



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

JOINT STANDING COMMITTEE ON TREATIES

**Paris Agreement**

(Public)

MONDAY, 17 OCTOBER 2016

CANBERRA

**CONDITIONS OF DISTRIBUTION**

This is an uncorrected proof of evidence taken before the committee.  
It is made available under the condition that it is recognised as such.

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

**[PROOF COPY]**

### **INTERNET**

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

To search the parliamentary database, go to:

**<http://parlinfo.aph.gov.au>**

**JOINT STANDING COMMITTEE ON TREATIES**

**Monday, 17 October 2016**

**Members in attendance:** Mr Crewther, Ms Madeleine King, Ms Marino, Mr Robert, Ms Templeman, Mr Vasta, Mr Wallace, Mr Josh Wilson.

**Terms of Reference for the Inquiry:**

To inquire into and report on:

*Paris Agreement*

**WITNESSES**

|  |          |
|--|----------|
| <b>KEARNEY, Ms Ged, President, Australian Council of Trade Unions .....</b>                      | <b>1</b> |
| <b>McCALLUM, Mr Lance, National Policy Officer, Electrical Trades Union of Australia .....</b>   | <b>1</b> |
| <b>NEWBOLD, Ms Charlotte, Social Policy Advisor, Australian Council of Trade Unions .....</b>    | <b>1</b> |
| <b>TEGG, Mr Warren, National Research officer, Australian Manufacturing Workers' Union .....</b> | <b>1</b> |

**KEARNEY, Ms Ged, President, Australian Council of Trade Unions**

**McCALLUM, Mr Lance, National Policy Officer, Electrical Trades Union of Australia**

**NEWBOLD, Ms Charlotte, Social Policy Advisor, Australian Council of Trade Unions**

**TEGG, Mr Warren, National Research officer, Australian Manufacturing Workers' Union**

**Committee met at 08:10**

*Evidence from Ms Kearney, Mr McCallum and Mr Newbold was taken via teleconference—*

**CHAIR (Mr Robert):** Welcome. I declare open the public hearing of the Joint Standing Committee on Treaties. These are public proceedings, although the committee may agree to a request to have evidence heard in camera or may determine that certain evidence should be heard in camera. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated as a contempt of parliament. It is also a contempt to give false or misleading evidence to a committee. If a witness objects to answering a question the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard for the ground which is claimed. If the committee determines to insist on an answer a witness may request that the answer be given in camera. Such a request may, of course, be made at any time.

For Commonwealth or state officers, particularly later in the morning, I draw particular attention to an order of the Senate dated 13 May 2009 specifying the process by which a claim of public interest immunity should be raised. Copies of that are available from the secretariat. The Senate has resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or indeed to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

In accordance with the committee's resolution of 12 September 2016 this hearing will be broadcast on the parliament's website and the proof and official transcripts of proceedings will be published on the website. Those present here today are advised that filming and recording are permitted during the hearing. I also remind members of the media who may be present or listening on the web of the need to fairly and accurately report the proceedings of the committee.

The committee will now take evidence on the Paris Agreement. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

**Ms Kearney:** Thank you very much for the opportunity to appear before the committee. We very much appreciate that you have arranged time for the unions to give evidence—and my sincerest apologies for not being there in person. We are very grateful that you could make the teleconference possible. The ACTU, as you know, represents nearly 1.8 million working people, and Australian unions are very supportive of the government ratifying the Paris Agreement. We have had a longstanding concern around climate change and in particular the impact this has on working people. Our members work in all sectors of the economy, including carbon-intensive industries as well as the renewable technology sector. We therefore act as a voice for workers in industries facing the challenge of decarbonisation as well as the workers whose future depends on the growth of new economic sectors, like renewable energy and energy efficiency.

As part of the international community, the union movement has been actively engaged in the debate about how best to mitigate the dangers of global warming. Unions believe that there is an environmental, economic and social imperative to act. Unless decisive action is taken to drive long-term change in the way we produce and use energy and manage our land, our pollution levels will continue to rise. In an increasingly carbon constrained world, continuing with business as usual is simply not a viable option. We believe that taking action to reduce emissions, improve energy efficiency, expand renewable energy capacity and rapidly develop low-carbon technology while creating jobs is essential for continued, sustained economic growth, globally and in Australia.

