

Submission guide: inquiry into the sustainability of energy supply and resources in NSW

The Environment and Planning Committee of the NSW parliament has established an inquiry into the *Sustainability of energy supply and resources*.

This inquiry will be crucial to New South Wales' future, examining how best to support regional communities and diversify economies, like the Hunter Valley, to make them less reliant on coal mining, whilst also assessing how to bring down power prices and clear the air with renewable energy.

Submissions are open until 15 September [and can be made online](#). To find out about the inquiry and how to submit phone 02 9230 3054 or email environmentplanning@parliament.nsw.gov.au

The Committee will be examining prospects for renewable energy, trends and markets in energy supply and exports as well as the environmental, social and health impacts of energy supply and exports and opportunities for diversification in coal communities.

Here are some priority issues you might want to raise

Social, economic and environmental costs of coal and gas

- The Committee should consider the environmental, economic and social costs of burning coal and gas for electricity and how renewable energy can improve air quality, lower electricity prices and strengthen regional economies.
- Coal mining and burning are two of the chief causes of poor air quality in the Hunter region, which is damaging people's health.¹
- Coal mining and burning consume large volumes of water. In times of drought, our energy systems are vulnerable because they rely on water, and the demand from coal also impacts on other water users, especially agriculture.²
- The opening of gas exports from eastern Australia and introduction of high cost coal seam gas to the market has driven up gas prices and expensive gas is making the price of electricity for households and businesses unsustainably high.
- Annual emissions from NSW coal exports, when burnt in overseas power stations, are approximately triple NSW's annual domestic greenhouse emissions. This gives New South Wales a global role to play in tackling climate change.³

The world is changing and NSW is vulnerable to that change

- NSW is vulnerable to changes in global coal markets as our overseas customers make shifts in their energy systems towards renewable energy.
- The most recent forecast from the Office of the Chief Economist shows likely declines in coal imports in our three biggest coal customers: Japan, South Korea and China.⁴
- If the Hunter region does not prepare for these global changes that are underway by supporting other industries to grow, over 5,000 jobs and \$705m in wages and salaries could be lost if global declines in coal occur.⁵
- Four of NSW's five coal fired power stations are also expected to close in the next 17 years. All of them are in the greater Hunter region – two in Lake Macquarie and two in Muswellbrook.⁶

¹ EPA NSW. Clean Air for NSW consultation paper. 2016. <https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/air/clean-air-nsw-160415.pdf>

² See for example, Department of Premier and Cabinet (2017) *Upper Hunter Diversification Action Plan* and Infrastructure NSW 2014 *State Infrastructure Strategy Update* Chapter 6 "Water."

³ Based on latest [Coal Services NSW](#) export volumes, emissions from NSW coal exports in 2017 are estimated at 393.12Mtpa CO₂, compared with [reported NSW emissions](#) of 131.6 Mtpa

⁴ Office of the Chief Economist. *Resources and Energy Quarterly*, March 2019.

⁵ Dr Neil Perry. *Weathering the Storm*. January 2019. Available here: https://www.lockthegate.org.au/weathering_the_storm_transforming_the_hunter_valley

⁶ Aurora Energy. May 2019. *Aurora Energy Research analysis of AEMO's ISP Part 2: economics of coal closure*. Estimated closure timelines are Liddell 2022, Vales Point in 2028, Eraring in 2035 and Bayswater in 2036.

- That doesn't leave NSW communities that are heavily reliant on coal exports of coal-fired power stations much time to diversify and prepare, so Government support is urgent and vital.

New opportunities

- There are opportunities to diversify regional economies, such as the Hunter region, using the skills and assets it already possesses. However, this will only be achievable if support is provided to start preparing for the changes now.
- Expert research has shown that if action is taken now to prepare for change, and a clear plan is developed, the Hunter region could see 595 more new jobs created than are lost from coal mining and local wages and salaries increase by \$315 million in 2040.⁷
- This scenario builds on the region's existing strengths in the agriculture, wine-tourism and manufacturing industries and on the strong skills base already present of machinery operators and drivers and technicians and trade workers.
- Replacing coal power stations and rehabilitating their ash dams can also bring new jobs and affordable energy to the Hunter region with targeted support.
- Raising the standard of mine rehabilitation can provide a crucial jobs "bridge" for coal workers while new industries are building.⁸
- However, adjusting regional economies is a big job and it is not easy – regional communities have been seeking major government investment and strong diversification planning, with direct community participation and leadership.

Experiences in other regions

- Unmanaged and unplanned coal closure in the Appalachia region in the United States was *"characterised by short-term, reactive and fragmented responses to closures of coal mines, resulting in entrenched, intergenerational poverty and social dysfunction."*⁹
- In contrast, in Germany's Ruhr Valley, a decision was taken in 2007 to manage the adjustment over an eleven-year period, involving communities, stakeholders and unions in an orderly process.
- Germany's dedicated Coal Commission, made up of workers, companies, experts and environmentalists, has now released a plan with funding and environmental protections.
- Lessons from elsewhere in Australia, including the La Trobe Valley and Port Augusta, have highlighted that worker assistance and support for re-training and re-employment is crucial.

Support the [Hunter Renewal roadmap](#)

- Door-knocking in Singleton and Muswellbrook found 9 out of 10 people agree that the region needs a plan to diversify and prepare for a future beyond coal.
- The Hunter Renewal project has spoken to more than 2,000 people around the region and out of a series of events and research the Hunter Renewal roadmap has emerged.
- This roadmap is trying to do something not attempted in Australia: involve and prepare the community and economy for structural adjustment before it happens, so the Hunter can be vibrant and resilient, come what may.

Support the people of the Hunter in charting their road to renewal by making a submission to the inquiry backing the Hunter Renewal roadmap (www.hunterrenewal.org.au/road_map)

Recommend that the Committee studies adjustment from other places and ensures those lessons are applied to support communities here, particularly with regard to public investment, community participation, worker re-training and re-employment and diversification planning.

⁷ Dr Neil Perry. Weathering the Storm. January 2019.

⁸ See Industrial Relations Research Centre. October 2017. *The Ruhr or Appalachia? Deciding the future of Australia's coal power workers and communities.*

⁹ Tony Maher, Foreword. *The Ruhr or Appalachia.*