



# Electrical Trades Union of Australia

*Proud to be Union*

10 August 2022

**Environment and Communications Legislation Committee**

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## **Climate Change Bill 2022 and Climate Change (consequential Amendments) Bill 2022**

The Electrical Trades Union of Australia (ETU) is the Electrical, Energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU represents over 60,000 electrical industry workers around the country and the CEPU as a whole, represents over 100,000 workers nationally.

The ETU welcomes the opportunity to make this short submission to the Standing Committee on Environment and Energy and requests that our Union is afforded an opportunity to present to the Committee.

The ETU understands that the proposed Bills seek to legislate for new emissions targets, requires annual reports to Parliament on progress and tasks the Climate Change Authority with providing independent advice on progress and revision of targets. It leaves open the option of beating the emission reduction targets and improving them in future. The second Bill of consequential amendments enshrines the targets in the 14 pieces of legislation and associated government entities with roles to play in reaching those targets. As far as intent goes, a reasonably unremarkable proposal that already exists in many other jurisdictions both domestically and internationally and a long overdue reform for Australia.

The ETU welcomes legislating Australia's increased emissions targets, however the Bills narrow focus means they fall short in addressing the crucial issue of social licence, specifically the need for a clear jobs agenda that directly addresses the worker and community impacts of the economic transformations which are already occurring, and which will accelerate. Ending the climate wars necessarily requires providing real, substantive hope to the workers and communities which are facing displacement - hope which can only be provided by a comprehensive jobs agenda being a central plank of climate action and therefore it is incredibly important for this legislation to set out not only the emission reductions target but also the guiding principle on how Australia will meet it.

**The ETU recommends the Committee seek to amend the Bills to:**

- **Include a clear principle of adherence to the Just Transition imperative contained within the Paris Agreement and a commitment to maintaining community support, social licence and providing broad economic benefits,**
- **Ensure the Commonwealth applies the above principle in all its work, and**

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- **A requirement for the Climate Change Authority to investigate, monitor and report on global best practice measures relating to economic transitions resulting from emissions reductions strategies.**

The effects of climate change including through increased prevalence and severity of natural disaster are combining with a transition in the energy industry which, coupled with increasingly hostile workplace laws, is eroding the energy industry's historical profile of delivering long term, stable and secure jobs. The negative impacts of these combined events are escalating to the detriment of Australian jobs and in particular regional communities.

Australian workers are at the forefront of these impacts but are struggling to understand their place in the transition and have largely been actively excluded by Government and business from achieving collective self-determination of the solutions required to secure jobs in the resultant energy and industry transitions.

The ETU argues that creating a more ambitious emissions reduction target absent any clear legislative direction of the fundamental principles of how this economic restructuring must occur seriously risks the social licence that will be needed to achieve this target and the necessary acceleration of decarbonising that is critical to mitigate climate change.

The Government's Powering Australia Plan<sup>1</sup> rightly outlines:

"Powering Australia is squarely focussed on the economic interests of Australian families and businesses. It is a plan that is both ambitious and achievable.

Powering Australia will create jobs, cut power bills and reduce emissions by boosting renewable energy, and will be delivered by an Albanese Labor Government that puts Australia's interests first."

But experience tells us that the economic interests of Australian families and businesses and Australia's economic interests overall are not automatically delivered by the market. Simple but effective regulation can ensure that the experience of the past 10 years of decarbonisation only delivering limited benefits no longer continues.

Critical to delivering the benefits promised in the Powering Australia Plan is ensuring that Just Transition principles are embedded in the creation of new industries in Australia. This means ensuring that projects and policies delivering the energy transition maximise the number and quality of jobs and community benefits that they provide, and that there is a clear path for the workforce and communities from old industries to new industries.

The ETU would urge the committee to support the Bills following minor but important amendment to address these issues.

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<sup>1</sup> <https://keystone-alp.s3-ap-southeast-2.amazonaws.com/prod/61a9693a3f3c53001f975017-PoweringAustralia.pdf>

## RECOMMENDATIONS

The ETU provides the following recommendations:

### Recommendation 1

Amend the *Climate Change Bill 2022* by inserting a new Section 3A Principle of Just Transition. An example of suitable wording might be:

3A (1) to ensure Australia's emissions reductions are delivered in the best interests of Australia, programs, policies and public investments will be developed:

- consistent with the Paris Agreement's commitment of taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities, and
- in a manner that delivers community support, maintains social licence and provides broad economic benefits to Australian workers, families and businesses.

