

Energy Transition Authority: What Workers Need



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Australia's economy is undergoing a fundamental transformation, the scale and scope of which rivals anything in our history. With legislated commitments to reduce emissions by at least 43% by 2030 and to reach net zero emissions by 2050, the transition to a low-carbon economy will accelerate across all sectors in the coming years. The effects of that transition are being felt right now by workers in the Australian energy sector: the past decade alone has witnessed the closure of seven coal-fired power stations across Australia, and seven more have announced closure dates before 2030. Despite this, there is currently no federal policy regime in place to plan for and manage the impact of this transition on energy workers and their communities. Without federal leadership, Australia's energy transition risks sacrificing those workers, communities and regions that have kept the lights on in Australia for generations, deepening inequality and potentially provoking political backlash. With sound federal policy, however, Australia can minimise the risks and maximise the enormous potential benefits of our

historic low-carbon transformation, creating hundreds of thousands of good jobs and preserving a safe climate for all Australians.

A federal Energy Transition Authority is required to coordinate this transformation to ensure that the interests of affected workers and their communities are prioritised. Such an Authority would be in line with international commitments to a just transition made by the Australian Government as part of the Paris Agreement and in joining Just Transition Declaration at COP27.

This document outlines the ACTU's priorities for a federal Energy Transition Authority, and is broken down into three segments:

- 1) Why: The Need for a federal Energy Transition Authority
- 2) How: Principles for a Best Practice Just Transition
- 3) What: Remit and Structure of an Energy Transition Authority



The Need for a Federal Energy Transition Authority

With high fossil-fuel dependency, low economic complexity, and regional energy communities often located far from major population centres, Australia's unique characteristics make the need for a genuinely just energy transition particularly acute. Australia is also late to the game: unplanned coal-fired power plants closures, like that of the Hazelwood Power Plant in 2017, are already harming regional communities, who, in many cases, have had to fend for themselves in the absence of federal leadership. Some countries with large fossil fuel sectors, including Germany and Spain, are already years—or in some cases, decades—into executing a just transition strategy meant to supercharge progress toward a clean energy economy while safeguarding workers and communities with social protections and the creation of quality jobs. Others, however, have failed to implement coherent strategies to support communities affected by transition, condemning them to long-term economic depression and social dysfunction.

Australia can catch up to leading nations like Germany by establishing an independent, federal Energy Transition Authority in law.

A new, independent statutory body is essential for the following reasons:

Coordination

The current patchwork of uncoordinated Australian government programs and funding streams, whose remit only partially overlaps with the goals of the COP Just Transition Declaration, has caused confusion and frustration among workers and other stakeholders in transitioning energy regions.

Coordination is urgently needed across several federal government departments and agencies working on policy concerns arising from the energy transition, to minimise diffusion of responsibility and ensure federal capacities are being mobilised efficiently under a shared plan. Australia's energy infrastructure is also a complicated patchwork of private and public ownership and control. Absent an independent authority with a clear mandate, regulatory teeth, and financial muscle, the transition will remain as it is now—piecemeal, disorganised, and ultimately unjust.

Many state and local governments have stepped up to start planning for the transition in the absence of a federal Authority. But every state and energy

region is at a different point in that transition process and has limited access to knowledge about what other regions are doing. A federal authority is needed to coordinate the planning of regional transition work with a full view of the national policy, employment and investment landscape, to ensure Australia's energy transition lifts all boats—rather than leaving some regions behind.

Durability

A successful multi-decade transition to net zero by 2050 will require foresight, planning, reliability, follow-through, consistency, and iteration. Without an independent, statutory Authority helping to drive and steer that transition over the long-haul, the process will be subject to political vicissitudes in Canberra and could easily be derailed by a future hostile government.

Leadership

In the most successful examples of energy transition, such as those underway in Germany and Spain, long-term federal targets and regulations were critical to providing direction and cohesion to stakeholders at multiple scales in order to achieve a shared vision. An independent Authority with a tripartite structure and the ability to engage in regulatory activities would be essential for ensuring baseline priorities are met, especially with regard to worker support.

