



## Looking after coal workers

Party: Australian Greens

### Summary of proposal:

This proposal would develop and finance a plan for the economic and employment transition of coal-dependent communities to ensure that they survive the decline of global trade in this sector. The proposal consists of three components:

**Component 1** would establish the National Coal Communities Commission (independent from government) alongside five local Economic and Employment Commissions (see table below for the specified locations) that would develop and facilitate local plans for economic and employment transitions.

- Each local commission would consist of:
  - Twelve local representatives (retained on part-time stipends) who would be drawn from state and local governments, industry, unions, non-government organisations and academia. Three members of each commission would be drawn from local and state governments and would not be eligible for part-time stipends.
  - A local secretariat and executive team to support each commission. There would be 20 full-time secretariat and executive staff in total across the five commissions.

Commission location
Hunter Valley Authority
LaTrobe Valley Authority
Gladstone Authority
Bowen Basin Authority
Collie and South West WA Authority

**Component 2** would create a Diversifying Coal Communities Fund (the Fund) that would provide grants to communities in coal-dependent regions to support their economic and employment transition and diversification.

- The Fund would be established outside the General Government Sector and would be credited with \$2,800 million with the following funding profile.

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
\$m	-406	-348	-523	-459	-313	-206	-78	-113	-354	<b>-2,800</b>

- The National Coal Communities Commission would administer the Fund and would consider grant funding requests submitted by the commissions.

**Component 3** would create a job-for-job-guarantee that the Greens have assumed will be required for up to two thirds of the workers in the coal mining and domestic coal sectors in a gradual fashion in light of Greens' policy to phase out the coal industry. The guarantee would be implemented in the following manner:

- Non-fossil fuel employers would receive a wage subsidy equal to 50% of the average wage of a full-time worker in the mining sector if they employ someone who lost their job due to the above-mentioned closures, and pay the employee a wage rate at least equal to the amount the employee received in their prior job.
- If an employee is unable to find a job that attracts the above wage guarantee, then they may claim an amount equivalent to the wage subsidy directly for a period of 10 years, in addition to any other social security entitlement they may be entitled to.
- Workers aged over 55 that choose to retire may claim the wage subsidy directly for a period of up to 12 years, in addition to any other pension, superannuation or social security payments they would otherwise be entitled to.

Component 3 would operate for eligible thermal coal mine workers and domestic coal generation workers from 1 July 2022 to 30 June 2030, and for eligible metallurgical coal workers in the period from 1 July 2030 until 30 June 2040. Up to two thirds of workers within each specified time period would be eligible for the wage subsidy.

The policy proposal would have effect from 1 July 2022.

## Costing overview

The proposal would be expected to decrease both the fiscal and underlying cash balances by around \$3,326 million over the 2022-23 Budget forward estimates period. This impact reflects an increase in administered expenses of around \$3,280 million and an increase in departmental expenses of around \$46 million over this period.

This proposal would be expected to have ongoing financial implications beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate Public Debt Interest (PDI) tables) from 2022-23 to 2032-33 is provided at Attachment A.

For Components 1 and 2, the estimates are sensitive to the actual structure of the proposed commissions, including the number of supporting staff and their remuneration packages.

Financial implications of Component 3 are highly uncertain and sensitive to the timing of business closures in the relevant sectors and their impact on future employment of employees in those sectors. There is also limited information available on the number of workers in different types of coal production and coal-fired power plants, and results would vary in relation to changes in these numbers. We have not quantified the interactions with taxation revenue and welfare payments due to uncertainties around employment outcomes following business closures in specific sectors.

The Parliamentary Budget Office (PBO) has not made an assessment on whether the specified subsidy would be sufficient to achieve the objectives of the proposal.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	<b>Total to 2025-26</b>
Fiscal balance	-191.4	-815.7	-956.9	-1,362.0	<b>-3,326.0</b>
Underlying cash balance	-191.4	-815.7	-956.9	-1,362.0	<b>-3,326.0</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

## Key assumptions

The PBO has made the following assumptions in costing this proposal.

### Component 1

- Each commission would be supported by a local secretariat and executive team comprising one Australian Public Service Level (APS)5, one APS6, one Executive Level (EL)1 and one EL2 employee. In total, there would be 20 full-time staff across the five local secretariat and executive teams.

