

**Submission
No 53**

INQUIRY INTO 2024 ANNUAL REPORT OF THE NET ZERO COMMISSION

Organisation: Lock the Gate Alliance

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Submission to the Joint Standing Committee On Net Zero Future re. the Net Zero Commission's 2024 Annual Report

Dear Committee members,

Thank you for conducting this inquiry.

NSW is [not on track](#) to meet climate targets. In November 2024, the NSW Productivity and Equality Commission [bluntly stated](#) that “[b]ased on current policy settings, the state is projected to fall short of all its targets – 2030, 2035, and 2050”. About two weeks later, the NZC’s first report warned that “[u]nless action is accelerated, NSW may not reach net zero by 2050 and we will fail to meet our nearer term targets.” The NZC’s finding in regard to interim targets is of particular concern:

“An overarching theme arising from the Commission's initial assessment is that a considerable upscaling and acceleration in activity will be required if NSW is to stay in reach of its emissions targets. As noted earlier, unless faster and more significant progress is made, the target for 2030 will not be achieved, the 2035 target could be out of reach ...”

To get back on track, the NSW Productivity and Equality Commission has clear advice for the NSW Government: *“take a more active role in guiding the transition ...[t]he longer we wait, the more it will cost us to fix the emissions shortfall. The easy decisions have already been made.”* The Commission’s advice is that “[m]any activities need policy change to reduce emissions”, including *“fugitive emissions from coal mining.”* NSW Minister for Climate Change, Penny Sharpe, acknowledged this last year, telling a [Budget Estimates hearing on 29 August 2024](#) that “[f]ugitive emissions are a big problem. They will impact on our ability to meet our targets. There is no doubt about that.”

Emissions from the NSW coal mining sector are a major problem

As both the NSW Productivity Commission and NSW Net Zero Commission note, coal mine expansions are highly problematic in terms of NSW being able to meet climate change targets and warrant close and immediate scrutiny.

The NZC stated that emissions from 22 proposed coal mine extensions and expansions *“pose a major challenge for the state’s regulatory arrangements”* and that any emissions

associated with extended coal projects would “*require all other sectors to make greater emissions reductions*”.

In response to that finding, the focus of our submission is on GHG emissions attributable to the existing coal sector in NSW and the threat that significant additional emissions from 21 coal-mine expansions pose to meeting the 2030 and 2035 targets.

Coal mining poses major challenges for NSW, not only to the achievement of NSW climate change targets but also to limiting global temperature rise to as near as possible to 1.5 degrees as set out in the purpose of the *Climate Change (Net Zero Future Act) 2023* (CCNZF).

On current projections, by the early 2030s, *mining* coal (primarily for export) is forecast to add more emissions to the NSW GHG inventory than *burning* coal in NSW power stations, therefore NSW planning authority decisions which greenlight additional, emissions-intensive coal mining, are consequential.

Coal supply in NSW

In regard to any concerns that Committee members may have about security of coal supply, we note that NSW exports most thermal coal and has plenty for domestic power needs (~85% of thermal coal extracted in NSW is exported, and only ~15% is currently burnt for domestic power generation).

In regard to the ongoing viability of jobs in the sector, we note that most NSW coal mines already have approvals to extend long beyond 2030. Of 42 coal mines currently operating in NSW, 27 already have existing approvals that continue beyond 2030, and many extend long beyond 2030. Despite this, at least 19 coal mines are now seeking to extend their approvals even longer (see Table 1 below), many well beyond 2040. Most of the expansions are for export, and at least 6 are for extensions that will not even *start* until post-2030. It seems very clear that mining companies are ‘gaming the system’ and seeking to exploit the current weak regulatory environment in order to bank approvals for the future.

New coal projects compete with housing and renewable energy for skilled labor

The NSW Productivity Commission - in their [first Net Zero report](#) - warned that construction sector capacity will impact the cost and timing of the energy transition. Coal mine expansions - in a tight labor market - compete for the same skilled labor required to build housing, public infrastructure and the rapid build-out of renewable energy projects.

As a key participant in the National Housing Accord, NSW has committed to delivering 377,000 dwellings over five years to 2029. NSW also has “*a large pipeline*” of public infrastructure projects to be built (over the 2024-25 Budget and Forward Estimates period, a record \$119.4 billion capital program is afoot). As the NSW Productivity Commission point out:

“Not everything can be built at once. Constraints in labour, materials, and equipment have been the subject of significant stakeholder commentary, as an overstretched construction sector suffers surging costs and delivery delays (Infrastructure Australia, 2023).”

The net zero transition is facing challenges recruiting and retaining skilled workers because of “unprecedented pressure”. Tradespeople can move between infrastructure projects—energy, water, roads, freight, and public transport—and private residential, commercial, and industrial developments. “Workers in professional roles such as engineering, architecture, and procurement are also able to move between construction subsectors.”

Essentially what the Productivity Commission is saying is that there is an opportunity cost that NSW is paying when new coal expansions are approved. These projects will inevitably impact high-priority developments in the housing, public infrastructure and renewable energy sectors. A report prepared by EY for the HVO coal mine expansion in May 2024 confirms this analysis. In their economic assessment of the proposal, EY found that “75 per cent of the workers at the HVO Complex reside in Lower Hunter, where the remainder are sourced from the rest of NSW. This represents a migration into the region, increasing the labour supply in Lower Hunter and **reducing the labour supply in the rest of NSW (our emphasis)**.”¹ EY determined that “should the proposed development not go ahead, those who would have been employed at the HVO Complex would instead find alternative work at the average wage afforded to their occupation in NSW.”

