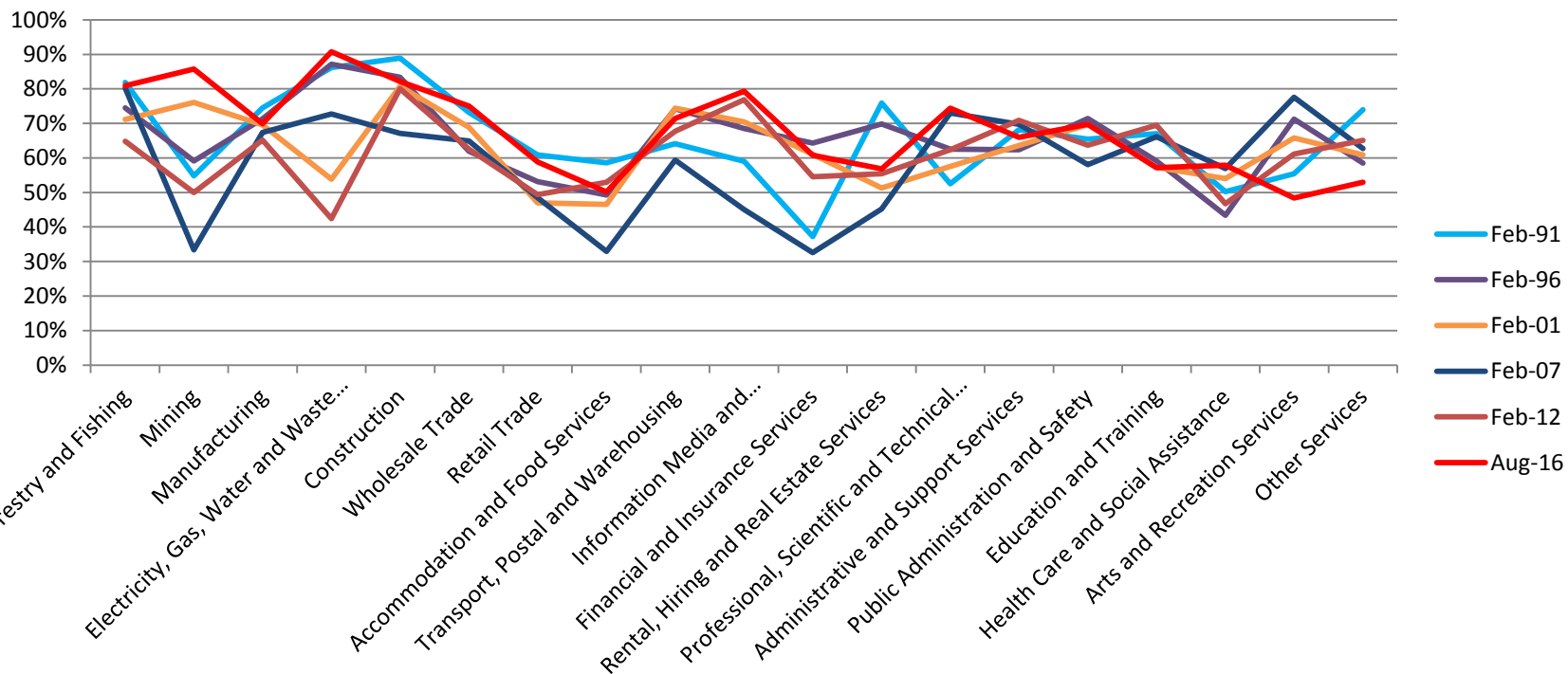
<sup>3</sup> [http://quotes.ino.com/charting/index.html?s=CLRP\\_ALW.V16&v=dmax&t=l&a=0&w=1](http://quotes.ino.com/charting/index.html?s=CLRP_ALW.V16&v=dmax&t=l&a=0&w=1)

