

**Submission
No 145**

SUSTAINABILITY OF ENERGY SUPPLY AND RESOURCES IN NSW

Organisation: Australian Manufacturing Workers' Unions NSW Branch

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Sustainability of Energy Supply and Resources in NSW

This submission will address the following terms of reference:

- The capacity and economic opportunities of renewable energy.
- Opportunities to support sustainable economic development in regional and other communities likely to be affected by changing energy and resource markets, including the role of government policies.
- Any other related matters.

AMWU

The Australian Manufacturing Workers' Union represents over 16,000 workers in all areas of manufacturing across NSW. Our coverage includes workers in metals and engineering, food and confectionery, printing, design, and packaging, vehicle building, service, and repair, and technical, laboratory, supervisory, and administrative work and trades.

Our union is led by members in our industries of coverage and has been at the forefront of many campaigns over our 150-year history, both fighting to improve workers' rights industrially, as well as standing up for a fair and equitable society for all Australians.

We campaign for a better deal at work, for strengthening Australian industry, and for good, secure jobs for all Australians. We work to advance our members' interests at a local, national, and global level.

Background

The NSW/ACT Branch of the AMWU represents approximately 16,000 workers, of which around 2,500 work in the Hunter region. The majority of these, around 70%, work in jobs in the coal, power generation, or aluminium industries.

Our Union is acutely aware that the future of the fossil fuel industry is limited. Companies are increasingly moving away from investing in coal and looking to put their money into emerging industries in renewable energy production. Renewable energy now accounts for 21% of total power generation in Australia, and in 2018 alone there was a 100% increase in investment in large-scale energy projects. If Australia achieves 50% renewable energy generation by 2030, the Australia Institute estimates that there could be between 25,000-71,000 industry jobs created over the next 11 years.

Our Union understands that the imperative to transition away from fossil fuels towards renewable energy is both an environmental and economic one. Like all Australians, we want to build a safe and prosperous future for generations to come, including future generations of workers and their families.

The need for this transition cannot and must not come at the expense of workers and communities who rely on coal, power generation, and aluminium industries for employment. As in the case of the Hunter, many of these are regional communities who already face disadvantage in areas of employment, health, education, infrastructure, and service provision comparative to metropolitan

areas. In 2015, the Hunter Valley recorded the second highest unemployment rate, and the highest regional youth unemployment rate, in NSW. It also records lower levels of post-school qualifications than the state average, and lower median incomes than the national average.

The renewable energy industry presents many economic opportunities for NSW. However, moves to contract or shut down the coal industry without a real plan for alternative job creation, as well as investment in the support structures needed to facilitate this, will decimate these communities for decades to come and ensure they miss out on any future renewable energy prosperity.

Workers whose jobs rely on coal and fossil fuel industries are not to blame for climate change. Like every other worker in the economy, they are using their skills and labour to support their families and build a better life. Generations of these workers have carried the NSW and Australian economies, and in this time of industrial transition, they deserve to be respected and supported through the challenges to come. Further, they deserve to have the option to transition into new jobs that are well-paid, secure, safe, and which recognise their skills qualifications and past service.

Historically, we have done this poorly in Australia, with research indicating that previous industry transition has seen only one third of workers finding equivalent full-time work post-retrenchment. The remaining two thirds are either forced into lower paying, insecure work, or locked out of the labour market entirely.

Years of inaction at a state and federal policy level has failed to develop a transition framework that balances the needs of the environment with the economic security and prosperity of these workers and communities. Real consultation has been limited, effectively shutting these workers and communities out of decision-making about their own futures.

Creating good, secure, and well-paid jobs in NSW for the future, particularly in regional communities, will require significant consultation, investment, and policy focus at a state and federal level, in order to balance the future of our environment with the future prosperity of working people and communities.

Recommendations

1. A Jobs Plan

Workers want a job they can touch and feel. This means that any transition plan away from jobs in the coal and fossil fuel industries must present, as an alternative, real and existing jobs for impacted workers in other industries.

An obvious alternative industry for new jobs lies in renewable energy. The global boom in renewable energy investment is creating millions of blue-collar jobs that Australia and NSW are failing to take advantage of. As a result of its history as a coal-mining region, most of the state's existing electricity infrastructure is already based in the Hunter Valley, making it a natural region from which to drive the state's renewable energy industry and provide local jobs for an existing workforce which would be heavily impacted by a transition. The Federal Department of Employment estimates that approximately 54,000 Australians are employed in fossil fuel industries, with a significant concentration in the Hunter Valley in NSW.

