

ADDENDUM TO THE FORMAL SUBMISSION: STRONG OBJECTION TO ULAN COAL MODIFICATION 6-UNDERGROUND MINING EXTENSION

The new amended proposal seeks to extend the life of Ulan Coal Mine to August 2035 and is a necessary precursor to a much larger expansion, Modification 8 (Mod 8). Together, Mod 6 and Mod 8 would disturb approximately 2,368 hectares of new land, extend mining until 2041, and significantly increase impacts on water resources, biodiversity, climate and cultural heritage.

These two proposals are functionally inseparable and must be assessed together as a new project to properly understand their cumulative impacts on local systems and as a contributing factor towards climate change and the economic challenges of climate driven disasters.

Key points of objection:

Unequivocally, climate change represents the single greatest accelerating fiscal liability facing the Australian economy. The combined tangible costs resulting from the catastrophic sequence of drought, fires, and floods, including insured losses exceeding \$15 billion outlays of \$3.1 billion, represent only a fraction of the total economic damage. With these costs now expected to grow exponentially in the coming decades due to events like bushfires, floods, storms, and heatwaves. Simply put, we cannot continue to afford extracting coal that contributes to fuelling climate disasters.

This submission also accentuates the imperative necessity that Ulan Mod 6 along with the Ulan Mod 8 proposal needs to be submitted as a new project to provide robust cumulative impact information.

This submission also states that the amendment report continues not to identify the impacts of the increased greenhouse gas emissions on the local environment, community and economy, as required under NSW planning law.

This proposal will produce an additional 18.8 million tonnes of coal and when combined with Mod 8 (**additional 43 MT**) there will be over a **45% increase in total emissions above current approved operations at Ulan Mine**, with no assessment of cumulative impacts from existing mine approvals or expansion proposals across the three Mudgee Mines: Ulan, Moolarben, Wilpinjong. The cumulative loss of threatened species habitat, loss of water from the landscape and flows to creeks and rivers, and threats to amenity and livelihoods of neighbours has not been assessed.

The New Climate-Driven Economic Baseline

The period spanning 2019 onwards represents a critical inflection point in Australia's disaster profile, characterized by a rapid succession of historically severe and costly climate-driven events. This sequence, beginning with the protracted 2017–2019 drought, followed immediately by the

catastrophic 2019–2020 Black Summer bushfires, and culminating in the devastating 2021–2022 East Coast floods, has fundamentally altered the nation's economic baseline for managing natural hazards. The findings of the Royal Commission into National Natural Disaster Arrangements (RCNNDA) concluded that "Natural disasters have changed, and the nation's disaster management arrangements must also change". One of those changes has to be no coal mining extensions, modifications allowing continuation, and no new coal mining licences to be issued in NSW.

Defining the Total Economic Cost (TEC)

A comprehensive assessment of the real cost of climate change necessitates moving beyond conventional measurements of direct, tangible damages, such as property destruction and immediate infrastructure repair. Traditional costing methods that focus solely on market-priced losses are now widely understood to severely underestimate the true financial burden of climate events, potentially by more than 50%.

This submission adopts a Total Economic Cost (TEC) approach, integrating both tangible (insured losses, governmental recovery expenditure, road restructures) and intangible impacts. Intangible costs capture damages that are difficult to price, impacts on mental health and well-being, and long-term reductions in labour productivity and human capital. The sequential nature of these disasters—where drought weakened rural communities before fires struck, and unrecovered regions faced massive floods—significantly amplified long-term socioeconomic damage. The lack of temporal and financial buffers between events reduces regional resilience, ensuring that each subsequent event imposes a disproportionately higher cost on local economies and social cohesion than isolated events would.

Climate fuelled natural disasters currently impose an estimated **annual cost of \$38 billion on the Australian economy**. This baseline figure is projected to escalate dramatically, forecast to reach at least **\$73 billion** in just over 30 years.

Breakdown of costs for NSW

- **Extreme weather events:** These are a major driver of costs through damage to infrastructure, property, and agriculture, as well as the human toll of injury and loss of life.
- **Flooding:** In an average year, flooding alone costs the **NSW economy around \$250 million**.
- **Bushfires:** The 2019-20 bushfires cost NSW an estimated \$6.4 billion, with some models putting the figure closer to **\$100 billion**.

- **Projected increases:** The average annual cost of climate change for NSW is predicted to rise by over **\$10 billion annually** over the coming decades.
- **Future impacts:** Costs could also be higher due to increased insurance premiums, disruptions to global trade, and impacts on superannuation.

