



# Pre-Budget submission to the New South Wales Government

## 2024 -2025

8th March 2024

### About the Hunter Jobs Alliance

The Hunter Jobs Alliance (HJA) is a not-for-profit alliance of community members, environment groups and unions. Firmly grounded in the local, we work with governments and industry to deliver a sustainable, safe, and prosperous future in which workers and the environment thrive. Since our launch in 2021, HJA has been advocating to put the Hunter Region on an orderly path to a low carbon and sustainable future. Methodically working toward a durable scenario for our region, with full employment, quality union jobs, in an equitable society. We consider this both possible and sustainable for the long-term, with the application of solid planning and foresight. We are achieving this by undertaking grassroots community engagement and advocacy for the emerging low-carbon economy, focusing on measurable outcomes and real projects.

### Hunter Jobs Alliance affiliate member organisations:

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Australian Manufacturing Workers' Union NSW &amp; ACT Branch (AMWU)</li><li>• Electrical Trades Union NSW &amp; ACT Branch (ETU)</li><li>• United Workers Union (UWU)</li><li>• Australian Municipal, Administrative, Clerical and Services Union NSW &amp; ACT Services Branch (ASU)</li><li>• Community and Public Sector Union (CPSU)</li><li>• National Tertiary Education Union (NTEU)</li></ul> | <ul style="list-style-type: none"><li>• New South Wales Teachers Federation (NSWTF)</li><li>• Independent Education Union of Australia NSW/ACT Branch (IEU)</li><li>• New South Wales Nurses and Midwives' Association (NSWNMA)</li><li>• Labor Environment Action Network (LEAN)</li><li>• Lock the Gate Alliance</li><li>• Hunter Community Environment Centre (HCEC)</li><li>• Nature Conservation Council of New South Wales</li></ul> |
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**Other Non-Affiliated Organisations that support this submission.**

|   |  |
|---|--|
| HunterNet<br>Energy Renaissance<br>Ampcontrol | Hunter Renewal<br>CleanAs<br>Rising Tide |
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**Royalties for Rejuvenation**

The NSW Government’s [Royalties for Rejuvenation](#) program states that it is designed to “ensure coal mining communities have the support and funds they need to diversify their economies for a strong and vibrant future. The funding will ensure that coal mining communities can make targeted investments towards strategic planning, workforce development programs, constructing enabling infrastructure, and establishing new industries and employment opportunities.”

The program is slated to receive at least \$25 million per annum to be spent in the four coal mining regions of NSW. As of February 2024, the fund has been in existence for 3 years and so has been allocated at least \$75 million. No funding has flowed back to coal mining communities to date.

As part of the Royalties for Rejuvenation Fund, the Government established Regional Expert Panels to represent each of the four coal mining regions.

The Panels are to “provide advice and recommendations on applications received through the Fund. This will ensure decision-making is aligned with the needs of the local area”.

The Hunter Jobs Alliance & others in the Hunter are concerned that our region is receiving much less funding through this program than is necessary to diversify our economy rapidly during the transition from coal mining. The Hunter is a \$65 billion economy and the scope of the challenge ahead is immense. Even if the entire \$25 million per annum was allocated to the Hunter it is considered well short of requirements.

Furthermore, the 2023 NSW Budget included a significant increase in royalties payable by coal mining companies. However, at the same time the government ceased the Resources for Regions programs, resulting in Hunter Councils now having to effectively compete with all councils across the state for funding.





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This results in the contributions received from coal mining now not being passed on to regions like the Hunter where the impacts of coal mining are felt most acutely and where rapid social and economic transition is essential.

These concerns are shared by industry and local government. The Committee for the Hunter has [advocated](#), “partitioning a dedicated envelope of funding for the Hunter region relative to the size of our coal industries, affected workforce and scale of impacts to ensure equitable allocation.”

We consider that decisions about how best to allocate funding should be made by a body reflecting the wishes of the broader Hunter community, including those representing business, workers, social justice and environmental concerns. The Hunter Jobs Alliance believes the current makeup of the Hunter Expert panel is heavily biased towards private, corporate, and mining interests and there is inadequate representation from a worker, environment & community perspective.

