

23 October 2023

Committee Director  
Portfolio Committee No. 7 - Planning and Environment  
Parliament House  
Sydney NSW 2000

Dear Committee Director

**Institute of Public Affairs submission to the Inquiry into the Climate Change (Net Zero Future) Bill 2023**

The purpose of this letter is to share research and analysis conducted by the Institute of Public Affairs (IPA) with the Portfolio Committee No. 7 - Planning and Environment (the committee) as it conducts its inquiry into the Climate Change (Net Zero Future) Bill 2023 (the bill).

The findings contained in this submission are based on wide-ranging analysis published in numerous IPA research reports across the past eighteen months regarding the economic and social consequences of net zero and other emission reduction policies.

The bill aims to enshrine into legislation the state government's emission reduction targets to halve net greenhouse gas emissions by 2030 and net zero greenhouse gas emissions by 2050. The bill will also establish the Net Zero Commission to monitor, review, and make recommendations to government ministers regarding progress towards these targets.

IPA analysis of the bill has resulted in the following findings:

- The bill will enshrine NSW's emission reduction targets into legislation, which will put more than 138,000 jobs at risk of permanent cancellation, the vast majority of which will be in regional and rural NSW.
- The policy of net zero will increase household power prices through the removal of baseload power sources, and their replacement with intermittent renewables.
- The policy of net zero is eroding NSW's energy security, and undermines the decision made by the state government to extend the life of the Eraring power station.

On the basis of these findings, the IPA recommends that the bill and the policy of net zero emissions by 2050 be abandoned, and that the NSW state government legislate a mechanism by which no baseload power station can be closed unless and until there is a like-for-like baseload replacement ready, such as coal or nuclear.

### **The policy of net zero emissions will impose significant economic harm on New South Wales and put more than 138,000 jobs at risk of permanent cancellation**

IPA research has identified that, in order for Australia to reduce its emissions to net zero, at a minimum all coal, gas, and oil projects in the construction pipeline must be cancelled. As a result, existing jobs in high-emitting industries such as manufacturing, agriculture, and energy supply will be put at risk. This will mean up to 138,095 jobs across NSW will be put at risk, with 67 per cent of these jobs located in rural and regional NSW.

The twenty state electorates with the most jobs at risk are all located in regional NSW. In the top five most affected electorates, more than fifteen per cent of total jobs would be at risk of being cancelled. These are jobs that are unlikely to return. IPA analysis has found that since 2010, for every one job created in ‘renewable activities’, five manufacturing jobs have been destroyed. In comparison, the twenty state electorates with the lowest number of jobs at risk are all classified as inner metropolitan, where the total percentage of jobs put at risk by net zero is one per cent or less.

### **The policy of net zero emissions by 2050 will make household power prices unaffordable in NSW**

IPA research has identified that under the policy of net zero, a further five coal-fired power stations in Australia are set to be decommissioned by the year 2030.

The absence of a reliable and affordable replacement baseload power supply will artificially lower the nation’s energy supply and put further upward pressure on household power bills. This is because the proposed replacement energy sources—such as wind and solar—are intermittent and cannot provide energy under all circumstances, unlike coal or gas.

At a state level, three of the five power stations due to be closed are in New South Wales, which combined make up approximately 12 per cent of total capacity in the National Electricity Market. Closing these power stations, subsequent to the closure of Liddell, would cause retail electricity bills to increase by 100 per cent in New South Wales from 2022 levels, rising to \$2,600 per annum in 2030.

### **The bill is incompatible with the principle of energy security**

A key objective of governments is to achieve energy security, which is the uninterrupted supply and of energy sources at an affordable price. The policy objective of net zero is incompatible with the objective of energy security as it requires the replacement of reliable baseload sources of energy (such as coal and natural gas) with intermittent sources of energy (such as wind and solar).

The need for energy security is urgent. The Australian Energy Market Operator’s recent *2023 Electricity Statement of Opportunities* report found that New South Wales will experience energy reliability gaps from the 2025-26 summer. It is in this context that the state government

made the decision in September 2023 to delay the closure of the Eraring power station to ensure secure and reliable energy supply.

The intention to legislate a net zero target is effectively a repudiation of the state government decision to delay the closure of Eraring. IPA analysis has found that no baseload power station should be allowed to close unless and until a like-for-like baseload replacement, such as coal or nuclear, is ready to come online, a scenario that is not possible under the policy of net zero.

Illustrative of prevailing misplaced policy priorities is the creation in the bill of the Net Zero Commission. The Net Zero Commission would have the responsibility of monitoring, reviewing, and providing advice and recommendations to the relevant Minister on the progress towards achieving the legislated net zero targets. Section 11 of the bill specifies that the Net Zero Commission would not act under the direction of the Minister. The limited powers of the Minister are to appoint members of the Net Zero Commission, provided the candidates have the skills, qualifications, and experience, pertaining to seven separate criteria relating to climate science, climate change, renewable technologies, and the ‘interests of Aboriginal communities’. Not mentioned among the criteria is anything relating to energy security or the affordable and reliable supply of energy.

### **Recommendations**

1. The bill should be rejected.
2. The policies of net zero emissions by 2050, and the 50 per cent reduction in net greenhouse gas emissions target by 2030 should be abandoned.
3. The NSW state government should legislate that no baseload power station can be closed unless and until there is a like-for-like baseload replacement ready to come online, such as coal, gas, or nuclear.

I wish to thank the committee for the opportunity to provide this submission. Please do not hesitate to contact me at [sdavidson@ipa.org.au](mailto:sdavidson@ipa.org.au) for further consultation or discussion.

Kind regards,

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**Research Fellow**

### ***Linked IPA research***

Report #1: *Australia’s Net Zero Energy Crisis: An analysis of the electricity price implications of net zero by 2050 (June 2022)*

Report 2: *An Analysis of the Employment Consequences of a Net Zero Emissions Target in NSW (February 2023)*

Report 3: *Liddell The Line In The Sand (May 2023)*