



### Climate Change Authority 2024 Issues Paper: Targets, Pathways, and Progress

**Mining and Energy Union, May 2024**

The Mining and Energy Union (MEU) welcomes the opportunity to make a submission on the Climate Change Authority (CCA) 2024 Issues Paper.

The MEU represents more than 22,000 members working across Australia's mining and energy industries, including in underground and open cut coal and metals mining, coal-fired power generation, coal ports, and iron ore mining and transportation.

Our members, and their communities, are at on the front lines of global and domestic climate and energy policy. The profound economic transformation taking place will have significant impacts on these workers and regions which have powered Australia's economic prosperity for generations.

As the union for coal workers in Australia, we have long sought to engage constructively with governments, industry, and civil society on climate and energy policy issues. We were one of the few unions in attendance at the Rio Earth Summit in 1992, which saw the development of the UN Framework Convention on Climate Change.

Our primary interest in climate policy advocacy has always been the wellbeing of our members and their communities, ensuring that they are not left behind to bear all the costs of change while seeing few of the benefits. The work of the Net Zero Economy Authority, currently before Parliament, will prove critical to achieving an orderly and just energy transition, and we look forward to working alongside this new Authority.

While we are not in a position to make comment on the CCA's 2035 emissions reduction target advice or Australia's progress towards the 2030 targets, there are a number of consultation questions in the issues paper that we offer views on below. Additionally, we have been engaging on an ongoing basis with various government departments and agencies on the Net Zero Plan and sectoral decarbonisation plans (particularly the resources sector plan) which run parallel to the CCA review of potential technology transition and emission pathways.

#### 3. How can Australia further support other countries to decarbonise and develop sustainably?

As one of the world's leading coal exporters, Australia is a trusted partner supporting the energy security of import-reliant economies like Japan and South Korea. However, with our major export destination countries committing to their own net zero targets, Australia will need to adapt and develop new export industries to retain our advantage. Critical minerals mining and processing and hydrogen production represent promising opportunities, and the policy attention they are attracting from federal and state governments is warranted.

Export customers want to continue buying from Australia – in an era of global supply chain insecurity, we are a trusted and reliable source of major commodities. International investment in developing clean energy export industries in Australia is a sign of this interest.

Our customer countries are best placed to identify their own resource needs for their own energy transitions. Consequently, foreign investment from friendly governments and major international utilities has, on occasion, sought to support the development of industries that are not an identified focus of the Australian Government, such as blue hydrogen. Strong levels of investment mean that such project proposals may be on solid financial footing even without additional investment from Australian governments. In these instances, state and federal governments should cooperate to smooth the pathway for projects to proceed.

6. Is there a bigger role for governments to play in coordinating the investment needed to transition the economy?

The profound economic transformation involved in the global and domestic energy transitions demands proactive government leadership and coordination. A return to ambitious industry policy has been observed internationally, exemplified by the United States' Inflation Reduction Act and the European Union's Net Zero Industry Act. The Australian Government must respond in kind to ensure that investors continue to be attracted to developing the opportunities that abound in Australia, with our attractive critical mineral reserves and renewable energy resources.

To date, Australia's energy transition has been largely private-sector driven. While this has successfully brought important investments in renewable generation, it has led to a disorderly, stop-start transition. Private sector investments in rebuilding Australia's manufacturing capacity have seen only varying levels of success. Government-backing is essential to prevent the decarbonisation of Australia's economy becoming synonymous with the deindustrialisation of Australia's regions. A government role in industry policy also ensures that the transition can be coordinated to bring the largest benefit to the largest number, rather than coming at a cost to ordinary people while inflating the profit margins of big business. In particular, through the work of the Net Zero Economy Authority, the Government must direct investment towards diversifying the economies of regions impacted by thermal generation closures.

10. How can governments, businesses, and people, including First Nations people, help ensure the benefits and burdens of the net zero transition are equitably shared?

In our 2019 submission to the Climate Change Authority on updating the Authority's previous advice on meeting the Paris Agreement we highlighted that...