The Hunter Expert Panel currently has a number of vacancies. The Hunter Jobs Alliance had a representative initially but that individual moved employment & has since resigned from the Panel. The First Nations representative has resigned.

### 2024-2025 Proposal

- That the Royalties for Rejuvenation annual allocation be increased to the greater of \$150 million, or 5% of royalties income, in order to properly address the stated objectives of the Program, and reflect both the amount of royalties income, and the increase in royalty rates.
- That the expenditure from the Royalties for Rejuvenation program be allocated across the four coal mining regions of NSW broadly commensurate with the proportion of coal royalties paid by coal mines operating within each region
- That the membership structure of the Hunter Expert panel be reviewed and amended to ensure the interests of workers, community and the environmental sectors are properly represented in the move away from coal mining.
- That the Government demonstrates the effectiveness of the Program through transparent, timely and meaningful public reporting of the cost, outcomes and impacts of specific initiatives.



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### Fund a Hunter Transition Authority

The NSW Government has committed to the establishment of a Hunter Transition Authority to help our region adjust to unprecedented social and economic change. The Hunter Jobs Alliance has been advocating a regional transition authority & developed the [BUILDING FOR THE FUTURE A 'Hunter Valley Authority' to Secure Our Region's Prosperity](#) report in 2021.

When the Australian Government subsequently committed to establishing a national Net Zero Authority, climate change and energy ministers for Australia and NSW (Chris Bowen MP and Penny Sharpe MLC) [agreed](#) the state and national authorities would be complementary.

One year later, though, our region still has no transition authority, inadequate committed funding, no visible plan and no timeline on its establishment.

The Hunter transition is happening faster than most understand. Liddell Power station closed in April 2023. Molycop just laid off 250 employees. Liddell Coal Mine & parts of Integra Coal Mine closed in 2023 affecting ~ 500 employees. Future closures announced- Eraring potentially August 2025 & Mt Aurthur 2030.

There are potentially at least 3 Hunter Coal mines scheduled to close in 2024 affecting approximately 520 workers.

- Stratford ~ 100 employees
- Glendell (seeking extension to 2026) ~ 330 full time employees & contractors
- Bloomfield ~ 90 employees

Furthermore, across the Hunter there are potentially 5 coal mines with current closure dates between 2025 & 2030 affecting approximately 2600 workers.

- HVO North 2025 (extension application to 2050) ~ 1360 full time employees & contractors between HVO North & South Operations
- Mt Pleasant 2026 (extension application to 2048)~ 340 employees
- Dartbrook 2027 ~480 employees
- HVO South 2030 (extension application to 2045)
- Mangoola 2030 ~420 employees & contractors



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Hunter Offshore Wind Feasibility licences are to be announced around the middle of 2024. Hunter Hydrogen Hub's have been announced with Federal Funding of \$70 million to develop a hydrogen hub in Newcastle, construction of the facility is targeted to begin in 2025 with operations expected to commence in 2026. Battery manufacturers like Energy Renaissance are looking to scale up.

The transition of our region's [\\$65 Billion](#) economy is happening now. The 2023 Budget allocated \$5.2M to establish Regional Jobs & Investment Authorities. \$1.3M & 3-7 staff per Authority, as outlined in Labor's election costings document for a Hunter Authority, will not deliver an appropriate regional response to the Hunter's economic transition.

In Victoria's Latrobe Valley, a regional transition authority was established with an initial annual budget of \$5M, which has since increased to \$6-7M per annum.

The NSW Labor Policy Platform states - *"The authorities should have the power to coordinate and deliver worker and community support programs, regional economic development programs, site rehabilitation for employment and conservation purposes, and implement job transfer schemes for workers in power stations and mines to allow voluntary redundancy and redeployment across sites"*.

The Hunter Jobs Alliance has called for the establishment of a Hunter Transition Authority for the Hunter, with an annual budget of \$10M P.A. committed for 4 years.

### **2024-2025 Proposal**

The Government commit to \$10M PA for 4 years to ensure the Hunter Jobs & Investment Authority has the appropriate Funding & Resources to deliver an effective regional response to the transition. Multi year funding is essential to ensure continuity and medium-term planning of programs and services.

