

2025 consultation

Submission type	Upload
Submitter	Mining and Energy Union
Response ID	277520

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NSW Net Zero Commission 2025 Consultation Paper

Mining and Energy Union, July 2025

The Mining and Energy Union (MEU) represents more than 25,000 members nationally working in Australia's mining and energy industries, predominantly in coal mines and coal-fired power stations.

In New South Wales, our Northern Mining & NSW Energy District represents members working in the coal mines of the state's Northern coalfields and in all NSW coal-fired power stations, and our South Western District represents members working in the state's Southern and Western coalfields. We also represent workers in NSW metalliferous mining through the NSW Mineworkers Alliance, a partnership with the Australian Workers Union.

We welcome the opportunity to provide views to the Net Zero Commission as it develops its work plan and considers its policy advice to the NSW Government.

MEU members and their communities find themselves at the centre of the net zero transition

The net zero transition is set to profoundly impact the regions which have powered NSW, and underpinned its economic prosperity, for generations. Coal workers and coal communities in New South Wales are well-aware of the significant changes that will affect their industries and communities as the energy transition progresses in response to the climate change and emissions policies of governments and major companies.

Coal communities in New South Wales are already navigating the fallout of major power station and mine closures, most notably the recent closure of Liddell Power Station in the Hunter region, as well as earlier closures in the Lithgow area. By 2030, Eraring Power Station and Mt Arthur Mine, respectively the largest coal power station in Australia and largest coal mine in NSW, are also slated to close.

Traditional customers for Australian thermal coal exports, such as Japan and South Korea, have net zero targets in place, and increased thermal coal demand from emerging economies may only partially offset an overarching decline in global demand over the longer-term.¹ With demand for metallurgical coal expected to be more resilient², the state's coal industry is likely to continue into the 2050s or beyond, but it may be smaller and more geographically concentrated in the regions that produce metallurgical coal. Consequently, NSW coal communities will experience the net zero transition in different ways and at different times.

¹ Department of Regional NSW, Future Jobs and Investment Authorities Issues Paper, May 2024, p. 10.

² Ibid, p. 11.

The regional social and economic implications of the net zero transition must be carefully managed

To avoid the mistakes of the past, which have seen industry closures and downturns lead to entrenched unemployment and economic depression in local communities, the transition to net zero must be an orderly one. The consultation paper notes the NSW Government's commitment to establishing Future Jobs and Investment Authorities across the state's coal-reliant regions. We welcomed last month's announcement from Minister Houssos indicating that legislation would be introduced to establish the Authorities in the coming months.

The Future Jobs and Investment Authorities have an important role to play in delivering a transition that is fair and supports the future prosperity of coal regions through strategic regional planning, facilitating investment and economic diversification, taking a proactive role in improving post-mining land use policy and planning, mapping and improving the skills and capabilities of regional workforces, and collaborating with local communities. We expect the Future Jobs and Investment Authorities to complement the important work of the federal Net Zero Economy Authority and its Energy Industry Jobs Plans for workers directly affected by coal power closures. The work of state and federal transition authorities must ensure that no worker or community is left behind by gaps in support.

We note the consultation paper's acknowledgement of the regulatory challenge of managing legacy emissions from closed coal mines. This is an issue of critical importance for public health, community wellbeing, and the local environment in mining communities. As a union, we have been engaging with the NSW Government on the need for reforms to mining rehabilitation and post-mining land use regulatory regimes to support improved standards and facilitate productive alternative uses for mined land. Reforms of this kind could also prove instrumental in supporting new economic opportunities for coal regions.

An orderly transition requires a balanced approach to the role of the coal mining industry in NSW

It's clear that the domestic energy transition is well-underway, and those impacted are rightly a special focus of government policy initiatives like the new federal Net Zero Economy Authority. But key regional economies in NSW continue to rely heavily on a thriving export coal industry. As the engine room of NSW's energy and export economy for decades, the coal industry can be a stabilising foundation for the state's transition, not a casualty of it.

Employment in coal production roles in NSW has, in recent years, been sustained at historical highs above 25,000 workers. In towns such as Muswellbrook, Lithgow, Singleton, Gunnedah, and Narrabri, coal mining underpins local economies and supports small businesses, services, and infrastructure.

The ongoing health of NSW's coal industry is critical to safeguard regional prosperity as new net zero industries gradually ramp-up – while there have been many investment and project

announcements across renewable manufacturing, hydrogen, and more, most remain at early stages, still years away from delivering a meaningful number of jobs and economic activity.

The coal industry is also an important source of revenue to the state government through the payment of royalties. Royalties are expected to deliver around \$3.3 billion annually to the NSW budget for the duration of the forecast period out to 2028-29.³ Future commodities like critical minerals cannot be expected to replace lost revenue from coal – they are not bulk commodities and operations are far more marginal than in the coal and iron ore industries.

We welcome investment in new industries across critical minerals, manufacturing, and the clean energy supply chain. These industries will bring important jobs and economic activity to our regions as the transition progresses. However, the Net Zero Commission should not recommend policies which would meanwhile work to impede coal mining approvals and affect the viability of existing mines while new industries are at early stages and nowhere near capable of replacing the local jobs, prosperity, and revenue that would be lost. We urge the Commission to recognise the ongoing strategic role of coal in regional development and energy security and to avoid recommending policies that pre-emptively constrain an industry that remains vital to the state's economy and workforce.

The Safeguard Mechanism is the appropriate policy to support emissions reduction in the NSW coal mining industry

The Safeguard Mechanism places obligations on high-emitting facilities, including coal mines, to reduce scope 1 emissions. Compliance with Safeguard Mechanism obligations supports the coal industry to decarbonise its operations and play its fair share in meeting emissions targets – which is essential for maintaining the industry's social licence into the future.

The Safeguard Mechanism is the appropriate public policy tool for reducing emissions in the coal mining industry. Around 95 per cent of the NSW coal sector's emissions are covered by the Safeguard Mechanism. This provides a clear, predictable baseline for mines to adhere to and is incentivising investment in technologies like ventilation air methane capture and fuel switching away from diesel. Adding new emissions requirements across multiple policies and levels of government would be duplicative, confusing, and unnecessary.

Additionally, recognition of interstate offsets when calculating the emissions of NSW facilities would ensure improved alignment with the frameworks of the Safeguard Mechanism, which allow for trading of offsets and of Safeguard Mechanism Credits generated by other covered facilities across the country in what is a *national* scheme.

Lastly, current state and federal government emissions policies and regulations are based on net emissions measures. To support compliance and consistent policy across levels of government, and provide investment certainty, net emissions measures should remain the standard. We are therefore concerned by recent indications that gross emissions measures may be taking on a greater role within some parts of the NSW environmental and planning regimes.

³ Summary of general government sector revenue and its components, NSW 2025-26 Budget Papers.