HOW

Principles for a Best Practice Just Transition

The ACTU proposes the following principles to guide a federal Just Transition Authority:

a) No worker or community left behind

A just transition means the risks and benefits of the transition are shared equitably across Australian society. For affected energy workers and communities, that means guaranteeing access to secure jobs and ensuring regions don't fall victim to economic stagnation.

b) Good jobs

New jobs created in energy regions, including in clean energy and sustainable manufacturing, must be good, secure union jobs, with fair wages and safe working conditions.

c) Safe climate

A just transition must reduce Australia's emissions in accordance with the Paris Agreement in order to preserve a safe climate and safeguard workers and communities on the frontlines of the climate crisis.

d) Fair warning

Energy facilities must be required to announce closures with enough forewarning to allow adequate preparation and planning.

e) First Nations justice

Per the principles of the First Nations Clean Energy Network, First Nations communities must be full participants in the clean energy transition, with ready access to jobs and investment, and the ability to secure equitable arrangements for large scale renewable projects on their lands.

f) Seize the opportunity

A just transition must identify, invest in, and expand opportunities to realise Australia's potential as renewable energy and clean exports superpower, with a particular focus on directing funds to develop new industries and deliver training to workers toward regions most affected by the energy transition.

g) Listen to workers and their communities

Worker and union voices are essential to executing a just transition, and must be centrally incorporated in every stage and scale of the process.

h) Diversify the workforce

Prioritise diversifying the workforce in the creation of new industries in energy regions, with a particular focus on increasing access to quality jobs for women and Aboriginal and Torres Strait Islander workers.

i) Invest in training and skills

A just transition requires long-term investment in the programs and institutions that will prepare workers for participation in the clean energy economy.

j) Bottom-up and top-down

To succeed, transition coordination must combine place-based economic planning driven by local and regional stakeholders with federal oversight, regulation, funding, coordination, and expertise.

k) Proactive not reactive

Plans for worker support, retraining, and economic diversification must be developed and initiated well in advance of facility closures, not in response to them.

l) Long-term leadership

The federal government and all stakeholders must commit to engaging in a coordinated process of structural adjustment that will last for the next several decades.

m) Social dialogue

Governments, employers, workers, and their unions must engage iteratively at all stages and scales of the process to achieve a just outcome.

WHAT

Structure and Function of an Energy Transition Authority

The functions and structure of an Energy Transition Authority should reflect the principles outlined above. The following is an overview of the key policy design aspects needed for a successful federal Authority.

Governance, Structure, and Funding

- The independent Authority should be established in statute with the power to administer guaranteed funds, enter into commercial agreements, and use regulatory powers.
- The Authority should have a clear long-term mandate that distinguishes its role and purview from that of existing federal departments and agencies.
- The Authority should be governed by a tripartite board made up of representatives from unions, employers, and government, including local government.
- The Authority should support, coordinate, and complement existing regional and state transition entities and initiatives, such as the Latrobe Valley Authority, the Collie Delivery Unit, the Hunter Regional Expert Panel, and the recently launched Gladstone Region Economic Transition Roadmap. In this bottom-up and top-down model, the federal Authority will set framework regulations around worker support, education and training, and economic diversification, and in turn support all energy transition regions—including with funding, technical expertise, coordination, and research—to lead place-based transition planning that operates within these frameworks and is driven by local stakeholders.
- The Authority should be financed through funding from government, supplemented by contributions from industry. Public funding for the Authority must not obviate existing industry responsibilities for site rehabilitation and employee entitlements.
- The Authority must ensure that all energy transition projects receiving public funding abide by fair employment standards, including secure and well-paid jobs, safe working conditions, apprenticeship

opportunities, and a supportive approach to collective bargaining.