Summary of issues with coal mining and its contribution to climate change in NSW

We have analysed in detail the emissions profile and trajectories of current and proposed coal mines in NSW against NSW emission reduction targets. The information and analysis provided below and attached is based on referenced data that coal companies have already provided to the Clean Energy Regulator or included in environmental assessment or Annual Review reports or that have been provided by the NZEM modelling team.

We offer the following points in summary (see Attachment 1 for more detail and graphs):

1. **Abatement is failing at existing coal mines** - reported Scope 1 emissions from the top 27 highest-emitting NSW coal mines *increased* by ~1 Mtpa CO₂e in FY23 (the last FY for which data was available as at the time of writing this submission).
2. **Coal fugitive emissions are predicted to increase to 2030** - NZEM projections show coal fugitive emissions increasing by 2030, not reducing by 50% in accordance with NSW targets nor by 75% as recommended by the International Energy Agency.
3. **Coal fugitive emissions are likely to be far larger than predicted and reported** - preliminary results from [Open Methane](#), which analyses methane satellite data, has found that coal-mine methane emissions in Australia may be around double what has

¹ EY, May 2024, [Economic Impact Assessment of the Hunter Valley Operations continuation project HV Operations Pty Ltd](#)

been reported.²

4. **There is a significant pipeline of proposed coal mine expansions** - 21 coal mine expansions are proposed in NSW that will produce about 2.2 billion tonnes of lifecycle greenhouse gas emissions, contrary to the temperature goals and principles of CCNZF Act.
5. **Avoiding emissions from proposed projects will reduce climate target shortfall** - direct emissions from just 6 of the proposed projects have been modelled, but these equate to at least 1.8Mt CO₂e emissions in 2030, which if avoided would help address the 8.5Mt CO₂e shortfall predicted in meeting NSW's 2030 climate target.
6. **Modelling is opaque and the situation will worsen when an additional 14 proposed expansions are modelled** - only a small subset of coal expansions have been modelled in the Emissions Dashboard and there is no transparency about what has been modelled and at what level.
7. **Coal mines are seeking to 'bank' approvals for expansions that don't start until the 2030s** - at least 7 coal companies are seeking to take advantage of the weak regulatory environment by seeking approval now for expansions that will not start until well after 2030 and which will have a major impact on our ability to meet targets.
8. **Emissions failures at coal mines shifts the burden to other sectors** - the NSW Climate Change Minister has stated that every sector must do its part to meet targets, but the current approach shifts the burden from coal onto every other sector of the NSW economy.

Conclusion

One of the reasons that coal-mine expansions are controversial, is that **no-one in government can explain how a 50% cut in emissions will be achieved by 2030 if these new and additional, high-emitting projects go ahead**. This is why Lock the Gate argues in this submission that new coal project decisions should be paused whilst the Net Zero Commission conducts a short, sharp review to assess the risk from coal mining to NSW climate change targets in detail.

In the context of all of these expansions and extensions, we note that **global thermal coal use also needs to reduce rapidly to meet Paris temperature goals**. Under the International Energy Agency 'Net Zero Scenario', world coal demand needs to plunge by 43% by 2030, by 71% in 2035 and over 90% by 2050.

Given the scale of the threat posed by coal mine emissions (particularly fugitive methane emissions), an assessment of GHG issues in the coal sector should feature strongly as a key issue in the Joint Standing Committee On Net Zero Future's (JSC) report to Minister Sharpe. This is warranted for all the reasons set out below, but especially because of the

²<https://www.superpowerinstitute.com.au/news/new-groundbreaking-satellite-monitoring-tool-shows-significant-underestimation-of-methane>

enormous global warming potential of methane in the short-term which makes it the single biggest opportunity to avoid near-term tipping points.

Additional scrutiny is needed not only to meet the intent of the CCNZF but also to safeguard every other economic sector in NSW so that they do not shoulder a greater burden of emissions reduction whilst coal mines continue business as usual.

The extraordinary scale of proposed coal mine expansions in NSW represent potential lifetime emissions that are more than 16 times NSW current annual emissions. Addressing those expansions is therefore undoubtedly the single greatest opportunity NSW has to make a genuine difference on climate change on a global scale.

Therefore, we urge the JSC to consider and make recommendations on this vital issue in your upcoming Committee report and make it the subject of more dedicated scrutiny and investigation once that report is complete.

RECOMMENDATIONS

- 1. The NSW Government should request a specific, dedicated report from the NZC on the risks that coal and gas expansions pose to NSW climate targets, to be completed by June 2025.** The report should include advice on a coal sectoral target to drive emissions reduction in the coal sector. In the meantime, approvals of new coal expansions should be paused until such advice has been provided by the NZC.
- 2. A Regulation under the CCNZF Act should be created to place a duty on key planning decision-makers to meet the 2030 and 2035 targets** and to consider downstream emissions in the context of the Paris temperature goals (as per the purpose of the Net Zero Act).
- 3. The Net Zero Commission should be asked to provide specific advice and make recommendations to decision makers on all large proposed high-emitting coal mine expansions** in NSW, as per s15 (3) of the CCNZFA.
- 4. The Net Zero Commission should be asked to advise on a carbon budget to 2030 and 2035, as a matter of high priority.**