Adequate funding is required to ensure the Authority has the power to coordinate and deliver worker and community programs, site rehabilitation for employment and conservation purposes, and implement job transfer schemes for workers in power stations and mines to allow voluntary redundancy and redeployment across sites as outlined in the NSW Labor Party Policy Platform.



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Funding should come directly from the Royalties for Rejuvenation Fund.

### **Establish the Hunter TAFE Centre of Excellence**

Training and retraining are top priorities as the Hunter transitions to low and zero emission industries including renewables, hydrogen, offshore wind and battery manufacture. The Hunter Jobs Alliance has articulated the case for a TAFE Energy Centre of Excellence for the region to, “create clear pathways for workers, address skills shortages, and attract investment in sectors where labour and skills significantly influence developers’ location decisions.”

See the Hunter Jobs Alliance’s full business case, [A TAFE Energy Centre of Excellence](#) (November 2023). Read the HJA’s business case key findings summary [here](#).

### **Funding**

While NSW is a national leader in renewable energy development, there is a notable lag in skills and training investments compared to other states. Victoria recently established a \$50 million TAFE Clean Energy Fund. Queensland has a dedicated \$50 million fund, including recent investment in regional TAFE centres of excellence and a \$17m contribution to an industry-led renewable energy training centre in Brisbane.

The New South Wales Government has committed to the development of three TAFE ‘manufacturing centres of excellence’ to boost trade skills and apprenticeships. Each centre aims to retrain and upskill at least 300 apprentices and workers in ‘traditional and advanced manufacturing techniques and technologies each year, with free courses to be offered including mechanical engineering and electrical fitting.’

These specific course types, and the centre of excellence model, have significant crossover with identified demands for the energy sector and are likely to offer opportunities to integrate training across manufacturing and clean energy industries. In total, \$43 million was committed to help upgrade three centres in the Hunter, Illawarra and Western Sydney.

In October 2023, the Australian and New South Wales Government announced details of the National Skills Agreement. An additional \$1 billion in funding has been allocated to NSW to ‘complete significant





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reform to the skills and training sector’ including commitments to ‘investing and rebuilding TAFE NSW and the broader skills sector’ and specifying investments in TAFE Centres of Excellence.

Notably, the announcement of the NSW agreement earmarked an additional \$2.4 billion nationally in ‘flexible funding to support state and territory skills sectors with capacity to deliver skills for critical and emerging industries’ including ‘clean energy and Net Zero transformation of the economy’.

At a regional level, Jobs and Skills Australia (JSA) also [identifies](#) the NSW Government’s Royalties for Rejuvenation Fund as a state-based policy initiative relevant to workforce training for the future. Under this fund, the NSW Government sets aside \$25 million per year from mining royalties to help support coal communities, including through targeted investments in workforce development programs and establishing new industries and employment opportunities. The Hunter is one of four regions covered by the Fund.

HJA Business case anticipated costs included below with a significant amount coming from the Federal Government's National Skills Agreement funding.

- One off cost to refurbish J-Block at Tighes Hill TAFE Campus -\$41M
- Operational budget over 5 years of \$22M
- Purchase and operation of mobile training units \$3.6M over 5 years

### 2024-2025 Proposal:

- That the NSW Government, with TAFE NSW, urgently assesses the establishment of a Tighes Hill Energy Centre of Excellence as a candidate to ensure the ‘rapid establishment’ of a Centre of Excellence for net zero in 2024, as prioritised under the National Skills Agreement, to meet state-wide demand for training in clean energy and related industries.
- The NSW Government act urgently in the assessment of a TAFE Energy Centre of Excellence at Tighes Hill campus to harness and align with the Australian Governments 2024 ‘Turbocharging TAFE Centres of Excellence’ funding for six Centres of Excellence around Australia.