### Recommendation 2

Amend the *Climate Change Bill 2022* by inserting a new Section 15A:

- (1) That the Climate Change Authority be required to monitor and report publicly on global best practice measures relating to emissions reductions and fair employment transitions.

### Recommendation 3

Amend the *Climate Change Bill 2022* in the manner necessary to amend the *Public Governance Performance and Accountability Act 2013* by inserting a new Section 19B:

#### **19B Duty to Apply Principle of Economic Benefits**

- (1) The accountable authority of a Commonwealth entity must apply the *Climate Change Act 2022* Just Transition Principle when making and / or implementing any decision, policy, program or process in response to climate change that may affect employment in an industry or a geographic region.
- (2) A Commonwealth entity's annual report under section 46 for a reporting period must include information about how the entity applied the Just Transition Principle in the performance of the entity's functions, duties or powers for the period that the accountable authority of the entity considers are material.

### Recommendation 4

Amend the *Climate Change Bill 2022 and Climate Change (consequential Amendments) Bill 2022* to amend relevant consequential legislation so that it provides for the insertion of just transition principles into decision making and procurement under the relevant Acts, including the:

- Offshore Electricity Infrastructure Act 2021
- Australian Renewable Energy Agency Act 2011
- Clean Energy Finance Corporation Act 2012
- Infrastructure Australia Act 2008
- Northern Australia Infrastructure Facility Act 2016

For the Offshore Electricity Infrastructure Act 2021 this could be included by amending the Object of this Act to include: 'in accordance with Section 3A of the Climate Change Act.

A similar assessment would need to be made for the other Acts.

## 1. Adherence to Paris Agreement Commitments

The Paris Agreement is more than just a commitment to reduce emissions. It is also a commitment to transition carbon intensive economies by:

*'taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities'.<sup>2</sup>*

The concept of 'Just Transition' is now being incorporated into a range of climate and finance instruments (e.g. Principles for Responsible Investment [PRI]), work programmes arising out of the Paris Agreement (UNFCCC, 2016) and national responses to the Paris Agreement. Broadly, there are four dimensions to this concept:

- **Decent work:** access to secure employment with conditions that meet community standards;
- **Environment quality:** improved environmental quality and removal of hazards in carbon-intensive regions;
- **Equity** in costs and benefits in the transition, especially for vulnerable groups inside and outside the workforce; and
- **Social dialogue:** processes that are inclusive and enable voice and representation for impacted groups.

Leading examples of a just transition approach include national coal closure packages (e.g. Germany and Spain) and the development of the Just Transition Mechanism<sup>3</sup> by the European Commission (EC) (which includes €150 billion [A\$246 billion] in public and private finance) for coal regions within the European Union (EU).

At the UN Climate Action Summit held in New York forty-six countries<sup>4</sup> formally made commitments to formulate national plans for a just transition (22 October 2019) and committed to the International Labour Organisation's Guidelines for a just transition towards environmentally sustainable economies and societies for all.<sup>5</sup>

Referred to as the Climate Action for Jobs initiative, this commitment requires that Just Transition plans are part of Nationally Determined Contributions (NDC's) that needed to be submitted by nations by the time of COP 26 in Glasgow in 2020 (now deferred to 2021). Some of the forty-six signatory countries include Germany, Italy, the United Kingdom, and New Zealand.

Australia is notably absent.

There is a strong overlap between the Just Transition demands of the international labour movement and the Sustainable Development Goals<sup>6</sup>, both underpinned by the concept of shared responsibility.

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<sup>2</sup> [https://unfccc.int/files/meetings/paris\\_nov\\_2015/application/pdf/paris\\_agreement\\_english\\_.pdf](https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf)

<sup>3</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_930](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_930)

<sup>4</sup> Annexure 1

<sup>5</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf)

<sup>6</sup> <https://sdgs.un.org/goals>

For the past seven years Australia has been a lacklustre participant in the Paris Agreement, reluctantly dragging its heels on emissions reductions, arguing to exploit loopholes in carryover credits and ignoring the other commitments it made in that agreement.

