

**Submission  
No 214**

## **SUSTAINABILITY OF ENERGY SUPPLY AND RESOURCES IN NSW**

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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.
- 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 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.
- That means NSW communities heavily reliant on coal exports of coal-fired power stations do not have much time to diversify and prepare, so Government support is urgent and vital.
- 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.
- 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.
- 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.
- Germany's dedicated Coal Commission, made up of workers, companies, experts and environmentalists, has now released a plan with funding and environmental protections. Not one job has been lost.

- 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.
- 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.

I support the people of the Hunter in charting our road to renewal and I back the Hunter Renewal roadmap ([www.hunterrenewal.org.au/road\\_map](http://www.hunterrenewal.org.au/road_map))

I 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.

Thank you for your time and consideration.

Kind regards,

Sue Abbott