### Component 3

- The age distribution of the affected workforce would be similar to that of the general population.
- The proportions of people working in the thermal and metallurgical coal workforces have been assumed based on the production volumes of each type of coal in Australia. It is assumed the intensity of labour for each type of coal employment is the same. However, there is uncertainty with this assumption as it is not guaranteed that production volumes represent the distribution of the underlying workforce. Additionally, some mines produce both thermal and metallurgical coal, creating the possibility of some overlap in workers represented by these numbers. This would result in a more conservative estimate of the workforce.
- Total employment for the coal mining and domestic coal sectors is estimated to be 53,000 in 2022-23, consistent with the analysis of data published in the detailed Labour Force Survey by the Australian Bureau of Statistics (ABS) and the *Renewable Energy Jobs in Australia: Stage One* report. This number is expected to remain static over the medium-term.
  - Due to the projected flatlining of thermal coal production in Australia from 2021-22, and only a forecast slight increase to the export of metallurgical coal from this period (see Attachment B), the estimated baseline number of employees in the coal mining sector would likely be expected to remain stable or fall over the medium term.
- There is a degree of overlap assumed between the stock of workers from the ABS and Renewable Energy Jobs data sources.
- All eligible employees aged over 55 and up to the Age Pension age (i.e. aged between 56 and the retirement age of 67) would opt to retire and claim the wage subsidy.
- The wage subsidy would be around \$1,175 per week in 2021-22, informed by recent mining sector earnings data from the ABS.
  - The subsidy would grow at the same pace as the annualised average weekly earnings over the medium term as projected by the Treasury.

## Methodology

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

### Component 1

The PBO has used a standard departmental staff costing model and published information on the establishment costs and the remuneration of part-time public office holders of the Regional Investment Corporation Board to estimate the financial implications of this proposal.

Consistent with the specifications of the proposal, only nine of the proposed 12 representatives in each of the five commissions would be paid a part-time stipend. The three state and local government representatives would not receive a stipend.

Establishment costs for the National Coal Communities Commission have been based on the establishment costs of the Regional Investment Corporation Board, spread over two years.

### Component 2

Administered funding of the proposed \$2,800 million under the Fund is distributed from 2023-24 to 2031-32 according to the funding profile specified by the requestor.

Costs for the National Coal Communities Commission to administer the fund were estimated based on the departmental to administered expenses ratio for the *Regional Growth Fund*. Any additional departmental expenses to the Australian Government would be negligible and met by existing resources.

### Component 3

The administered expenses were estimated by multiplying the assumed number of subsidy recipients as per *Key assumptions*, taking into account differences in payment periods for different age cohorts, policy options and differing worker cohort eligibility for the subsidy over the two specified time periods (thermal and domestic coal generation workers from 2022-23 to 2029-30, and metallurgical workers from 2030-31 to 2039-40), by the assumed subsidy amount per recipient.

Departmental expenses were estimated based on the departmental to administered expenses ratio for *Job Services Australia – changed payment arrangements for volunteer job seekers*.

## Data sources

The Treasury provided medium-term economic and policy parameter projections as at *Pre-election Economic and Fiscal Outlook (PEFO) 2022*.

ABS, 2021. [Employee Earnings: Median weekly earnings, by industry](#), ABS, accessed 27 April 2022.

ABS, 2022. [Labour Force, Australia, Detailed](#), ABS, accessed 5 May 2022.

Department of Education, Skills and Employment (DESE), 2022. [Mining](#), DESE, accessed 29 April 2022.

Department of Industry, Science, Energy and Resources (DISER), 2022. [Resources and Energy Quarterly: March 2022](#), DISER, accessed 9 May 2022.

Regional Investment Corporation (RIC) Board. 2020. [Annual Report 2017-18](#), RIC, accessed 27 April 2022.

Remuneration Tribunal, 2021. [Remuneration and Allowances for Holders of Part-Time Public Office](#), Office of Parliamentary Counsel, accessed 27 April 2022.

RMIT Australian Broadcasting Corporation (ABC) Fact Check, 2019. [Are there really 54,000 people employed in thermal coal mining?](#), ABC, accessed 27 February 2022.

University of Technology Sydney (UTS) Institute for Sustainable Futures, 2020. [Renewable Energy Jobs in Australia: Stage One](#), UTS, accessed 27 April 2022.

