



Department of Regional NSW

Future Jobs and Investment Authorities Issues Paper

Mining and Energy Union Submission, July 2024

The Mining and Energy Union (MEU) welcomes the opportunity to provide feedback on the Government's Future Jobs and Investment Authorities issues paper.

The MEU represents around 22,000 members nationally working in Australia's mining and energy industries, predominantly in coal mines and coal-fired power stations. Members in New South Wales are represented by the Northern Mining & NSW Energy District and the NSW South Western District of the MEU.

The global energy transition will profoundly impact the regions which have powered NSW, and underpinned its economic prosperity, for generations. Though the most immediate impacts will be felt across the domestic coal industry, with closures of power stations and the domestic coal mines that supply them, international demand for NSW's high quality export coal is likely to decline over the coming decades as key export customers pursue net zero emissions targets.

The NSW coal industry is currently thriving, with some 25,000 workers¹ employed in production roles and saleable production of 177 million tonnes in 2023.² As acknowledged in the issues paper, the decline in coal export demand will not be evenly felt across NSW coal communities – metallurgical coal demand is expected to remain stable until 2050, while declining demand from traditional thermal coal customer countries may be partially offset by growing markets in South East Asia.

Though coal mining will continue in NSW for decades to come, the impacts of the decline of the industry will challenge the economic and social wellbeing of coal communities much sooner. In communities like Lithgow, MEU members are already noting with concern the replacement of vibrant local shops with social services. Major export mine closures are drawing ever closer, most notably Mt Arthur in 2030. Without coordinated policy from governments, aimed at supporting affected workers and diversifying the economies of communities, NSW's coal regions face the economic depression, entrenched unemployment, and social dysfunction that has befallen international coal regions like Appalachia in the US and The Valleys in Wales.³

Past experience of industry downturns and closures in Australia has demonstrated that leaving major structural economic adjustments to be managed by the private sector is a recipe for disaster. The MEU is a longstanding and prominent advocate of active government policy to support workers and communities through the energy transition. In particular, we have advocated

¹ Coal Services Statistics, NSW Coal Industry Employment, April 2024.

² Coal Services Statistics, NSW Coal Industry Quarterly Productivity Reports, 2023.

³ Sheldon et al. 2018. *The Ruhr or Appalachia? Deciding the future of Australia's coal power workers and communities*. UNSW.

for the establishment of dedicated government authorities to address the impacts of closures on displaced workers and support economic diversification. The NSW Government's commitment to establish Future Jobs and Investment Authorities (FJIAs) for four coal-reliant regions is welcome. As the transition is already underway, the Government must make the timely delivery of this commitment a priority.

The FJIAs will sit within a broader policy architecture that will also include the federal government's Net Zero Economy Authority (NZEa), currently before the Senate. The NZEA and FJIAs should work collaboratively to achieve the best outcomes for workers and communities. Ideally, the FJIAs will provide an essential local perspective, grounded in community views and experiences, that will ensure policies and investment from all levels of government are responsive to the needs and desires of each region.

1. What other impacts should the NSW Government consider in preparing for a decline in coal demand?

The issues paper considers the employment impacts of coal mine closures in aggregate. The Government should prepare for the fact that job loss and the impacts of unemployment will be felt most keenly among certain cohorts of coal mine workers. Those workers in occupations most specific to the mining sector, such as drillers or operators, will face the most difficulty in finding alternative work, while those with recognised trades possess more transferable skills.⁴ In addition to longer periods of unemployment, the former cohort may also face lower pay and poorer job security in future employment.

This is a concern shared in the coal power sector, where many workers possess company-endorsed certificates and competencies rather than recognised qualifications. However, the concern is exacerbated in coal mining, as a large proportion of job roles in the sector are lower skilled (for example, haul truck driving) and traineeships offered by mining companies have become increasingly narrow in terms of the range of skills and competencies introduced to those new to industry. Workers often emerge from two-year long traineeships without exposure to dozers, graders, and other mining equipment beyond trucks.