# "DG-7"

	Feb-91			Feb-96			Feb-01			Feb-07			Feb-12			Aug-16		
	Feb-91	Lost last job	Left last job	Feb-96	Lost last job	Left last job	Feb-01	Lost last job	Left last job	Feb-07	Lost last job	Left last job	Feb-12	Lost last job	Left last job	Aug-16	Lost last job	Left last job
Agriculture, Forestry and Fishing	25.9	21.2	4.7	25.9	19.3	6.6	18.7	13.3	5.4	17.2	13.8	3.4	11.1	7.2	3.9	13.6	11.0	2.5
Mining	6.2	3.4	2.8	4.4	2.6	1.8	4.6	3.5	1.2	1.8	0.6	1.3	9.4	4.7	4.7	9.1	7.8	1.4
Manufacturing	98.0	73.0	25.0	73.2	52.2	21.0	48.7	33.9	14.9	44.4	29.9	14.5	39.6	25.8	13.7	44.2	30.9	13.4
Electricity, Gas, Water and Waste Services	2.9	2.5	0.4	3.9	3.4	0.6	3.9	2.1	1.7	3.3	2.4	0.9	3.3	1.4	1.8	5.4	4.9	0.4
Construction	68.3	60.7	7.6	45.0	37.5	7.5	39.9	32.2	7.7	33.1	22.2	11.0	46.6	37.3	9.3	46.5	38.2	8.3
Wholesale Trade	25.7	18.8	7.0	20.5	12.7	7.7	13.5	9.3	4.2	11.7	7.6	4.2	10.4	6.5	3.9	11.2	8.4	2.7
Retail Trade	60.1	36.6	23.5	52.3	27.8	24.5	29.8	14.0	15.8	54.9	26.6	28.3	55.1	27.2	27.9	50.5	29.7	20.9
Accommodation and Food Services	38.9	22.8	16.1	34.1	16.8	17.2	28.6	13.3	15.4	39.2	12.9	26.4	54.4	28.8	25.6	61.0	30.6	30.4
Transport, Postal and Warehousing	22.3	14.3	8.0	19.8	14.7	5.1	16.0	11.9	4.1	15.5	9.2	6.3	15.8	10.7	5.1	23.1	16.5	6.6
Information Media and Telecommunications	10.0	5.9	4.1	7.3	5.0	2.3	10.5	7.4	3.1	7.1	3.2	3.9	10.8	8.3	2.5	6.3	5.0	1.3
Financial and Insurance Services	10.2	3.8	6.5	8.4	5.4	3.0	7.7	4.7	3.0	8.6	2.8	5.8	15.4	8.4	7.0	7.4	4.5	2.9
Rental, Hiring and Real Estate Services	8.3	6.3	2.0	6.3	4.4	1.9	3.9	2.0	1.9	4.2	1.9	2.3	6.5	3.6	3.0	4.4	2.5	1.9
Professional, Scientific and Technical Services	17.9	9.4	8.4	16.0	10.0	6.0	14.6	8.4	6.1	13.7	10.0	3.7	28.4	17.7	10.8	30.1	22.4	7.7
Administrative and Support Services	9.1	6.2	3.0	15.4	9.6	5.8	18.4	11.7	6.7	18.2	12.7	5.6	14.1	10.0	4.1	19.1	12.6	6.5
Public Administration and Safety	19.4	12.7	6.6	22.4	16.0	6.4	12.2	8.5	3.7	11.2	6.5	4.7	17.9	11.4	6.4	16.2	11.3	4.9
Education and Training	17.0	11.4	5.6	19.8	11.7	8.1	14.5	8.3	6.2	18.3	12.1	6.2	20.0	13.9	6.0	18.0	10.3	7.7
Health Care and Social Assistance	20.7	10.4	10.3	21.2	9.2	12.0	13.7	7.4	6.3	27.4	15.6	11.7	32.1	15.0	17.1	28.0	16.2	11.8
Arts and Recreation Services	6.5	3.6	2.9	7.3	5.2	2.1	7.6	5.0	2.6	4.9	3.8	1.1	10.3	6.3	3.9	6.2	3.0	3.2
Other Services	26.1	19.3	6.8	20.7	12.1	8.6	15.6	9.5	6.0	11.0	6.9	4.1	16.6	10.8	5.9	13.6	7.2	6.4

