Attention: Director Energy and Resources Policy
NSW Department of Planning, Industry and Environment
Locked Bag 5022, Parramatta NSW 2124

18th August 2021

Re: Preliminary Regional Issues Assessment Hawkins Rumker

Thank you for the opportunity to make a submission in relation to the above.

I object, in the strongest possible terms, to the opening up of the Hawkins and Rumker for coal exploration and potential mine development.

I have seen a number of submissions regarding the PRIA from colleagues and friends. Collectively, they cover an enormous amount of ground, from issues relating to negative impacts on the local environment and community, through to the completely reckless irresponsibility of mining even more coal in an overheating world.

Rather than going over the same ground, I wish instead to simply concentrate on whether new coal release areas such as Hawkins and Rumker are, objectively, *strictly necessary* for New South Wales to meet likely future demand for its coal, both domestically and overseas.

The Fundamental Question: Do We Really Need To Open Up New Coal Areas In NSW?

To my mind, the key question is this: In a world that is changing rapidly, with ever-increasing downward pressure on fossil fuel production and usage, when we consider existing coal producing areas and the production capacity of current and likely future projects in those areas, is there an *inarguably compelling* case that opening up entirely new areas for coal resource exploitation is necessary?

I would argue that there is not, especially now that the competitive allocation framework for the new Wollar area has already been announced.

Treasury's 2021-22 Intergenerational Report

NSW Treasury's recent 2021-22 Intergenerational Report[1] and accompanying technical papers[2,3] present vastly different prospects for NSW coal production compared to just five years ago. What were expected to be ongoing increases have been superseded by projections showing a regime of declines during the mid- to late-2030s, with – in the "lower global coal demand" scenario – the potential cessation of *all* coal production in NSW by 2042.

[1] NSW IGR, available here
[2] TTRP 21-07, available here
[3] TTRP 21-05, available here

Relationship of Intergenerational Report Estimates to the Strategic Statement on Coal Exploration and Mining in NSW

The technical papers mentioned refer to projections by the Department of Regional NSW of coal production in NSW over time, with forecasts based on *"analysis of current and potential future mines, (including) a central projection, as well as 'maximum' and 'minimum' projections"*.[4]

Despite the technical papers claiming that "*these projections underpin the New South Wales Government's Strategic Statement on Coal Exploration and Mining in NSW*, *released in 2020*"[5], barely any trace of them is apparent in the Strategic Statement[6] as published. Indeed, the Strategic Statement doesn't mention *any* numbers related to current NSW coal production volumes, or *any* estimated tonnage figures for future NSW production/demand, under *any* scenario.

The only production-related numbers presented in the Strategic Statement relate to *global* thermal seaborne coal demand. These are presented in two graphs, one for all importing countries, and the other being the same figures filtered to only show NSW's current key coal export partners[7]. (Again, it's important to stress that this latter chart is for *total* seaborne coal demand by these partners, not demand for *NSW* seaborne coal.) The charts show projected figures out to 2050 without specifying any details of any scenario on which they have been based. The charts are sourced from "IHS Markit", a company which experienced analysist from The Australia Institute, Rod Campbell, describes as "a consultancy that is rarely, if ever, referenced by coal projects in the NSW planning system or Australian Governments".[8]

The complete failure of the Strategic Statement – or any supporting documentation - to make any kind of robust case for new coal areas using the supposedly fundamental figures produced by the Department of Regional NSW (as referenced by Treasury) is inexcusable.

Key Developments Since The Strategic Statement And Their Implications

Given that it was released in July 2020, the Strategic Statement – by definition – was not based on any intelligence regarding key developments in key coal market partner countries during the latter half that year.

Important announcements during that time included Japan announcing a commitment to net zero by 2050, South Korea aligning itself with Japan's target and China's commitment to net zero by 2060.[9]

While Treasury's technical paper, released in May 2021, points to its *awareness* of these developments[10] – which obviously paint an event gloomier picture for coal exports - it does not *explicitly* state that they were *actually* incorporated in any modelling produced for that report.

At the same time, it seems fairly clear that any additional important developments during the first months of 2021 were also not factored into any modelling. These included the announcement by Japan in April that it would be making deeper cuts to emissions by 2030 than originally proposed,

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[4] TTRP 21-07 (p19)
[5] TTRP 21-07 (p18)
[6] Strategic Statement, available here
[7] Strategic Statement (p5, p4)
[8] The Australia Institute, "Back to the past: Submission on Hawkins-Rumker Preliminary Regional Issues Assessment of new coal exploration areas", August 2021 (p5)
[9] IEEFA, "Australian Thermal Coal Exports Outlook", August 2021 (p4, p5)
[10] TTRP 21-07 (p18)

and Taiwan confirming in January that its Taichung coal-fired power plant - responsible for about *one fifth* of all Taiwan's coal imports - would close by no later than 2035 (and possibly as early as 2033).[11]

In the time since the release of the Intergenerational Report, the release of the IPPC's Sixth Assessment Report[12] has added more impetus for change. The forthcoming COP26 meeting in Glasgow later this year will also see more policies introduced with significant impacts on the prospects of NSW coal exports.

To say the pace of change is significant is an understatement.

It's clear now that the foundation (whatever it was) that the Strategic Statement was based on in relation to the opening up of new coal areas has crumbled. Additionally, the projections of coal production and export embodied in Treasury's 2021-22 Intergenerational Report are aging poorly.

In all, there is a genuine need for closer monitoring of NSW coal production (current and potential), along with more frequent/responsive forecasting if transition to a new world of lower GHG emissions and a vastly changed energy generation and supply landscape is to be stewarded responsibly and effectively.

Committee On Environment and Planning Report

Further to the point of transition and its management, it is well worth noting here the publishing last week of the report by the NSW Legislative Assembly's Committee on Environment and Planning, titled "Sustainability of energy supply and resources in New South Wales".[13]

The following quote from the report is particularly relevant in the context of the points made in this submission:

> *"The importance of planning was repeatedly stressed to us throughout the inquiry. We heard good and bad examples of energy transitions from Australia and internationally. We recognise that locally led, locally focused, long-term, and early planning is essential to provide the best support to communities. It will also need to occur at each level of government. We recognise the importance of work currently being undertaken by councils and community organisations."*[14]

Worth noting, too, are the following recommendations:

Recommendation 1:	*That the NSW Government monitors changes in the coal export market to plan for the impact of a decline in coal exports and especially its impact on affected regional communities.*[15]
Recommendation 14:	*That the NSW Government appoints a coordinator to manage the development of energy transition plans for communities that will be impacted by the transition.*[16]

[11] IEEFA, "Australian Thermal Coal Exports Outlook", August 2021 (p4, p5)
[12] IPPC6, available here
[13] SESR, available here
[14] SESR (viii)
[15] SESR (p10)
[16] SESR (p14)

The takeaway is that the issue of transition is bigger than the concerns of the coal industry alone - and that only by working with the renewable energy sector in a closely managed and coordinated way will the best be made of the challenges ahead, for the benefit of all.

In Conclusion

To recap, my submission is that if the NSW Government wishes to open up any new areas (beyond Wollar) for coal exploration and development it should be required to provide, *at the very least*, an overwhelmingly persuasive case – based on the latest market intelligence – that such a move is strictly necessary to meet realistically projected demand. This case has not been made and, I would argue, simply cannot be made, given where we now find ourselves on the pathway to net zero. On this basis releasing any part of Hawkins or Rumker for coal exploration and potential mining is reckless and simply unwarranted.

Yours faithfully,

CRAIG SHAW
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