- The Authority should act as a coordination hub for all levels of government and across relevant federal departments and other entities to successfully deliver on its core functions. This will additionally require ensuring that such bodies also have the mandate to support the work and goals of the Authority.
- The scope of the Authority should focus initially on regions experiencing a phase-down of coal-fired power generation, with the ability to shift and expand iteratively as other fossil fuel industries and employers begin to phase out or transition. This ability should be built into the architecture of the Authority. For example, “Transitioning Regions” that come under ETA could be evaluated every 3-5 years. Metrics could be set for a “Transitioning Region” based on variables including projections of facility closure, percentage of local jobs supplied by fossil fuel facilities, percentage of local economic activity represented by fossil fuel facilities, existing socio-economic indicators etc.

Core Functions

A. Worker Support

- Develop and administer industry-wide, multi-employer pooling and redeployment schemes that provide workers with the opportunity to transfer to roles with remaining fossil fuel generators, renewable or low emission generators, or within other industries.
- Develop and administer labour adjustment packages to provide affected energy workers with a ‘Jobs Guarantee’, consisting of: a) support

for workers to transition into quality, secure and safe jobs, or b) retirement or early retirement packages, or c) income replacement where redeployment or retirement are not possible.

- Develop and administer relocation packages only in the limited circumstances where local economic diversification programs or redeployment schemes may fall short of delivering sufficient, quality employment opportunities.
- Require all relevant employers to assist with the delivery of all the above measures to support affected workers.
- Work with regional authorities, unions, and employers to ensure each worker has an individualised plan drawing from the options above and developed for their personal circumstances (per the successful approach developed in Germany, which has since been modelled in Collie, WA). This should include measures to allow workers to carry over entitlements, such as long service leave, when transitioning to other entities, particularly publicly owned entities. Where appropriate, it should also include financial and psychological counselling to help manage stress and anxiety that can arise following retrenchment.

B. Regional Economic Diversification

- Support the development of iterative, local-stakeholder-driven economic diversification plans for Australia’s energy regions (per the successful approach of Spain’s Just Transition Institute and its support for regional ‘Just Transition Agreements’). Plans should incorporate opportunities in

all sectors, and should prioritise opportunities in renewable energy generation, renewable energy supply chains, and sustainable manufacturing. Particular focus should be given to the potential for new clean energy facilities located near the site of previous energy facilities, which generally offer competitive advantages in the form of existing transmission and industrial infrastructure, a skilled labour base, and strategic location in the grid. Plans should also identify and incorporate opportunities in other sectors including land use and management, transportation, and housing, and rehabilitation of previous facility sites.

- Accelerate the development of new clean energy industries and employment opportunities by establishing federal incentives, making targeted public investments, and attracting co-investments to drive clean energy financing into transitioning regions and capitalise on their manifold comparative advantages (e.g., skilled workforce, distribution over the grid, existing transmission assets) in leading the net zero transition.
- Support regional transition bodies to lead the development of such plans. Support to new and existing regional transition bodies or processes should include, but not be limited to:
 - Providing dedicated, long-term funding and investment support.
 - Accessing technical expertise and support from across federal government departments.
 - Researching and identifying new industry and economic diversification opportunities based on e.g., comparative advantage, potential for industry clusters, etc.
 - Identifying cross-state and cross-regional economic development

opportunities, such as joint purchasing agreements that achieve economies of scale.

- As needed, providing locally-based, specialist public servants with a high degree of community trust to liaise with the Federal Authority and help coordinate inclusive, on-the-ground stakeholder engagement and planning processes. The presence of a locally-based state public servant in Collie has been an important feature for the Collie Delivery Unit, and could be emulated by the federal Authority.

C. Education and Training

- Collaborate with Jobs and Skills Australia to develop new education and training packages, including TAFE courses, that meet the workforce demands of new industries being established in energy regions.
- Ensure all workers in transitioning industries have access to retraining opportunities through the above programs, including on-the-job training. Whenever possible, worker retraining should be initiated well in advance of their current facility's closure and conducted on paid time.
- Support the expansion or establishment of regional universities and vocational training centres where needed to undergird the supply for skilled workers in new industries.
- Explore the possibility of establishing lifelong learning accounts in Australia to support workers in improving their skills and knowledge across their lifetimes so they can continue to thrive in rapidly evolving labour market.