We are yet to observe the potential unemployment impacts of this skills dynamic while the coal industry continues to thrive, as production jobs at coal mines across NSW remain abundant. However, the uneven impacts of a long-term decline of the coal mining industry on higher- and lower-skilled cohorts of coal miners should be managed with foresight by the NSW Government. This may require collaboration with mining companies to address their profit-driven, bare-minimum, approach to traineeships, as well as strategic workforce planning to ensure that those new to industry are adequately prepared for a career path that will likely see them having to leave the coal industry before retirement.

From a community perspective, a decline in coal demand may also impact on local lifestyles and wellbeing. Coal mine and power station operators play an outsized role in supporting local

⁴ Mandala Research Note, August 2023, *The Net Zero Transition: how hard will it be for workers in coal mines to find new jobs?*

community events, local sporting leagues, and shaping the identity of communities, particularly in areas where the mine or power station is the main economic engine of the town. New investors entering into FJIA regions will benefit from the skills, workforce, and industrial infrastructure of coal communities (not to mention various supportive government policies), and they should be expected to maintain the tradition of community investment in return.

2. What are the most important things the NSW Government should be doing now to help your specific region? 3. What should be the key priorities for the NSW Government and the FJIAs in supporting coal-reliant regions?

Economic diversification must be the immediate priority of the NSW Government and the FJIAs. A detailed policy architecture is emerging to assist workers displaced by the energy transition. For coal power station workers, the federal NZEA legislation will mandate a suite of transition support to be delivered, including pooled redeployment. However, these policies will struggle to secure outcomes and achieve objectives without job creation *in advance* of closures.

Time is of the essence. For workers and communities impacted by closures of the domestic coal industry, like Lithgow, a lot of catch-up work is required and this work must commence immediately. However, for the state's large export coal industry, the NSW Government has an opportunity to act with foresight to smooth the eventual transition which will take place over decades.

Overlap between some of the NSW Renewable Energy Zones and FJIA regions provides an opportunity to direct economic activity generated by the renewable energy buildout towards coal communities, with the Renewable Energy Sector Board's Plan supporting the delivery of community benefits like local apprenticeships and domestic manufacturing. However, renewable energy generation provides limited ongoing employment and, by itself, will not be enough to support the wellbeing of communities in the long-term. Coordinating investment into coal regions is part of the remit of the NZEA, and the FJIAs should bolster this work and provide a local perspective. The various new and announced NSW and federal government policies and funds should be harnessed to support the development of new industries. NSW's Net Zero Manufacturing Initiative, and federal programs that are set to come under the banner of the proposed Future Made In Australia Act, can play a critical role. For example, commitments already made under the Solar Sunshot program stand to benefit the Upper Hunter after the closure of Liddell.

While the federal NZEA budget includes an allocation for Regional Workforce Transition Plans, its flagship Energy Industry Jobs Plan will initially be reserved for coal- and gas-fired power station workers only. This provides an opportunity for the FJIAs to play a proactive role in planning support for export coal mine workers that prepares them to successfully transition, when that transition is necessitated by declining global export demand for NSW coal.

In the immediate future, workforce support for export coal miners will necessarily look very different to the Energy Industry Jobs Plan – there is currently little need for pooled redeployment in a booming export coal industry with dozens of mines seeking workers. But as the prospects of

the industry change, early action to support skills, training, and strategic career planning will pay dividends for both the workers affected and their families and communities. Additionally, as efforts to establish new industries start to bear fruit, workers will be able to commit to training and skills programs with more confidence that the time they invest will deliver an employment outcome for them within their local community. When the decline of the export industry does eventually set in, that is when substantive policy support should be extended from domestic coal workers to export coal workers, including pooled redeployment, wage guarantees, and early retirement where appropriate.

Support for coal communities must also prioritise mine rehabilitation and productive post-mining land use, and we refer the Government to the MEU's recent submission to the NSW Legislative Council Standing Committee on State Development's inquiry into beneficial and productive post-mining land use.