## Attachment A – Looking after coal workers – financial implications

Table A1: Looking after coal workers – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Expenses</b>													
<b>Administered</b>													
<i>Component 1</i>	-2.2	-2.3	-2.4	-2.4	-2.5	-2.6	-2.7	-2.8	-2.9	-3.1	-3.2	-9.3	-29.1
<i>Component 2 - The Fund</i>	-	-406.0	-348.0	-523.0	-459.0	-313.0	-206.0	-78.0	-113.0	-354.0	-	-1,277.0	-2,800.0
<i>Component 2 - Administering the Fund</i>	-	-15.6	-5.5	-2.6	-2.3	-1.6	-1.0	-0.4	-0.6	-1.8	-	-23.7	-31.4
<i>Component 3</i>	-180.0	-380.0	-590.0	-820.0	-1,060.0	-1,320.0	-1,590.0	-1,890.0	-2,080.0	-2,290.0	-2,380.0	-1,970.0	-14,580.0
<b>Total – administered</b>	<b>-182.2</b>	<b>-803.9</b>	<b>-945.9</b>	<b>-1,348.0</b>	<b>-1,523.8</b>	<b>-1,637.2</b>	<b>-1,799.7</b>	<b>-1,971.2</b>	<b>-2,196.5</b>	<b>-2,648.9</b>	<b>-2,383.2</b>	<b>-3,280.0</b>	<b>-17,440.5</b>
<b>Departmental</b>													
<i>Component 1</i>	-6.8	-6.8	-3.3	-3.3	-3.4	-3.4	-3.4	-3.4	-3.4	-3.5	-3.5	-20.2	-44.2
<i>Component 3</i>	-2.4	-5.0	-7.7	-10.7	-13.8	-17.1	-20.7	-24.6	-27.2	-29.9	-31.1	-25.8	-190.2
<b>Total – departmental</b>	<b>-9.2</b>	<b>-11.8</b>	<b>-11.0</b>	<b>-14.0</b>	<b>-17.2</b>	<b>-20.5</b>	<b>-24.1</b>	<b>-28.0</b>	<b>-30.6</b>	<b>-33.4</b>	<b>-34.6</b>	<b>-46.0</b>	<b>-234.4</b>
<b>Total – expenses</b>	<b>-191.4</b>	<b>-815.7</b>	<b>-956.9</b>	<b>-1,362.0</b>	<b>-1,541.0</b>	<b>-1,657.7</b>	<b>-1,823.8</b>	<b>-1,999.2</b>	<b>-2,227.1</b>	<b>-2,682.3</b>	<b>-2,417.8</b>	<b>-3,326.0</b>	<b>-17,674.9</b>
<b>Total (excluding PDI)</b>	<b>-191.4</b>	<b>-815.7</b>	<b>-956.9</b>	<b>-1,362.0</b>	<b>-1,541.0</b>	<b>-1,657.7</b>	<b>-1,823.8</b>	<b>-1,999.2</b>	<b>-2,227.1</b>	<b>-2,682.3</b>	<b>-2,417.8</b>	<b>-3,326.0</b>	<b>-17,674.9</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Looking after coal workers – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Fiscal balance</b>	-2.0	-14.0	-34.0	-61.0	-97.0	-141.0	-193.0	-255.0	-330.0	-424.0	-531.0	-111.0	-2,082.0
<b>Underlying cash balance</b>	-2.0	-12.0	-32.0	-58.0	-93.0	-135.0	-186.0	-248.0	-321.0	-413.0	-518.0	-104.0	-2,018.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

## Attachment B – Looking after coal workers – forecast thermal coal production and metallurgical coal exports

Table B1: Looking after coal workers – Thermal coal production to 2026-27<sup>(a)</sup>

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Production (Mt)	256	256	257	257	254	256

(a) Sourced from DISER report [Resources and Energy Quarterly: March 2022](#).

Table B2: Looking after coal workers – Metallurgical coal exports to 2027<sup>(a)</sup>

	2021	2022	2023	2024	2025	2026	2027
Australian exports (Mt)	167	179	179	181	181	183	185

(a) Sourced from DISER [Resources and Energy Quarterly: March 2022](#). Export values are presented as no production values were available.