



Mr Tony Pearson

Chair of the Independent Planning
Commission Panel for the United Wambo
Open Cut Coal Mine Project and associated
modifications

Level 3, 201 Elizabeth St
SYDNEY NSW 2000

8 August 2019

Dear Mr Pearson

Thank you for the opportunity to make a submission on the statement released on 2 August 2019 by the Independent Planning Commission's (IPC) Panel for the United Wambo Open Cut Coal Mine Project regarding a potential condition related to overseas downstream greenhouse gas (GHG) emissions. The Department of Planning, Industry and Environment's Regions, Industry, Agriculture and Resources Group provides the following observations for the Panel's consideration.

The state's coal industry generates significant economic benefits for the people of NSW and regional communities

The coal mining industry in NSW contributes almost \$1.8 billion in royalties, which helps fund the provision of essential infrastructure and services across the State.

As at December 2018, the coal mining industry in NSW employed over 21,000 people directly, and around 80,000 people indirectly in both mine and non-mine related services. The large majority of these employment benefits flow to people in regional NSW.

Coal also continues to play an essential role in maintaining energy security in NSW. Coal fired power stations generate about 80 per cent of NSW electricity.

Most of the state's coal is exported, mainly to countries in the East Asia region

Coal is the state's largest export earner, with an export value of around \$19.7 billion in 2017-18. NSW exports close to 85 per cent of the thermal and coking coal it produces. Almost 44 per cent is exported to Japan. The other main export destinations for NSW coal are China (17 per cent), South Korea (13 per cent) and Taiwan (13 per cent).

The coal industry will continue to play an important role in NSW over coming decades, even as NSW and other domestic and international jurisdictions transition to renewable energy sources. While demand for thermal coal from some coal-importing countries may fall over this period, demand for thermal coal is expected to increase in other parts of Asia, including India and Bangladesh. Further, demand for coking coal is expected to continue to grow across the Asian region.

Assigning responsibility for overseas downstream GHG emissions may not be reasonable and may have unintended adverse social and economic impacts

It is reasonable to expect an individual coal mine operator to act to minimise GHG emissions from the sources it controls. Expecting coal mining operators to do the same for downstream GHG



emissions in overseas jurisdictions may not always be reasonable. In this regard, careful and close consideration need to be given to:

- whether it is reasonable to hold an individual project accountable for downstream emissions generated by an overseas party it does not and cannot control when those emissions do not need to be reported under the National Greenhouse and Energy Reporting regime and are instead accounted for by the destination country;
- whether the NSW Government is capable of enforcing compliance if it did impose such a requirement, particularly if climate change policies in destination countries change;
- whether it is possible to trace the coal from a single mine through the export chain to the overseas facility where the downstream emissions occur, noting that mine might supply that coal to the open export market rather than export it directly to a specific third party; and
- how to assess the adequacy of climate change and greenhouse gas emissions policies in other jurisdictions, and the evidence and expertise required to do such an assessment.

These are matters which go to the workability of the IPC Panel's proposed approach to the consideration of downstream GHG emissions. It is contended this is likely to make more uncertain the assessment and determination of coal mining projects and discourage investment in this important sector, with unintended adverse impacts on regional employment, export income and royalties.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gary Barnes'.

Gary Barnes

Coordinator-General

Regions, Industry, Agriculture and Resources