4. Are there other key outcomes or success measures that should be the focus for the FJIAs? 5. What else could the NSW Government consider as part of the strategic work program to support the objectives of the FJIAs?

For our recommendations on outcomes and success measures that the FJIAs should focus on, please see our response to question 13. For our recommendations on what should be included in the strategic work program beyond what is already covered in the issues paper, please see our responses to questions 1, 2, and 3.

6. Do the proposed principles to govern the FJIAs align with your region's vision for how the FJIAs should work? 7. How should the NSW Government ensure that relevant stakeholders, including workers, industry, and local communities provide input into how the government supports the future for coal-reliant regions? 8. How can the NSW Government best use the proposed local authorities to ensure local views are represented?

The governance of the FJIAs proposed in the issues paper is a good start, with multiple avenues for worker and community input and engagement. To ensure that this input and engagement is more than tokenistic, the four local authorities and the Future Jobs and Investment Board (all of which are proposed to have worker and union representation) must play more than an advisory role, with mandated oversight of strategic planning, expenditures, worker and community support, and decision-making.

For both the local authorities and the Future Jobs and Investment Board, positions reserved for unions and worker representatives should be either nominated directly by unions or there should be a requirement for the Minister to only appoint persons recommended by unions. The model for nominating members of the Coal Long Service Leave Board could be adopted – this reserves Board positions for the Mining and Energy Union, with a further Board position rotating between other unions that have more limited coverage in the coal industry.

The proposed stakeholder membership of the four local authorities demonstrates a balance between worker, community, government, and industry interests. However, there is a risk that the

proposed representation on the overarching Future Jobs and Investment Board does not sufficiently balance out industry interests. The Government should consider reserving a place on the Future Jobs and Investment Board for, for example, a local government representative which would guarantee a community voice on the Board.

The Future Jobs and Investment Fund must be significantly expanded beyond the amount it will absorb from the Royalties for Rejuvenation Fund. At \$22.5 million per year, the Royalties for Rejuvenation fund receives barely a fraction of the total NSW Government coal royalty take and is inadequate for reaching the policy objectives of the FJIAs. Furthermore, the current arrangement where Royalties for Rejuvenation Funds cannot be accessed until 2028 is incompatible with the urgent need to invest into coal communities. In addition to a meaningful injection of public funding, the imposition of an industry levy on coal mine operators may also be an appropriate way to support the establishment of the FJIAs. Mine operators are already prominent investors in coal communities, and contributions to the FJIAs should be viewed as a natural extension of this investment, supportive of the long-term future of host communities.

9. How should the timeline of planned mine consent expiry and indicated power station closure dates across each region inform the allocation of Government resources to support the Authorities?

The decline of the coal industry will occur unevenly across NSW's coal regions, and the Government should consider the timeline of closures, export demand patterns for thermal vs metallurgical coal, the proportion of total employed persons working in the coal industry, and the existing economic diversity of regions, when allocating resources.

For example, the Central West region is far more reliant on the domestic coal industry than the other local authority regions and exclusively mines thermal coal, with no metallurgical coal output in 2022-23. Its economy is also less diverse, with 40.6 per cent of economic output reliant on the coal industry. This suggests strongly that significant initial investment, in the immediate short-term, must be directed towards the Central West.

The scale of the industry should also be considered in relation to resourcing and allocation of funding. Despite the Hunter region having a comparatively lower reliance on coal mining for economic output than the Central West and North West, the number of jobs at risk is multiple times higher, at almost 15,000.

10. What skills or expertise should members of each Local Authority have to effectively inform decisions on priorities for each region?

If done well, the key advantage of the FJIAs will be the unique local perspective they can provide to policy makers at NSW and national level. The transition away from coal industries will look different in each region, and a one-size-fits-all approach to economic diversification and investment will not deliver the best outcomes. Members of each local authority should have the expertise and local knowledge to identify opportunities suited to their region which align with community visions for the future. This is essential to ensure that regional communities are

afforded an opportunity to shape their own future in partnership with industry, delivering shared community benefits as the priority over shareholder returns.

