

**Submission
No 124**

SUSTAINABILITY OF ENERGY SUPPLY AND RESOURCES IN NSW

Organisation: Hunter Environment Lobby Inc.

Date Received: 13 September 2019



Hunter Environment Lobby Inc.

PO Box 188
East Maitland NSW 2323
15th September 2019

The Environment and Planning Committee of the NSW Parliament Sustainability of energy supply and resources environmentplanning@parliament.nsw.gov.au

Hunter Environment Lobby (HEL) is a regional community-based environmental organization that has been active for over 25 years on the issues of environmental degradation, species and habitat loss, climate change and effects on ground water and rivers of coal mining in particular.

We are pleased to make this submission to the Environment and Planning Committee of the NSW parliament on the Inquiry into the Sustainability of energy supply and resources.

We realise how this inquiry will be crucial to future of New South Wales in the examination of 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.

We are pleased that 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.

The priority issues HEL wants to raise include social impacts on communities and economic and environmental costs of coal and gas. Also 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. We believe that it is crucial that this Inquiry hear directly from the people who's communities have been altered beyond recognition – we advise that the Inquiry hold some sessions here in the Hunter.

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.

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 our annual domestic greenhouse emissions. This gives New South Wales a global role to play in tackling climate change.

The world is changing and NSW is vulnerable to that change. NSW is becoming more 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. 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 predicted global declines in coal occur.

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.

Much of the information HEL has used is available in NSW Government's own information, such as EPA NSW. The 'Clean Air for NSW consultation paper 2016 <https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/air/clean-air-nsw160415.pdf>

Also 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."

Estimated power station 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 exist - 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.

This scenario builds on the regions 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, this is a very important part of returning the Hunter Valley to a degree of normalcy we have lost sight of.

However, HEL realizes that 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.

We see unhappy experiences in other coal mining regions of the world - 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.”

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. We saw Germany’s dedicated Coal Commission, made up of workers, companies, experts and environmentalists, releasing 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.

We saw support for the Hunter Renewal roadmap which was auspiced by Lock The Gate recently and involved door-knocking in Singleton and Muswellbrook and found 9 out of 10 people agree that the region needs a plan to diversify and prepare for a future beyond coal.

It was called ‘The Hunter Renewal Project’ and volunteers have 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.

It is a bold effort by mostly volunteers committed to helping our community come to grips with the inevitable changes brought on by the demise of coal as an energy super product. HEL is supporting the Road Map volunteers who are in turn supporting the people of the Hunter in charting their road to renewal.

We 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.

Some of the research used came from Dr Neil Perry - Weathering the Storm. January 2019. As well the Industrial Relations Research Centre, October 2017 - The Ruhr or Appalachia?

We know we can choose new renewable energy infrastructure and new industry that creates new jobs and does not compromise water security, health or the social fabric of our regions. Renewable options will make energy affordable.

We find that unpredictable markets and prices for the coal and gas that fuel our energy system now are driving up energy costs for NSW households and businesses, this is unacceptable and in a planned forward thinking economy, this will be a thing of the past.

The communities of the Hunter want to clear the air, we know that coal mining and burning in the Hunter region is causing air pollution and the air in Singleton and Muswellbrook fails to meet national standards and makes people sick.

We also want to safeguard water security, most people do not realise that coal mining and burning are large consumers of water. The mining industry and power stations in the Hunter region between them own 85% of the highest security water in the regulated river system. In the drought-stricken Namoi, waterhungry coal mines are growing and out-bidding farmers for available water.

This is not a situation that is sustainable, we are pleased that an Inquiry of these parameters can shine the light on the unsustainable nature of coal mining and burning here in our Hunter.

Yours in trust,



Jan Davis
President Hunter Environment Lobby Inc.