# "DG-8"

**ABS Data - Reason for Leaving = "Lost last Job" as a % of total unemployed**



# "DG-9"

## Coal, Australian thermal coal Monthly Price - Australian Dollar per Metric Ton

Range

Oct 2011 - Sep 2016: -23.271 (-18.45 %)



**Description:** Coal, Australian thermal coal, 12000- btu/pound, less than 1% sulfur, 14% ash, FOB Newcastle/Port Kembla, Australian Dollar per Metric Ton

**Unit:** Australian Dollar per Metric Ton

**Currency:**

**Compare to:**

**Source:** World Bank (<http://data.worldbank.org/data-catalog/commodity-price-data>)

**See also:** Energy production and consumption statistics (../energy/)

**See also:** Top commodity suppliers (suppliers/#coal-australian)

**See also:** Commodities glossary (glossary/) - Definitions of terms used in commodity trading

Month	Price	Change
Oct 2011	126.16	-
Nov 2011	120.26	-4.68 %
Dec 2011	118.16	-1.74 %
Jan 2012	120.07	1.61 %



Feb 2012	116.93	-2.62 %
Mar 2012	109.22	-6.59 %
Apr 2012	107.24	-1.82 %
May 2012	102.60	-4.32 %
Jun 2012	93.57	-8.80 %
Jul 2012	91.86	-1.82 %
Aug 2012	93.14	1.39 %
Sep 2012	91.64	-1.61 %
Oct 2012	85.21	-7.02 %
Nov 2012	88.40	3.74 %
Dec 2012	94.93	7.39 %
Jan 2013	94.64	-0.30 %
Feb 2013	98.54	4.11 %
Mar 2013	94.32	-4.28 %
Apr 2013	90.53	-4.02 %
May 2013	94.68	4.58 %
Jun 2013	94.03	-0.68 %
Jul 2013	90.22	-4.06 %
Aug 2013	91.19	1.08 %
Sep 2013	89.51	-1.85 %
Oct 2013	89.39	-0.13 %
Nov 2013	94.23	5.41 %
Dec 2013	100.58	6.74 %
Jan 2014	98.57	-2.00 %
Feb 2014	91.21	-7.47 %
Mar 2014	86.62	-5.03 %
Apr 2014	83.77	-3.29 %
May 2014	84.78	1.20 %
Jun 2014	81.78	-3.54 %
Jul 2014	78.42	-4.11 %
Aug 2014	79.39	1.23 %
Sep 2014	77.96	-1.79 %
Oct 2014	77.69	-0.35 %
Nov 2014	77.38	-0.40 %
Dec 2014	81.05	4.75 %
Jan 2015	82.34	1.59 %
Feb 2015	84.47	2.58 %

Mar 2015	83.32	-1.35 %
Apr 2015	80.05	-3.93 %
May 2015	81.86	2.26 %
Jun 2015	81.62	-0.29 %
Jul 2015	85.44	4.68 %
Aug 2015	86.05	0.72 %
Sep 2015	83.10	-3.44 %
Oct 2015	77.81	-6.36 %
Nov 2015	78.83	1.30 %
Dec 2015	77.06	-2.25 %
Jan 2016	76.03	-1.33 %
Feb 2016	76.24	0.27 %
Mar 2016	74.84	-1.84 %
Apr 2016	71.01	-5.12 %
May 2016	75.27	6.01 %
Jun 2016	77.05	2.36 %
Jul 2016	88.67	15.09 %
Aug 2016	94.55	6.63 %
Sep 2016	102.88	8.81 %

