

## **May Day at Blackball: A Sustainable West Coast Economy: dream or possibility?**

Speech notes by Jeanette Fitzsimons, Coal Action Network, Blackball, 2 May 2015

### ***“The problem with the extractive industries”***

Yes, a Sustainable West Coast Economy is possible – in fact it is the only alternative to hardship and chaos.

West Coast: a bit like Coromandel – built economy on kauri and gold – beautiful natural environment but old photos look like a bomb site. Now – best mussels in world, tourism, arts, crafts, writers, horticulture etc. But advantage – not so isolated. Only remaining bit of the extractive economy is huge open cast Waihi gold mine. It has generated billions of dollars of gold and silver over several decades, but Waihi is poorest part of Coromandel – unemployment, mental health problems, low house prices, insecurity.

W Coast - history of self-reliance and hard work and great community spirit and solidarity – but also of reliance on extractive industries and great hardships when they close. Gold, Fish, Timber, Coal.

These industries mostly owned and controlled outside the Coast and when prices or resource limits dictate closure it is you, the community and the workers who pay. It could be different. A sustainable economy is a locally controlled economy that works for everyone.

CANA – committed to addressing climate change. CC already under way, already affecting NZ economy – droughts – less pasture growth – less snow at mountains – jobs lost on W Coast glaciers – no longer safe to take walking tours up there.

Fundamental truth is – coal is biggest cause of rising CO2 levels and climate change, and most of what is in current reserves world wide must stay in ground if we are to save something of the way of life we enjoy. So: CANA committed to stopping new coal mines opening, but have never argued for closing an existing mine. They should run their course (without expansion) giving time for communities to adjust, many miners to retire, alternative energy to kick in. A gradual phase out to 2027 when most permits expire.

We were appalled in 2012 at the way Solid Energy dumped workers when prices collapsed, with almost no notice and no support, and we told them so. We are appalled at how Solid Energy wasted money on big new boondoggles like lignite to briquettes and urea and diesel when they should have been focussing on doing what they do well, treating their workers fairly and cleaning up their environmental messes before phasing out coal. That led us to do some work on how the phase out might occur.

World is in a huge transition to an economy not reliant on fossil fuels – will cause great upheavals in many industries and many communities. It is also an exciting opportunity if it is a Just Transition where communities not just abandoned but are helped to plan their own future.

A year ago we published the results of our research into the global outlook for coal, and how communities can replan their future and provide jobs. Called *Jobs After Coal*. HOLD UP

We found:

- coal employs relatively few people NZ wide, (approx. 1150) but concentrated in a few communities like Westport and Greymouth
- coal mining communities almost universally have lower median incomes and less employment than the average for their district or region
- coal mining has been cyclical in the past, boom and bust, but this phase is over. Sunset industry. Stranded assets. More on this in a minute.
- NZ has many energy options and can transition out of coal relatively easily. Electricity is largely renewable and could be completely so. There is abundant wood waste from forestry residues which can replace coal in boilers – and create many new jobs.
- Some communities overseas have successfully transitioned out of coal to a new economy, but it is very hard to do it without outside support.
- Such a transition has to be planned, and this planning must be led from within the community, and must involve all local stakeholders – business, local government, entrepreneurs, unions, iwi, environmental ngos, polytechs.
- Government needs to set up small unit to resource a Just Transition in affected communities with research, contacts, interim support and some funds.

Just a year later, we have updated the report to reflect how much further this transition has gone. HOLD UP

A year ago we were surprised that we could find no industry or economic analysts who expected the price to go up again within several years. Globally mines were closing, companies were going broke, workers were being laid off. A year later this has intensified.

- the price of coal has dropped even further and the outlook is not looking good.
- this week Goldman Sachs again cut their outlook for coking coal. Moody's did the same two weeks ago
- China is cutting pollution and its housing boom, that required a lot of steel, has now stopped.
- there is a glut of both iron ore and coking coal on the market
- renewable energy is now cheaper than coal for electricity generation in most countries, despite the low cost of coal.

- the world's largest energy companies are diversifying – BHP Billiton, Rio Tinto and E-On are all parcelling up their coal interests into separate entities – to protect the rest of the company
- other pure coal companies, like Peabody Energy and the US's Arch Coal, are reporting their lowest-ever returns, with share prices sinking to record lows

It's not looking good for our West Coast Coking coal market.