Economic and financial implications

- **Infrastructure and services:** Climate change poses significant risks to infrastructure, from transport networks to energy facilities.
- **Government revenue:** Climate change can negatively affect government tax revenue and disrupt supply chains.
- **Economic resilience:** Building climate resilience in infrastructure and other sectors is a key strategy for mitigating these costs, but it requires significant investment and planning.

Analysis shows that the total annual measurable economic and social costs affected by disasters are estimated at \$6.3 billion. The economic trauma of climate change is highly concentrated in two areas:

- **Lost Education and Earnings:** The largest driver of this cost is the long-term impact on human capital, estimated at \$5.3 billion in annual lifetime costs due to reduced year 12 completion rates and subsequent loss of potential earnings.
- **Mental Health and Social Costs:** Disasters impose \$662 million in annual short-term mental health expenses on CYP ²⁵, alongside \$192 million from the increased incidence of child abuse.

Extreme weather events are worsening across Australia. Since the Black Summer bushfires in 2019-20, there have been 11 declared insurance catastrophes. Since January 2020 insurers have received almost 788,000 claims related to floods and storms that have been declared catastrophes or significant events. **As the climate warms, the risk of extreme weather events will continue to increase, likely bringing disasters at a scale and severity for which we are not currently prepared for financially.**

The catastrophic losses experienced during the flood events pushed the Australian insurance market to unsustainable levels. Insured catastrophe losses reached a record \$7 billion in 2022.

The commercial failure to effectively manage and mitigate this escalating risk has created a significant long-term fiscal liability for the government. Modelling suggests that the direct cost of natural disasters could reach \$35 billion per year by mid-century, averaging more than \$2,500 per

household annually. These projections underscore that the climate crisis is rapidly transforming into a fiscal liability that **requires preventative intervention**.

Premium Inflation and the Crisis of Affordability The private sector's rapid repricing of this risk has led to unprecedented premium inflation. Between 2022 and 2023, the average Australian home insurance premium rose by 14%, the largest increase recorded in a decade.

The escalation of insurance costs is also acting as a direct driver of macroeconomic inflation, increasing up to five times faster than the Consumer Price Index (CPI). Since insurance is a necessary household expenditure, this rapid cost escalation places significant pressure on the cost of living, complicating the central bank's ability to manage inflationary pressures. This confirms that climate change is now a non-discretionary inflationary mechanism within the economy, independent of emissions reduction policies.

Conclusion and Strategic Recommendations: Investing in a Resilient Future

There is absolutely no economic rationale for Ulan Coal extensions (New Mines) which would extract an additional 38Mt of product coal. There is no sound economical quantification to allow Mod 6 to be approved when assessed against the real cost of increasing climate change damage, and where there is a clear projection of renewable energy expanding quickly and now providing a cheaper form of electricity without the economic losses from growing climate catastrophic events.

The amended Mod 6 proposal remains inadequate and should not be approved. **Mod 6 and Mod 8 are interdependent and must be assessed together as a single 'new project', not two separate 'modifications', to fully understand their cumulative impacts on climate, water, biodiversity and cultural heritage.**

Further expansion of the Ulan Coal Mine is incompatible with a safe climate, healthy water systems, and a quick and responsible transition to renewables for the Central West and NSW.

Economic information provided has been extracted from these sources:

aph.gov.au

Natural disasters and climate risk - Parliament of Australia

australianbusinessroundtable.com.au

The economic cost of the social impact of natural disasters - Australian Business Roundtable

nsw.gov.au

Natural Disaster Infrastructure Betterment in NSW

disasterphilanthropy.org

2019-2020 Australian Bushfires - Centre for Disaster Philanthropy

moody's.com

Black Summer five years on: A sobering reminder of Australia bushfire risk - Moody's

lismore.nsw.gov.au

Flood Response | Lismore City Council

Opens in a new window

anao.gov.au

Administration of the Disaster Recovery Funding Arrangements | Australian National Audit Office (ANAO)

nema.gov.au

Australian Government Disaster Recovery Payment - NEMA

indynr.com

State budget includes \$63m for Resilient Lands Program

qra.qld.gov.au

2022 Betterment Fund | Queensland Reconstruction Authority

australiainstitute.org.au

Premium price - The Australia Institute

www1.racgp.org.au

Mental health impacts of rising temperatures