# "DG-10"

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Last Price	<b>234.1</b>	Settle Time	<b>15:09</b>
Open	<b>234.1</b>	Previous Close	<b>234.1</b>
High	<b>234.1</b>	Low	<b>234.1</b>
Volume	<b>2</b>	Open Int.	<b>43</b>
Time	<b>2016-11-02 15:09:04</b>	Contract High	<b>237</b>
Contract High Date	<b>2016-10-26</b>	Contract Low	<b>69.75</b>
Contract Low Date	<b>2016-01-26</b>	Estimated Volume	<b>1</b>
Expiration	<b>2016-10-31</b>	Open Time	<b>09:00</b>
Close Time	<b>14:30</b>		

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## NewsRoom

11/3/16 Newcastle Herald (Austl.) (Pg. Unavail. Online)  
2016 WLNR 33565134

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November 3, 2016

### Coal industry finds new optimism as prices rise unexpectedly

Ian Kirkwood

GLENCORE'S decision to reopen its shuttered Integra underground coalmine near Singleton is another sign that the beleaguered industry is starting to recover, industry figures say.

Glencore says as many as 275 people will be employed when the mine, formerly known as Glennies Creek, swings back into production next year.

With Maitland's Bloomfield Group lifting production at the recently reopened Integra open-cut - now known as Rix's Creek North - the industry is well on the way to recovering the 500 jobs that were lost in May 2014 when Integra's former owner, Brazilian giant Vale, shut the operation and sacked the workforce.

Construction, Forestry, Mining and Energy Union district president Peter Jordan said that after years of bad news it was good to hear a mining company say something positive.

Mr Jordan said work was likely to start next year at the Mount Pleasant open-cut near Muswellbrook and there were "very strong rumours" that Nathan Tinkler's plan to reopen the Dartbrook operation were on track to succeed.

With Centennial Coal also looking closely at its mothballed Newstan and Angus Place underground mines, the industry appears to be in its strongest position since prices began falling in 2011.

"There's not enough certainty yet to make such significant investment decisions," Centennial spokesperson Katie Brassill said. "But if the economic circumstances change then we'd be looking at the opportunity to bring those mines back on."

The NSW and Queensland coal industries have gone through one of their biggest declines in recent years but fortunes began to look up in October when Glencore announced it would recruit 200 mineworkers to restart production at its Collinsville mine in Queensland.

Two other Queensland mines sold cheaply by big companies, Blair Athol and Isaac Plains, are also being restarted. More coal is coming to Newcastle, also, because of problems at the Port Kembla coal terminal.

The latest issue of an influential industry journal, the Australian Coal Report, says a new benchmark for Newcastle coal to Japanese power stations has just been struck at \$US94.75 (\$124.25) a tonne, with the "spot" price for one-off cargoes out of Newcastle hitting \$US100 (\$131.14) a tonne.

This is virtually double the \$US52.41 (\$68.73) spot price from October last year and well up on the \$US71.69 (\$94.01) quoted in September. Japan takes about half of Newcastle's export coal, followed by South Korea with about 12 per cent and China with about 11 per cent, but Chinese power still dominates the market in the eyes of most analysts.

Rod Campbell of the Australia Institute - which wants the Australian coal industry phased out - said there was "no secret in what is going on in world markets".

"China, Indonesia and the US are all looking to cut their own coal production, consumption and imports and so coal prices are now basically being set by policy, rather than by supply or demand," Dr Campbell said.

"China's policy of restricting coal supply and not approving any new mines has been the key factor behind the price rise because China is the world's biggest producer by far. But, I don't think this changes the fundamental demand outlook for thermal coal, which is still highly uncertain and dependent on climate policy and competing technologies."

Bloomfield's John Richards said the recent spike in prices happened suddenly and people were "naturally cautious" as to how long it would last for, and how high prices would rise."

"Coal reacts to commodity cycles of production and demand over time, that's been the lesson," Mr Richards said.

