



HUNTER JOBS ALLIANCE
SECURING OUR FUTURE



Senate Finance and Public Administration Committees
Parliament House
Canberra ACT 2600

Submission: Net Zero Economy Authority Bill 2024

Thank you for the opportunity to make a submission to this inquiry.

Hunter Renewal is a project to bring people, businesses, and organisations of the Hunter Valley together to envision a diverse, resilient, and thriving future for our region. The Hunter Jobs Alliance is a collaboration of unions and environment organisations in the Hunter region, working together to create a future for our region with full employment, good union jobs, a thriving and healthy living environment, an equitable society, a stable climate, and renewable prosperity. The members and supporters of our organisations are workers, conservationists, local businesses people with deep ties to the Hunter region and a shared commitment to its fair and sustainable future.

Hunter Renewal and the Hunter Jobs Alliance have long advocated for the establishment of a Just Transition Authority for the Hunter, and other coal mining regions, to involve the public in planning for and adjusting to changes in the thermal coal market. We welcome the creation of a national Net Zero Economy Authority with the capacity and power to support regional authorities, local communities and individual workers over the long process of transition.

We support the intention and strong design of this Bill and look forward to the work of the Net Zero Economy Authority in assisting communities that host emissions-intensive industries in making a fair and sustainable transition into the net zero economy.

The objects of the Bill are appropriate, as are the clear links establishing the mandate of the Authority in relation to Australia's international communities under the UNFCCC and its subsidiary agreements.

We are, however, deeply concerned about the exclusion of large numbers of Hunter Valley coal miners from the Communities of Interest determination process and protections provided in the Bill. We are also concerned that consultation with the broader affected "community of interest" in the closure transition process is discretionary, while it is mandatory for affected businesses and unions.

The objects of the Bill make clear that the Authority's role is to promote and facilitate orderly and positive economic transformation as the *world* decarbonises, but fails to provide mechanisms to support thousands of workers that will be affected by world decarbonisation in the Hunter thermal coal export industry. We note the Climate Change Authority's current consultation paper on Australia's 2035 Nationally Determined Contribution discusses the need to phase out fossil fuels globally, and the

implications of global decarbonisation for the Australian fossil fuel export industry. To be enduring and fair, this Bill needs to be fit for that global reality.

“Trigger notices” under the Bill can only apply to closing power stations and only capture the mines that supply those power stations (and other directly supplying businesses). There is no provision for the Fair Work Commission process to support workers affected by the sudden or planned closure of mines supplying only the export market. Outside the current “coal market price emergency” circumstances this is the vast majority of mine workers in the Hunter.¹

As a result of the the Communities of Interest process restriction to power station closure and the businesses that supply power stations, workers in the Liddell, Mangoola, Wilpinjong and Mount Arthur mines, each of which supplies some coal to Bayswater or Liddell power stations, will be able to benefit from the support offered by the Bill, but not workers in the nearby Bengalla, Moolarben, Mount Thorley Warkworth or Rix’s Creek mines, for example. We support the strong protections provided to power station workers and workers in the mines and businesses that supply power stations in this Bill, but exclusion of export-oriented coal mines threatens to leave the majority of Hunter mine workers without the protections enjoyed by their comrades in mines that supply the closing power stations. Such a situation would be unfair, and would lay the groundwork for community conflict and the social and economic disadvantage that frequently occurs in the wake of mining downturns.

Australia’s thermal coal export industry has been characterised in the last decade by dramatic price fluctuations and demand volatility. Globally, coal production began to decline for the first time this century in 2014 and that decline accelerated in 2015, when world coal production fell by 221Mt and consumption of coal, too, began to fall. As a result, prices also fell and several thousand people were laid off in the Hunter coal mining industry. The Reserve Bank’s Head of Economic Analysis in 2019 cited BP’s energy scenario for achieving the Paris goals and the likely decline in Australian thermal coal exports this would entail, pointing out that while this change would be unlikely to harm Australia’s macroeconomic stability, it would disproportionately affect particular regions.²

The market for export thermal coal is subject to decisions of foreign governments (chiefly, Japan, South Korea, China and Taiwan) and the boards of companies that are primarily situated outside Australia (Glencore and Yancoal particularly). The actions of these governments and companies will have a disproportionate impact on the working life of thousands of people in the Hunter region and the broader communities of which they are part.