There are several steps that could be taken to transition this region into a renewable energy hub, including:

- Creating a local transition authority, the Hunter Transition Authority, to manage the regions' transition away from fossil fuels. This body would work with State and Federal governments, businesses, unions, and other bodies to ensure that the Hunter is getting its fair share of investment and support for renewable energy jobs. It would also connect renewables businesses with local suppliers to ensure maximum local content in new projects, and facilitate a workforce management program for workers in impacted industries.
- Turning research capability into jobs, using existing facilities in Newcastle such as the National Solar Energy Centre and the Renewable Energy Integration Facility. The University of Newcastle also has the Newcastle Institute for Energy and Resources, a globally competitive research centre. Currently, much of the product of this research is sold to manufacturers overseas, which local workers miss out. Connecting Newcastle's world-class research capability with its world-class manufacturing industries will attract investment that will stay in the region.
- Redirecting workers into new industries, through a skills audit and mapping of current and future energy industries that existing workers could transition into. The Hunter Transition Authority could oversee this process in consultation with employers, unions, and the VET sector, to develop a strategic plan incorporating a benefits program for impacted workers, retraining, career advice, and relocation allowances. This would also necessitate investment and refocusing of the TAFE system to deal specifically with the industrial transition, including specifically upgrading TAFE facilities in the Hunter and Newcastle regions, and encouraging partnerships with industry.

It is important to note that alternative jobs don't only have to be in the renewable energy industry. As stated previously, Newcastle has a world-class manufacturing industry with a long and proud history of producing high-quality products, particularly in the areas of rail, shipping, and defence manufacturing. Serious commitment to local jobs in this region must involve a government procurement strategy which will ensure investment in long-term, secure, highly-skilled jobs.

Prior work has been done on this at a state level, including the Local Jobs First Plan produced by the Rees Government in 2009. This plan examined the potential for government procurement actions to develop industry capability and support regional economic activity, with particular focus on Newcastle and the Hunter Valley.

Aside from transport and defence manufacturing, there is also ample scope to research and invest in new industries in the region, in areas of land rehabilitation and regeneration, as well as recycling and forestry. These industries will not only provide jobs to the region, but perform an important function of rehabilitating the land used by coal mining for diversification of future use.

The AMWU has long called for government contracts to prioritise local jobs in regions that already have world-class manufacturing capabilities, including Newcastle and the Hunter. Investing in these regions in alternative industries outside of fossil fuels must be part of a long-term strategy to create secure local jobs.

2. An Energy Plan

The job security of AMWU members is highly enmeshed with Australian energy prices. Manufacturing industries rely on affordable and reliable power supply in order to remain competitive in a global market.

This has become increasingly difficult due to sharp rises in energy costs over the last decade. Additionally, a lack of certainty on Government energy policy means employers are unable to properly plan for future investment.

There must be immediate and decisive action on setting out a sustainable future energy mix that ensures affordability and security of energy supply. This work must be done by both Federal and State governments in consultation with industry and workers.

There must be a rejection of the prevailing ideology around reducing energy costs by giving more power and access to private companies. Empirical data shows that states in which energy production and supply has not been deregulated have significantly lower costs to consumers and businesses. The re-regulation of energy supply must be seriously considered as an option if we are committed to ensuring the future viability of our manufacturing sector. There must be a frank and honest discussion about what will realistically bring energy prices down, while also reducing emissions.

3. Minister Responsible

At a Federal level, there is no plan to phase out coal or to genuinely invest in new and emerging renewable energy industries. The Federal Government's internal discord over renewable energy policy has resulted in stagnation and confusion within the industry and for investors. This means that, in the foreseeable future at least, state and territory governments must be the ones driving Australia's transition to renewables.

This transition presents numerous challenges. Industrial transition is a significant piece of work with a long-term timeline that requires significant structural reforms. The AMWU believes this could be served by the energies, focus, and resourcing of a ministerial portfolio, through the creation of a Minister for Jobs and Transition.

In order for workers and communities to have trust in the process of transition, they must be able to identify who is accountable for overseeing it and what decisions they are making. Centralising this role and responsibility will assist with direction and accountability. It will also ensure that the transition maintains a central focus and a policy priority for the state government.

4. A Transition Authority

We need an independent statutory body to oversee a transition from fossil fuels to renewable energy, especially in regions where there is a high concentration of fossil fuel jobs like the Hunter. It would oversee and procure local investment in renewable energies and alternative energies. It would also be tasked with facilitating a workforce management program for workers in the existing energy industry, and advise on potential infrastructure projects and training opportunities that widen the future options for displaced workers.