### Hunter Region offshore wind development

The Hunter Jobs Alliance supports growth and investment in renewable energy in the Hunter including offshore wind. Offshore wind will generate significant investment and bring further investment in renewables to our region. With the right Government Policy and Framework settings we have the opportunity to maximise local secure jobs, environmental protections, community benefits, energy security, new sustainable industries and economic prosperity across the Hunter region.



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Industry prediction is 10,000 Direct & Indirect jobs are required for 5GW of offshore wind & its estimated over \$30B generated to the Australian economy. Over 50 occupations are required for the development, construction and operations/ maintenance of offshore wind with the use of regulated Australian Vessels and Australian crew.

Offshore wind is vital to secure the future of our existing manufacturing industries in the Hunter like Tomago Aluminium which injects 6000 jobs and \$10.2 billion into the Hunter economy, Molycop, Infra Build & Orica.

### Environment Benefits

- significant steps to address climate change related to greenhouse gas emission reduction targets & achieve Net Zero by 2050.
- help in these ongoing challenges to our natural environment & marine ecosystems caused by the continued climate crisis.

### Potential Community Benefits

- Partner with our local TAFE Centres of Excellence & Universities.
- Provide Community Investment options- to harness private capital effectively to achieve important social & environmental goals for communities.
- Improve and increase access to public services to boost community resilience through economic change, including health care, education and sustainable public transport infrastructure to increase access for rural and regional areas.
- Provide financial or in-kind support to community organisations carrying out a project or activity benefiting the community.
- Contribute to the development of local students and sportspersons.

The proposed offshore wind zone has potential to fast-track the Hunter region's energy transition, creating thousands of secure jobs. Because our region does not have a transition authority or a widely-endorsed transition plan, the proposal has been weaponised by some interest groups and conservative politicians. It is vitally important that potential benefits and impacts are carefully considered and mitigated, guided by independent expert advice and coordinated community dialogue.

The NSW Government needs to lead engagement with industry, local communities, investors, unions, developers and supply chain partners, to better understand the opportunities that the offshore wind sector can bring to NSW. A coordinated, consultative approach is needed to establish an offshore wind sector that benefits all NSW. Industry and investors are looking for long-term commitment through policy certainty, streamlined regulation and sector support.



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The Victorian Government is well advanced in the development of Offshore Wind Implementation [Strategies](#).

Feasibility Licences for the Hunter Offshore Wind Zone are expected to be issued in mid 2024. The Illawarra Wind Zone is currently being considered. In order for the NSW to maximise local jobs, local content, manufacturing opportunities & community benefits, the NSW Government needs to commit & start working immediately on an implementation strategy.

### **Common User Facilities**

As part of an implementation strategy, the government must consider building & owning a Common User Port Terminal & Transmission Connection Points.

A publicly owned common user port terminal would be used for the construction and maintenance of Offshore Wind. This Port Terminal should be used for development / feasibility, manufacturing, fabrication, assembly and installation base during the construction phase, and for ongoing operations & maintenance, through to decommissioning of offshore electricity projects. (Estimated 30 year plus industry).

Publicly owned Transmission Connection Points from the grid are needed to share offshore wind connection points. A high voltage connection at or near the Port of Newcastle will assist to accommodate the offshore wind connections and future clean hydrogen production.

An energy Hub at the Port will facilitate more efficient investment in, and use of, transmission assets built to connect generation to the 'shared' network. This is achieved through more effective protections for parties investing and clearer arrangements for sharing these assets.

### **Proposals 2024-2025**

- Commit funding & resources to immediately start formulating an Offshore Wind Implementation Strategy providing for local jobs, industry development, environmental protections, a port assembly area, grid connection, procurement and community and Traditional Owner benefits.
- As part of the implementation strategy, the government must explore building a publicly-owned common user port terminal for construction and maintenance of offshore wind. This Port Terminal should be used for development, feasibility, manufacturing, fabrication, assembly and installation base during the construction phase, and for ongoing operations and maintenance, through to decommissioning of offshore electricity projects.



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- As part of the implementation strategy, the government must explore building publicly-owned common user Transmission Connection Points (Energy Hubs) for Offshore Wind connections points. A high voltage connection at or near the Port of Newcastle will assist to accommodate the offshore wind connections and future clean hydrogen production.



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