Whilst the agreement raises a number of issues, including the need for long-term emissions pathways, frameworks and policies, in order for Australia to meet its agreed commitments to keep global temperatures to less than two degrees above pre-industrial levels, we propose to focus our evidence this morning on the

agreement's preamble, which recognises the need for a just transition for workers as we move to a clean energy economy. In particular, we note that the agreement requires parties to take into account the imperative of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities.

From the ACTU's perspective, the key principles underpinning a just transition include equitable sharing of responsibilities and fair distribution of the costs across society; institutionalised, formal consultations with relevant stakeholders, including trade unions, employers and communities at national and regional level; the promotion of clean job opportunities and the greening of existing jobs and industries through public and private investment in low-carbon development strategies and technologies; formal education, training, retraining and lifelong learning for working people, their families and their communities; organised, economic and employment diversification policies within sectors and communities at risk; social protection measures, active labour market policies, access to health services, social insurances, amongst others; and, finally, respect for and protection of human and labour rights.

Australia's transition to a clean energy economy will have profound impacts for working people across a number of industries, including fossil fuels, manufacturing and of course forestry. Without proper planning and support, thousands of workers are likely to lose their jobs, devastating both their families and their regional communities. Despite this, we note that there is currently no national policy in place to ensure a just transition for workers and affected industries with supports then to obtain new, secure jobs. This is deeply concerning, as research in the manufacturing, forestry, textiles, clothing and footwear sectors all suggests that Australia's previous responses to large firm closures and industry restructures have been largely unsuccessful in their efforts to support workers' transition to secure employment.

In the car 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 left either unemployed or underemployed. If Australia does not have a plan for achieving a just transition, the cost of inaction is likely to have ripple effects across the economy that mean that Australia misses out on the job opportunities that are being created from a clean energy economy. For example, renewable energy equipment manufacturing is a growing high-tech manufacturing industry that is effectively supported both to serve as a new export industry and to assist other countries in meeting the challenges of climate change.

We believe that without significant government planning Australia's transition to a clean energy economy will severely impact working people and their communities. History shows that workers often bear the brunt of structural transition, suffering hardship, unemployment and generations of economic and social depression. This is unacceptable.

In considering Australia's previous policy responses to industry restructuring, a number of lessons can be learnt. Evidence suggests that the most successful policy responses involve early planning, proper engagement with the workforce and their communities and specific measures that target both demand, that is, protecting and creating new jobs, and supply sides, that is, helping people find new jobs in the labour market.

In order to meet the requirement of the Paris agreement and deliver a just transition, the government needs to undertake a series of actions, including, developing a transition plan that ensures Australia's transition is managed in a fair and just manner, where affected workers and communities are supported to find secure and decent jobs; a jobs plan that focuses on creating new jobs and a clean energy economy; and, an energy plan that sets out a sustainable future energy mix and ensures an affordable, secure and sustainable supply of electricity.

As part of these national strategies, specific policies are needed to support communities and workers through the transition. Government planning and policies are needed to support the economic diversification of regional communities. We require specific industry and environmental policies to attract new investment, grow new industry like renewable power generation, renewable equipment manufacturing and energy services, and create high-quality secure jobs in affected communities. A labour adjustment package is also needed to support affected workers to transition into decent and secure jobs.

The package should include access to job placement and information services, with early and ongoing information provided to workers, on-the-job training opportunities, as well as government entitlements, and retraining. We need a skills audit to be conducted to assess employees current skill sets, with prior learning recognised, so that workers can focus on developing new skills that can be used in future employment. Opportunities to access retraining should be made available to workers prior to any workplace closure so that they are obtaining the skills they need whilst they are earning an income and before they face retrenchment, unemployment or underemployment. Further, to ensure that people are able to access skills and qualifications to

transition to new jobs, it is important that governments recommit to delivering high-quality, equitable and affordable vocational education and training systems, which includes proper funding of our TAFE.

Financial and personal support is needed to support workers while they look for new jobs. This includes not only access to redundancy payments but also options for early retirement, specific financial assistance payments—for example, mortgage or rental payments—and access to both financial and psychological counselling. When provided early, in conjunction with psychological counselling and legal advice, financial counselling can help workers manage stress, anxiety and depression that can arise following retrenchment. Travel subsidies and relocation assistance are also needed.