As outlined in our response to questions 7 and 8, it is critical that there is a strong worker voice on each local authority. This must be a representative voice, with genuine connections to the local workforce. As a regionally-based union, the MEU has a longstanding presence in coal communities and a reputation for advocacy that extends beyond industrial matters to community wellbeing. This expertise would support local authorities to fully account for all the complexities of the workforce impacts of a decline in the coal industry, make policy decisions and investments that can best support workers and their families into the future, and identify the skills and training needs that must be met in each region.

11. Is there anything else that should be included in the proposed operating model for the FJIAs?

The proposed operating model involves representation of diverse views and multiple levels of oversight. The key test of this model will be how it works in practice – whether the local authorities and Future Jobs and Investment Boards have the ‘teeth’ to drive outcomes, and whether the FJIAs will have the funding to deliver on objectives and foreground local voices.

12. What types of investments should the NSW Government prioritise for funding?

Investments to diversify the economies of coal regions should respond to areas of comparative advantage for each region and prioritise industries that are likely to sustain employment over the long-term (for example, advanced manufacturing). Indeed, identifying clear areas of local comparative advantage should be a key early objective of the FJIAs, providing a level of certainty and direction which can pave the way for investors. To successfully stand-up new industries, the Government should consider appropriate opportunities to co-invest alongside the private sector.

Investment in skills and training, with a focus on rebuilding the capacity of regional TAFEs, is necessary to equip the workforce for the future. This investment must be aligned with the job opportunities and workforce needs that are expected to arise in each region so that workers have confidence that their time commitment in retraining and upskilling will result in local employment.

13. Are there other tangible outcomes that the Future Jobs and Investment Board should focus on to help deliver and measure benefits over time?

The most important metric for success is the creation of good quality, ongoing work, and tangible pathways to support displaced workers into those jobs. We are pleased that the NSW Government is proposing that job creation be measured, and that the ‘value’ of those jobs be considered as part of this measurement. A high-value job should be well-paid, secure, and ongoing. The MEU agrees that measurement of investment and industry growth, as well as coordination across government and community are important success measures.

In addition to those identified by the issues paper, the MEU recommends that the Future Jobs and Investment Board should also focus on the following measurable outcomes:

- Length of time unemployed/job-seeking for workers at closing coal mines and power stations after closure;
- Change in income of workers displaced by mine and power station closures at specified intervals (e.g., after six months, after one year, after two years);
- Any disparity in outcomes for displaced workers based on age, gender, length of time in industry, level of qualifications held;
- Availability and delivery of skills and training programs for displaced workers and the broader community – the federal government has done extensive work mapping skills and training needs of the future energy sector,⁵ but the skills and training landscape of coal regions is incomplete without accounting for the existing skills profile and future skills needs of the mining industry.

14. Are there any other key elements that should be included in the Future Jobs and Investment Board’s annual reporting?

The issues paper notes that annual reports of the Future Jobs and Investment Board will account for activities undertaken in each region, expenditure from the Future Jobs and Investment Fund, and stakeholder engagement, and that annual reporting will include specific information on committed projects, expenditure, jobs created, and investments made. Annual reporting information should provide a level of detail that enables the public to assess the quality, not just the quantity, of investments and outcomes being delivered. For example, the issues paper already suggests that the quality (described as ‘value’) of job creation will be measured by the FJIAs – information collected through this measurement should feature in annual reporting.

Annual reports of the Future Jobs and Investment Board should also provide up-to-date assessments of the trajectory of the NSW coal industry and concomitant employment and economic impacts on each region, taking into account newly announced closures and any changes to mine development consents which extend the lives of coal mines.

⁵ See, for example, the Jobs and Skills Australia Clean Energy Capacity Study, and the forthcoming National Energy Workforce Strategy.