*"...where we create losers, where we make or pursue policies that require that certain communities bear a disproportionate burden, where we focus only on economic efficiency and environmental effectiveness and forget that successful*

*transformation is primarily a social process, we set up the process and the policies for failure.”<sup>1</sup>*

The net zero transition will not retain the social licence it needs unless the transition is orderly and fair. Over the past decade, coal power communities have borne the burden of major power station closures with little support forthcoming from businesses and government. This has led to sustained unemployment and income loss concentrated in these communities. However, it now appears that the tide is turning. Governments at state and federal levels are recognising the need to support coal workers and communities with proactive policy initiatives, including the national Net Zero Economy Authority, the Queensland Energy Workers Charter, the NSW Government’s proposed Future Jobs and Investment Authorities, and WA’s Collie Just Transition Plan.

The success of these initiatives relies upon the constructive participation of diverse stakeholders, including government, industry, unions and workers, and civil society. In particular, the transition of displaced workers into new employment is a complex task, and cannot be achieved without employers being responsive to their obligations under legislation and policy. The introduction of legislative obligations on employers through the *Net Zero Economy Authority Bill 2024* is a response to the fact that employers have been inconsistent in their commitment to supporting their workforce and local community through the transition – despite some public pronouncements to the contrary by industry groups, past experience has demonstrated a clear need for Government to set expectations for employers and implement minimum requirements surrounding power station (and associated mine) closures.

*12. How can Australian governments support the wellbeing of workers, communities, and regions as the nation decarbonises, including in relation to cost of living, workforce and industry transition, and access to low emissions technologies and services?*

Workforce and industry transition is a major challenge and must be seen as a critical component of Australia’s climate policy response. The MEU has played a leading advocacy and research role in the national conversation about workforce transition. This advocacy has centred around the need for federal government leadership, tripartite engagement, economic diversification and job creation in affected communities, and financial support and clear pathways to new work for displaced workers. In particular, we have been a proponent of pooled redeployment schemes to facilitate an orderly workforce transition within the coal power industry, in the model exemplified by Germany’s black coal mining industry.

In 2016, our submission to the Senate Inquiry into the retirement of coal fired power stations called for a statutory authority.<sup>2</sup> In 2018, we commissioned research from the Industrial Relations Research Centre at UNSW, which reviewed international examples of structural economic change and identified the support of a national policy framework as a key component of best practice

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<sup>1</sup> CFMEU Mining & Energy, Response to 2019 CCA Consultation Paper – Updating the Authority’s previous advice on meeting the Paris Agreement.

<sup>2</sup> CFMEU Mining & Energy, 2016, Submission to the Senate Environment and Communications Reference Committee Inquiry on Retirement of coal power stations.

approaches.<sup>3</sup> In 2023, the MEU National Meeting of Energy Delegates issued a renewed call for the establishment of an Authority and power station delegates joined lobbying efforts in Canberra and the regions. The Government's *Net Zero Economy Authority Bill 2024* responds to our demands, but should be viewed as a critical step in a long process rather than an end destination. (We also refer the CCA to our submission to the Senate inquiry into the Bill for more detailed comments on workforce transition policy matters).<sup>4</sup>

More than anything else, successful workforce and community transition in the coal sector will be dependent upon the establishment of new industries in communities. Worker support packages which deliver retraining pathways and financial compensation are necessary but insufficient to support the wellbeing of regions that stand to lose hundreds of their best paying jobs en masse. Spurring investment in new industries *in time* to accommodate the displaced workforce has proven intractable even for the most advanced state government 'just transition' initiatives. As highlighted in our response to consultation question 6, governments should pursue active industry policy in transitioning energy regions. This should prioritise sectors which can support ongoing quality work, noting that renewable generation jobs are heavily concentrated in the construction phase only.

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<sup>3</sup> Sheldon, P., Junankar, R., and De Rosa Pontello, A. 2018. *The Ruhr or Appalachia: Deciding the future of Australia's coal power workers and communities*. UNSW.

<sup>4</sup> Mining and Energy Union, 2024, Submission to the Senate Finance and Public Administration Legislation Committee Inquiry into the Net Zero Economy Authority Bills 2024.