

**Submission
No 60**

INQUIRY INTO CLIMATE CHANGE (NET ZERO FUTURE) BILL 2023

Organisation: Mining & Energy Union

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Submission to the NSW Legislative Council Portfolio Committee No. 7 – Planning and Environment

Inquiry into the Climate Change (Net Zero Future) Bill 2023

Mining and Energy Union, October 2023

The Mining and Energy Union (MEU) appreciates the opportunity to make a submission to the Committee's inquiry into the Climate Change (Net Zero Future) Bill 2023.

The MEU represents more than 20,000 members nationally 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. Our members work in NSW's coal-fired power plants, the coal mines that supply them, and across NSW's world-class export coal mines, supplying Australia and the world's power generators and steelmakers.

Coal workers and coal communities in New South Wales are well-aware of the significant changes that will affect their industries and local economies as the energy transition progresses in response to the climate change and emissions policies of governments and major companies. Coal communities in New South Wales are already navigating the fallout of major power station and mine closures, most notably the recent closure of Liddell Power Station in the Hunter region, as well as earlier closures in the Lithgow area. By 2030, Eraring Power Station and Mt Arthur Mine, respectively the largest coal power station and coal mine in NSW, are also slated to close.

As a union, our primary concern when engaging on climate policy issues is protecting the interests of affected workers and their communities. We are not in a position to make comment on emissions reduction targets, including those proposed by the NSW Government in this Bill. Instead, our submission focuses on the need for NSW Government climate policies to take into account the impacts on, and views of, workers and communities that stand to face significant economic upheaval as a result of such policies.

We acknowledge and welcome the Government's clear attempts to gesture towards a diverse range of socioeconomic concerns and considerations in the proposed legislation, including within the Bill's guiding principles delineated in section 8. Our submission makes suggestions that would improve the Bill's responsiveness to issues impacting the transitioning energy workforce and their local communities.

The Bill's guiding principles must be clearer with regard to 'employment transition'

Section 8.8.c. of the Bill sets out that action to address climate change should take into account the need to support local communities who may be affected by the action, including the impact on local employment, economies, and industries. This guiding principle is critical to a fair and equitable energy transition, and the MEU urges the NSW Government to keep energy communities and workers front of mind when developing and implementing climate policy.

As part of this, section 8.8.c.iv. refers specifically to the need to take into account 'optimising job creation and employment transition opportunities.' Our members' experiences to date are that 'employment transition opportunities' have seldom provided jobs equal to the well-paid and secure work that power stations and mines were able to sustain local economies with. New 'clean economy' industries have become notorious among energy workers for their poor pay and conditions and hostility towards union representatives.

Without policy frameworks that explicitly encourage the creation of *quality* jobs in affected communities, with good pay, permanency, and ongoing work, displaced workers face significant and persistent reductions in income after the closure of their workplace. Indeed, research recently published by e61 Institute found that Australian coal power station workers made redundant after a coal power station closure earn 69% less in the year after redundancy (compared to 43% less for all other redundant workers), and 50% less after four years (compared to 29% less for all other redundant workers).¹

To account for the lessons of recent experience, as outlined above, we suggest section 8.8.c.iv. be redrafted as follows:

8.8.c.iv. Optimising quality job creation and employment transition pathways for workers displaced by climate policy.

The Net Zero Commission must have expertise in worker and community transition issues

Section 12.3.e. of the Bill, as currently drafted, requires the Minister to have regard to the need for skills, qualifications, and experience in relation to ‘the environmental, social, economic and distributional impacts of climate change, including socio-economic, regional, industrial and sector differences’ when appointing commissioners to the Net Zero Commission.

In complying with this part of the Bill, the MEU would strongly encourage the Minister to appoint a balanced Commission, which includes a commissioner (or commissioners) that have a genuine connection to and understanding of the energy workforce, energy communities, the socioeconomic impacts of industry closures, and the successes and failures of policy initiatives pursued in response to such closures.

Additionally, we suggest a minor change to the drafting of section 12.3.e. of the Bill to reflect this, as follows:

12.3.e. the environmental, social, economic and distributional impacts of climate change, including socio-economic, regional, industrial and sector differences, and the impact on workers and energy communities.

Consultation with affected workers, and their union representatives, is essential

Section 16 of the Bill requires the Net Zero Commission to consult with ‘persons the Commission considers relevant or necessary for the exercise of the Commission’s functions, including government agencies and the general public.’

It is essential for the Commission to consult with affected workers and their union representatives as it exercises its functions. Recommendations made by the Commission, including in relation to action on climate change and progress towards the 2030 and 2050 targets, are highly likely to affect the future employment and earning prospects of energy workers and their families. In recognition of this, we suggest section 16 of the Bill be redrafted as follows:

16. The Commission must consult with, and consider submissions from, persons the Commission considers relevant or necessary for the exercise of the Commission’s functions, including, government agencies, workers and their union representatives, and the general public.

¹ Andrews, D., Dwyer, E. and Vass, L. 2023. ‘At the Coalface: What Happens to Workers Displaced by Decarbonisation?’, e61 Micro Note 11, 23 October.

Next steps for the New South Wales Government

We look forward to the NSW Government fulfilling its election commitment to establish regional transition authorities which will support workers and their communities through the energy transition. Working constructively alongside the future federal Net Zero Authority, the regional authorities must address the critical gap in the policy response to climate change – genuine support for the workers who are most imminently and profoundly affected by decarbonisation. We intend to consult closely with the NSW Government on the development of legislation to establish the regional authorities.

Additionally, we look forward to the opportunity to provide feedback on the Regulations supporting the Climate Change (Net Zero Future Bill) 2023 as they are drafted.