Meanwhile solar companies are looking like much better investments. The US's four big solar companies now worth more than the entire coal sector and employ more people.

Solid Energy's chair has resigned as she believes the company cannot be saved – as opposed to the Government, which thinks it can. But we're not sure how. Bathurst cannot open the Denniston mine at current coal price and is further in the red every year. Share price very close to zero. They have both treated you as disposable inputs to production and to their profits, not as a community of people with hearts and kids and lives. They cannot be relied on to manage your economy.

What would a sustainable economy look like?

- not dependent on one or a few big industries parachuted in and owned elsewhere. They can pull the plug again.
- There might be a few such businesses, but the core of a sustainable economy would be community scale businesses meeting more of the community's own needs. (Small and medium business still provide 60% of all jobs)
- Exciting use of new technologies: solar, EVs, fast broadband
- Creative use of arts, culture to make an attractive destination and bring back young people.

There are some interesting stories from other former coal communities who have reinvented themselves when for whatever reason, the coalmines have closed. In our report you will find Nord Pas de Calais which uses the very stable temperatures of its underground mines to exhibit art works from the Louvre which no longer has enough room on its Paris site. This brings a lot of people to town. They also have established a major training centre for technicians in solar energy and energy efficiency and green buildings, which generate energy for export rather than drawing from the grid.

Orkney Islands, which used to mine peat, then relied on the North Sea oil boom, now is a training centre and test bed for marine energy systems – wave and tidal – and young people are coming back to study. They are powered largely by wind energy these days, including turbines designed and manufactured by Windflow Technology in Christchurch.

The Appalachian communities, formerly among the poorest and most deprived, have set up a network of former coal communities, learning from the experience in Wales, and have a thriving theatre, arts centre, music programme and other creative enterprises which has brought their young people home.

Unions in Queensland in the La Trobe valley where coal jobs are disappearing fast, have set up worker-owned co-operatives – called Earthworker co-ops. One such is manufacturing and installing solar water heaters, and their market is guaranteed by a deal with the employers that workers can choose to take their next pay rise as a free solar water heater.

We are not suggesting that these ideas can just be transported to the coast – the stories are there to show what local initiative has been able to do. The solutions here will be different, and no-one from outside should try to prescribe what would work in your community. We have not tried to do that, but have offered some suggestions which might be worth investigating.

Starting with where money leaks out of your community in power bills and food bills suggests there are opportunities in improving energy efficiency in homes and workplaces, such as insulation and solar, which would also make the coast a more attractive place to live. This seems to have been a first step in most of the overseas examples of successful community transition. Growing fruit and vegetables in greenhouses to save bringing them across the mountains would also generate jobs. I'm told cranberries grow particularly well, though the industry was set back when Bathurst bought the orchard and ripped them out, planning to grow trees for mine rehabilitation instead. I'm told aubergines do well in greenhouses near Hokitika. Our report looks at houses, transport, energy and other ways of meeting local needs locally, as well as earthquake strengthening, microhydro, adventure and historical tourism.

I can imagine a three-day Denniston experience for high-end tourists, where historians, iwi, ecologists and adventure tourism guides each take them for a day on the plateau. And the accommodation and restaurant owners in Westpot thrive.

The key to making it happen is a robust planning process with local leadership and inclusive of all groups – business, local government, unions, iwi, the polytech, the health sector, ngos. If it is going to work for everyone it needs input and buy-in from everyone.

It also needs some government help. It is unrealistic to think that a community that has suffered major layoffs and a declining industry can do all this from its bootstraps. We are calling on govt to set up a unit in Wellington, financed by increased levies on the fossil fuel industry, to help plan for a Just Transition to life beyond coal. They should be there to provide the help you need, not to run the show. Research, overseas networking, resources, to get in behind what you want to do.

The Coast has a huge asset that other communities don't – the trust fund held by DWC could finance the transition if you choose that it should. You elect them, they are accountable to you.

Our updated report is available from [coalaction.org.nz](http://coalaction.org.nz) on the front page. I hope it generates some debate and some ideas. CANA wishes you well with the exciting and challenging task of regaining control over your own economy and building something sustainable that will withstand the upheavals that are coming. There are many possibilities for a sustainable west coast economy and many routes to get there. But it starts by recognising that coal is a sunset industry and working together for something better.