As stated previously, there is benefit to be had in localising this authority specifically to deal with the Hunter region, in creating a Hunter Transition Authority. This type of body, to be established by the NSW Government, should work with local communities, workers and their unions, as well as enterprise, to build a comprehensive approach to a just transition.

There is also scope, at a federal level, to create a national transition authority that could work with federal statutory agencies, as well as the Hunter Transition Authority, to ensure the Hunter is receiving its fair share of funding for future energy infrastructure. It would also develop best practice approaches and networks to ensure that local content is maximised in new projects.

5. Real Consultation

Workers and communities impacted by an industry transition have a right to know how the transition will be managed. This means genuine, ongoing, and institutionalised consultation, engaging with the workforce and local community, and ensuring they have a voice at the table.

Unions and regional communities have called for a transition plan for some time. There is no doubt the those at the coalface have a valuable contribution to make to what a just transition could look like. They should be given the opportunity to share this knowledge and experience at forums, hearings, meetings, and other places as appropriate, involving representatives from governments, business, transition authorities, and others. Serious consideration should be given to holding a government inquiry hearing in the Hunter and inviting local workers and community members to make submissions.

6. Jobs Guarantee

The insecurity caused by climate change cannot be separated from other forms of insecurity, including employment and financial insecurity caused by an industrial transition away from fossil fuels. The majority of workers in coal, power generation, and aluminium industries in NSW are in secure, well-paid, and highly-skilled jobs, where good pay and conditions have been fought for and won over generations. The sacrifice that these workers will be asked to make during a transition cannot be underestimated, as they face the prospect of retrenchment, redundancy, relocating for work, and finding new jobs in alternate industries.

While a significant part of this transition should and must be the transition of workers into new jobs in renewable energy and other industries, the reality is that not all impacted workers will be able to make this transition immediately. The AMWU believes the state has a responsibility to support those workers who have supported our economy for so long. One aspect of this is the creation of a jobs guarantee, overseen by the Minister for Jobs and Transition, and developed in consultation with unions and industry.

This Jobs Guarantee would act as a safety net for impacted workers who have not yet been incorporated into jobs in new or alternative industries, in particular supporting workers in vulnerable communities such as those already experiencing higher rates of unemployment and limited job opportunities. It would guarantee to these workers, not only employment, but a decent standard of pay and conditions, legislated through government policy.

7. Skills, Training, and Support

Any industry shift means investment in new skills is required, to ensure the workforce is globally competitive and prepared for the jobs of the future. Critical to this will be a significant investment in the VET system, to ensure that it has the capacity to provide the support and facilities necessary to support workers impacted by a transition, particularly in affected regions such as the Hunter Valley.

As a matter of priority, governments must commit to investing in a high-quality and accessible VET system. As the domestic and international jobs market undergoes huge change, it has never been more important for Australian workers to have the skills and training needed to face this transition and access the jobs of the future, particularly in regional areas. VET is a central pillar to our education system, and yet successive cuts to staff, teachers, and campus facilities has seen a marked deterioration in educational quality and capacity. This skills gap is particularly felt in areas already experiencing unemployment and disadvantage.

Governments must invest in TAFE, and particularly in courses where there are specific skills shortages or where there are retraining opportunities for existing workers in impacted workforces. This can include expanding workplace development programs to help businesses upskill workers, and create liaisons between TAFE and industry.

A skills audit should be conducted to assess current skill levels and identify opportunities for retraining. Research shows that retraining increases the probability of workers finding new jobs. Opportunities to access retraining should be made available to impacted workers prior to retrenchment or redundancy.

Job networking services should also be made available, with information on job and training opportunities, and entitlements such as benefits programs. Further support that could be made available includes financial support such as redundancy packages, options for early retirement, assistance for workers to meet rental and mortgage payments, and income assistance for a select period of time based on certain criteria; travel subsidies and relocation assistance for workers and their families having to relocate for work; and personal support including psychological counselling and legal advice to help manage the stress and anxiety that such a transition would bring.

8. A Bi-Partisan Approach to Job Creation

At a time when work across all industries is increasingly insecure, wage growth is at record lows, and the Australian economy is slowing significantly, job creation must be at the centre of responsible fiscal policy for both sides of politics. This means taking a bipartisan approach to job creation, particularly in the interests of regional communities.

One aspect of this could be the creation of an independent statutory body to provide advice and facilitation of the transition process to governments, in order to remove the partisan approach to policy. There is also scope to hold a jobs and transition summit with representatives from unions, industry, and other experts in relevant fields.