"When demand falls, prices fall."

He said he was "cautious and reluctant to make predictions," but the market was "certainly better than it was six months ago".

A spokesperson for the NSW Minerals Council said it had "consistently predicted the commodity price cycle would turn at some stage".

While it was still too early to say this had happened, the dramatic recovery in global coal prices was bringing confidence back into the Hunter coal industry.

"This should see more investment and jobs in the months ahead."

---- **Index References** ----

Company: CENTENNIAL COAL CO LTD; GLENCORE PLC; INTEGRA GOLD CORP; ISAAC PLAINS COAL MANAGEMENT PTY LTD; MMG CENTURY LTD; VALE SA

News Subject: (Emerging Market Countries (1EM65))

Industry: (Coal (1CO39); Coal Power Generation (1CO71); Electric Utilities (1EL82); Energy & Fuel (1EN13); Metals & Mining (1ME07); Mining (1MI65); Natural Resources (1NA60); Natural Resources Industry Highlights (1NA66); Refineries (1RE12); Utilities (1UT12))

Region: (Asia (1AS61); Australasia (1AU56); Australia (1AU55); China (1CH15); Eastern Asia (1EA61); Far East (1FA27); Oceania (1OC40); Queensland (1QU50))

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October 26, 2016

Section: Companies and Markets

Japan Inc banks on higher coal prices

Matthew Stevens

Coal's recession is officially over with Glencore inking a near 50 per cent increase in annual reset of the price of high quality Australian thermal coal that it ships to a key Japanese power utility, Tohoku Electric.

While spot and quarterly coal prices have been riding high over recent months the unexpected strength of Glencore's settlement is rewarding affirmation that China's efforts to constrain the least viable and dirtiest of a massive fleet of domestic mines is having real and potentially lasting effects on the seaborne coal market.

Coal's sceptics and supporters alike have watched the price surge through 2016 with most everyone imaging that the recovery would be temporary and few trusting that China would hold the line on its commitment to remove upwards of 450 million tonnes of production from the world's biggest coal system.

But by accepting a price increase from \$US65 a tonne to a year's worth of \$US95 a tonne, Tohoku Electric has effectively announced Japan Inc does not imagine there is much downside in coal pricing over the near term.

The spot price of equivalent quality coal hit nearly \$US100 a tonne on Tuesday and the average price for high-quality thermal exports from Newcastle has been \$US92 for the month so far. That is the highest monthly level since May 2013.

Since then, of course, the coal sector has gone through one of its classic deep recessions and the producers that have survived have done so by chasing their costs to the bottom end of the curve. Glencore, for example, boasts average Australian costs of \$US32 a tonne, which announces only that the Tohoku contract will be well in the money this year.

The long-term supply contract in question here is relatively small, but the timing, quantum and duration of its repricing is significant.

Glencore is Australia's biggest coal exporter and it generally leads the two rounds of annual price negotiations on long-term contracts with the major North Asian utilities of Japan, Taiwan and South Korea.

There are two important dates on the repricing schedule, October 1 and April 1. The October settlement covers fewer tonnes but is regarded as a reasonable reference for year-end discussions that result in the more substantive April price sets.



The October price set is generally held to cover about 15 per cent of production sold on annual pricing and Glencore's comforting deal involves a contract of about 1 million tonnes a year of premium Aussie thermal.

Each of coal's major players takes a distinctly different tack to price discovery these days. Glencore relies more heavily on the traditional annual benchmark negotiation, most particularly with Japanese customers, about one third of the company's annual output of 120 million tonnes. As we note further down, it has also embarrassed itself recently by indulging in ill-timed forward selling with the ambition of hedging price risk out until the middle of 2017.

Rio Tinto walks a middle ground with a pricing foot in different camps, from annual sets through quarterly and monthly arrangements to shipments price on spot pricing.