The recently released Climate Transparency Report<sup>7</sup> shows Australia is embarrassingly one of only four G20 countries without any meaningful transition policies to encourage renewable energy investment and ranks last in cutting emissions from transport.

While Germany implements tri-partite agreements to transition entire coal region communities, Australia stands by watching carbon intensive businesses close in a completely ad-hoc unplanned manner and does nothing about the investment needed for regional diversification strategies.

*The Climate Change Bill 2022* can play a critical role in ensuring Australia adheres to all of the commitments in the Paris Agreement, not just the emission reductions component.

By monitoring global best practices and reporting regularly on international developments (**Recommendation 2**) the Climate Change Authority can play an important role in helping the Australian Government formulate policies and plans based on evidence of successes and failures globally.

## 2. Economic Interests and Social Licence Objective

*“The transition to a carbon-neutral economy will affect every aspect of how we produce goods, provide services, move around and consume”<sup>8</sup>*

Just transitions were an early trade union demand that has now become a mainstream policy tool applied by international institutions and treaties. The first mention of just transition is attributed to US trade union leader, war veteran and peace activist, Tony Mazzocchi (1993) who pleaded for a “Superfund for workers” to provide financial support and opportunities for higher education for workers displaced by environmental protection policies.

“Two key features of the original claim for a just transition had a lasting effect on future interpretations. First, it should not be reduced to “welfare” (not just a “fancy funeral” as AFL-CIO President Rich Trumka put it), as there is a claim for public responsibility to facilitate and actively support a transition for the common interest. The second is that decarbonization is a planned transition (with clearly defined objectives) and as such it cannot be handled as “just another transition” that affects workplaces and livelihoods. It needs dedicated and holistic policy approaches.”<sup>9</sup>

Regrettably, Australia has not managed previous industry transitions well as is outlined in the Australian Council of Trade Unions Just Transition report which the ETU was a contributor to:

“Australia’s approach to structural adjustment has been ad hoc and ineffective in transitioning workers into new and secure employment. In response to large firm closures and industry

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<sup>7</sup> <https://www.climate-transparency.org/wp-content/uploads/2020/11/Climate-Transparency-Report-2020.pdf>

<sup>8</sup> International Labour Organisation briefing [https://www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---actrav/documents/publication/wcms\\_647648.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_647648.pdf)

<sup>9</sup> ILO, *ibid.*

restructures, state and federal governments have implemented a number of structural adjustment packages to assist workers and businesses mitigate the negative socioeconomic impacts of structural change. According to Professor Andrew Beer, approximately \$88 billion in public funds has been made available through structural adjustment packages to affected communities and businesses between 2000 and 2012. These programs have focussed on achieving a number of goals such as securing employment for displaced workers or business owners, supporting an industry as it goes through a time of change, compensating property owners for the loss of rights or other economic opportunities, and generating new economic opportunities in communities affected by change. A review of domestic literature and case studies in the manufacturing, forestry and textiles, clothing and footwear (TCF) sectors however suggests that Australia's previous responses to large firm closures and industry restructures have been largely unsuccessful in their efforts to support workers transition into secure employment following their retrenchment. In the manufacturing sector for example, Professor Andrew Beer's research found that two years after their retrenchment from Mitsubishi only 'one-third [of workers] found full-time equivalent work, one third left the labour force and one-third were either unemployed or under-employed.'<sup>10</sup>

The main ask of the Australian union movement has been for the creation of a Statutory Just Transitions Authority.

The recent experience of workers in the Latrobe Valley after the sudden closure of the power station without any notice, planning or support tells us much about the need for regulatory oversight of the transition. Around one-third (12) of Australia's coal-fired power stations closed between 2012 and 2017<sup>11</sup>. These power stations closed with little notice for workers and communities - on average the timeframe from announcement of closure to actual closure was about 4 months. Only Hazelwood had any significant funding for worker and community transition (\$310m from the State and Federal governments), and even in this instance on balance outcomes for workers as a result of Hazelwood's closure have been fairly poor.

The reality has been that employers commit to pooled redundancy and worker transfer mechanisms and then simply ignore their obligations or instead decided to pick and choose which workers will receive support and which workers will not, with no independent oversight and no transparency.