¹ In December 2022 and February 2023, the NSW government declared a “coal market price emergency” and issued directions to the operators of coal mines in NSW to reserve a portion of their production for supply to NSW power stations. As such, the situation at the moment is that every coal mine in NSW could be said to be a “closing employer” under the terms of the Bill, if a determination were made now. Schedule 3 of the NSW Energy and Utilities Administration Act 1987 (which enables the declaration), is repealed on 30 June 2024. When this repeal occurs it can be expected that coal mines that are not specifically contracted to sell to the power stations will revert to selling coal to the export market.

² Alexandra Heath, 5 June 2019, “Australia’s Resource Industry – A Look into the Crystal Ball” <https://www.rba.gov.au/speeches/2019/sp-so-2019-06-05.html>

The Hunter transition is happening faster than most understand. Liddell and Integra coal mines closed in 2023, affecting around 500 employees. There are at least three Hunter Coal mines scheduled to close in 2024, affecting approximately 520 workers: Stratford with ~100 employees, Glendell pit (seeking extension to 2026 and part of the Mount Owen complex which will continue beyond this date) with ~330 full time employees and contractors, and Bloomfield with ~90 employees. Mount Arthur, the largest mine in the region and the state, will close in 2030 if its current extension plan is approved, and in 2026 if not.³

Furthermore, across the Hunter there are five further coal mines with legal “end of mining” dates between 2025 and 2030 affecting approximately 2,600 workers. These are HVO North in 2025 and HVO South in 2030 (extension application to 2050) with ~1,360 full time employees and contractors between HVO North and South Operations, Mt Pleasant in 2026 (extension application to 2048) with ~340 employees, Dartbrook in 2027 with ~480 employees, and Mangoola in 2030 with ~420 employees and contractors. Closure planning has been initiated at Mangoola in line with Glencore’s commitment to begin planning with five years notice, but this principle is not consistently applied across the region and certainly not consistently across companies.

The Impact Analysis OIA23-04803 Support for workers during the net zero transition document⁴ produced by the agency states *“Using current coal-fired power station employment numbers, it is estimated that over 3,000 coal-fired power station workers will experience disruption to their employment due to announced closures over the next 12 years.”*

Our analysis above demonstrates that an additional ~2600 workers between now and 2030, in the Hunter alone, will be affected by coal mine closures that are not captured by this Bill. Excluding export coal mines (not related to coal fired power stations) will further exacerbate negative economic & social impacts.

For this reason, we strongly urge the Committee to recommend that the Bill ensures fair and equitable support for all coal miners, and the communities that support them.

Recommendations:

1. The definition of “closing employers” and trigger notice circumstances should be broadened to include closure of coal mines serving the export market;
2. The Authority should be required to consult with the community more broadly in its response to closure processes;
3. People with social welfare and community interests and climate change expertise should be mandatorily included in the members of the Authority Board.

³ Mount Arthur has commenced a Transition and Mine Closure Project and is engaging with its workforce and Muswellbrook Shire Council about its closure planning.

⁴ <https://oia.pmc.gov.au/sites/default/files/posts/2024/03/Impact%20Analysis.pdf>

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The Government's *Net Zero Economy Authority Bill 2024* establishes strong processes to protect workers at power stations, the mines that supply them and the businesses that support them, but leaves workers in export-oriented coal mines, the vast majority of coal miners in the Hunter region, exposed to sudden market change with no protections. Amending the Bill to include these workers and ensure the broader community is consulted in the "community of interest" process will make the Bill fairer and ensure it achieves its objectives.