As you might imagine of the original benchmark buster, BHP Billiton sells all of its coking and thermal coal arrangements on the shortest pricing terms possible with shipments being priced either on the 30-day average of the month of a shipment or on spot.

From a Glencore perspective, this week's success is at once rewarding and slightly threatening.

The reset affirms finally the consistently expressed confidence of chief executive Ivan Glasenberg in the underlying strengths of the thermal coal market given the inevitability of supply-side contraction on the back of prices that got too low to sustain the sector.

But the rapid recovery of coal prices from the \$US55 a tonne mark they orbited through the opening months of the year to better than \$US90 a tonne level has caught another wing of the Glencore family uncomfortably short, quite literally.

In an unfortunate expression of their freedom to challenge the boss's market view, the marketing team at Glencore sold forward 55 million tonnes at prices that robbed the company's June-half result of \$US395 million (\$517 million).

In August, Merrill Lynch assessed the potentially lost revenues from these arrangements could hit \$US600 million spread over two years, as estimate based on the then forward curve. And, if anything, the coal price since has outperformed the market's expectations.

"We understand management's rationale on entering the forward sales agreement [protecting margin]," Merrill observed, adding "but we also understand the frustration of investors who don't like it when mining companies hedge".

So what is at the root of this comparatively sudden change of coal's fortune and why should Japan Inc imagine that recovery might persist?

Well, like so much in the bulk minerals and energy markets, China holds the key here. The Middle Kingdom is home to a 3.6 billion tonnes a year coal industry. A lot of that production is high quality and well situated for its domestic markets. But a lot of it is very dirty coal that is expensive and dangerous to dig up. For reasons economic and environmental, China has long planned to weed out the lower caste material. After several false starts, government policies that demand restraint are actually working.

The containment policy revolves around the introduction of a rule that limits mines to a 276-day working year. The canny folk at Goldman Sachs reckon we should regard this limit as a tax on production and its effect has been to reduce production by nearly 10 per cent over the first six months of 2016.

Given the government's will holds, then China is on track to produce 360 million tonnes less domestic coal over 2016. But will China hold the course? Some major miners think not, given the headiness in thermal and metcoal markets. The coking coal spot price hit \$US245 a tonne on Tuesday.

Self-evidently, Tohoku Electric has taken a different view. And the latest Chinese trade data might tell us why. Industry wisdom was that China's thermal coal imports would this year retreat from the 2015 mark of 140 million tonnes. Instead, coal imports are up 57 per cent so far this year and through September they ran at an annualised run-rate of better than 280 million tonnes.

Now, September is almost certainly an exception, but the rule this year has been a steadily accumulating demand from the coastal electricity generators for seaborne coal of a range of qualities.

This trend has some local producers quietly confident that China will resist the temptation to deflate pricing by releasing the ceiling on its mining fleet in anything but a selective way. That view is supported by two logics. First, the government is determined to better manage its urban air pollution problems. And second, because China wants to support the coal price.

The theory there is that much of China's coal industry is financially underwater at a price of around \$US65 a tonne and the risk ahead was state-owned lenders would be forced to absorb rolling write-offs of non-performing loans made to the massively indebted miners.

Constraining production in the name of improved prices but at the risk of losing a targeted cohort of lesser producers might just be the lesser of the evils.

Interestingly, we are assured by one seasoned coal operative that the industry's eyes will now turn to the US export data. "The moment the North Americans start moving coal into the export market, that is the moment you know prices have moved past the peak. There were running coking coal exports at 60 million tonnes a few years ago, now they are down to below 30. They are the swing capacity and that is the way it has been forever. But they are the litmus of the market and they are not a lead indicator but a lag indicator. When they move, we are past the highs.

Correction

On Tuesday we reported that the Pew Charitable Trusts had contributed funding to anti-coal campaigns in Australia. The trust says it has not done so. We apologise for an error made less forgivable by the fact that we have made it before.

**---- Index References ----**

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