Nearly all of the good work of the Latrobe Valley Authority has been achieved by goodwill and good luck with companies under no obligation to provide for a fair and just transition for workers or the community and no capacity for enforcement when they don't.

We very much support making the 14 pieces of legislation and associated agencies comply with emissions reduction targets. However, embedded within decision making under these pieces of legislation there must be clear direction to ensure that project planning, consultation and procurement is aligned with just transition principles. Practical examples of what this would look like are covered in the Australian Council of Trade Unions landmark report on how to secure good jobs in renewable energy and on achieving a just transition<sup>12</sup>.

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<sup>10</sup> <https://www.actu.org.au/media/1032953/actu-policy-discussion-paper-a-just-transition-for-coal-fired-electricity-sector-workers-and-communities.pdf>

<sup>11</sup> Source: Closures of coal-fired power stations in Australia: local unemployment effects†  
Paul J. Burke Rohan Best Frank Jotzo

<sup>12</sup> Australian Council of Trade Unions, Sharing the benefits with workers: A decent jobs agenda for the renewable energy industry, November 2020 and ACTU, Securing a Just Transition Guidance to assist investors and asset managers support a just transition, December 2020.

This includes:

- a) maximising the use of locally produced and supplied goods and services
- b) maximising the employment of suitably qualified local workers, including energy workers
- c) providing for training and skills development of local workers, including worker transition opportunities where projects are in regions facing structural adjustments and/or decline
- d) increasing employment and income opportunities for Aboriginal and Torres Strait Islander people

Decision making, licencing and procurement processes must encourage and reward developers who make efforts to provide transition opportunities, and ensure they are not undermined by other developers who may not take the same efforts.

In Australia, the NSW Electricity Investment Act 2020 includes economic and social outcomes in its objectives, and the NSW Government has created detailed regulations and a plan and procurement mechanisms to include local content, training and First Nations benefits in contracts and other measures created un the Act.

Similarly, the Victorian Renewable Energy (Jobs and Investment) Act 2017 includes provisions to encourage investment and employment in Victoria, and also applies the Victorian Local Jobs First Act to projects undertaken under the Victorian Renewable Energy Target.

The *Climate Change Bill 2022* must be improved to include clear principle (**Recommendation 1**) that clearly articulates the Government's expectation of Australia's emissions reductions initiatives providing for the delivery of better sharing of the economic opportunities and outcomes for workers and their communities.

By including a principle based objective and then strengthening requirements to apply that object (**Recommendation 3 and Recommendation 4**) to the important role of the Climate Change Authority and the work of all Commonwealth Entities involved with emissions reductions programs will ensure a more equitable distribution of the economic benefits available.

## Conclusion

It is time for Australia to set out a legislative framework for national climate change mitigation and adaptation plans to be developed, implemented and updated regularly along with implementing robust processes to monitor and report on the progress against those plans.

Several Australian states including Victoria and Tasmania have comparable climate legislation that has been passed and successfully operating for some years now. As do many other countries including New Zealand, Scotland and Germany. The introduction and passage of an Australian climate change bill is an unremarkable proposal other than that it has taken too long to come about.

With some minor amendments to clearly outline the principle of how emissions reductions activities will deliver broad economic benefits in a more equitable manner and empower the Climate Change Authority to monitor and report on best practice economic restructuring, the Australian community can be confident that their interests will be served during this period of change and opportunity.

The Bill should be passed.

## Annexure 1

### UN Climate Action Summit List of countries that formally made commitments to formulate national plans for a just transition (22 October 2019)

1. Albania
2. Algeria
3. Andorra
4. Argentina
5. Armenia
6. Benin
7. Bolivia
8. Cabo Verde
9. Costa Rica
10. Côte d'Ivoire
11. Croatia
12. Dominican Republic
13. Finland
14. France
15. Germany
16. Ghana
17. Greece
18. Guatemala
19. Guinea
20. Honduras
21. Hungary
22. Ireland
23. Italy
24. Jamaica
25. Luxemburg
26. Mali
27. Mexico
28. Montenegro
29. Morocco
30. Netherlands
31. New Zealand
32. Nicaragua
33. North Macedonia
34. Panama
35. Peru
36. Poland
37. Republic of Korea
38. Romania
39. Samoa
40. Senegal
41. Serbia
42. Spain
43. Sweden
44. Ukraine
45. United Kingdom
46. Uruguay