In conclusion, we believe that the Australian government has a responsibility under the Paris agreement to develop policies that support and adjust transitions for workers. With the right policy mix and early planning, Australia can successfully transition to a clean energy economy, without leaving any worker or community behind.

**Mr Tegg:** I would like to start by thanking the committee for inviting the AMWU to address you on this important issue. The AMWU would encourage the committee to recommend ratification of the Paris agreement as it is an important step in limiting the impact of man-made climate change. The AMWU has a proud history of supporting action on climate change. We believe that Australia must adopt low-carbon technologies throughout its economy.

The world has no future except a carbon-constrained future. Australian workers, businesses and taxpayers will all benefit from a measured, orderly and just transition. Australia must play its part, and that means the government must do more to both limit our carbon emissions and to assist workers, businesses and our community as we adapt to the effects of climate change and shift our economy to a low-carbon future. As it stands, the government's policies for reducing greenhouse gas emissions are inadequate and short-sighted. In order for Australian businesses and investors to properly plan for the long term, the Australian government needs to move quickly to adopt a credible plan to reduce Australia's greenhouse gas emissions, beyond 2020, and adapt to the impacts of climate change that are already inevitable.

While the move to a carbon constrained economy will not be easy, the AMWU believes that mitigation of and adaption to climate change should be seen as an opportunity to modernise Australian industry. It is crucial that the government takes its role in ensuring a just transition seriously. We know from history that if you do not manage these structural shifts in our economy properly, then workers in changing industries will bear the brunt. To use an example that has been well studied, the closure of the Mitsubishi Motors plant in South Australia has some key lessons for the committee on what can happen if you do not put in place policies that deliver a just transition for workers.

In 1996, Mitsubishi built 43,000 cars in Australia and the unemployment rate in South Australia was 9.3 per cent. In Onkaparinga, which includes the old Lonsdale plant, the unemployment rate was half the state average, at 4.8. In the middle of this year, unemployment in South Australia was at 6.8 and unemployment in Onkaparinga was 8.9—25 per cent higher than the state, with some suburbs surrounding the Lonsdale site with up to 20 per cent unemployment.

The research done by Andrew Beer, which I also recommend to the committee, showed that one-third of these workers moved into full-time work, one-third into insecure work and another third never worked again. This means a significant loss of income in two-thirds of those cases for individuals and their families and a significant loss of skills for the Australian economy. This compares with the closure of the MG Rover factory, in the UK, in 2005 where 90 per cent of former employees were in full-time work a year later. While there are some other issues with the UK example, it does demonstrate that it is possible to provide better support to workers in industries that are going through structural change than we have in the past.

Two areas that are going through the same transition now are Broadmeadows, which has an unemployment rate of 23 per cent, taken before the recent closure of the Ford plant there, and Elizabeth, which has an unemployment rate of 35 per cent and that is before the impending closure of the Holden factory there. A similar pattern exists in areas that support traditional power generation. Morwell, for example, which is close to the Hazelwood power station, has an unemployment rate of nearly 20 per cent in the middle of this year compared to the Victorian unemployment rate of 5.8 per cent at the same time. In other trade exposed carbon-intensive industries, like steel production, the suburbs surrounding the steelworks in Whyalla and Port Kembla also have unemployment rates above their state averages and in some cases more than double.

These communities are already doing it tough. That is why the AMWU proposes the committee include a recommendation that the government take immediate and specific actions to meet its obligations under the Paris

agreement, to take 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'. It is important to highlight the language being used here, 'decent work and quality jobs'. That means the government needs to develop credible industry policy that focuses on attracting investment and creating jobs that these skilled workers can move to and assisting carbon-intensive industries to adapt to the inevitable shift in economic focus. The government can start by engaging with industry, unions and other stakeholders to develop a plan on how it will grow skills and high-wage jobs into the future.

As highlighted earlier, the communities that will be most affected by these changes are already quite vulnerable. It is important that in addition to industry policy the government also develop a regional development policy to deliver new jobs into the places they will be needed most. It is a failure of policy and imagination to suggest that telling skilled experienced workers, particularly older workers, to retrain and relocate in order to, hopefully, find an insecure part-time job on significantly lower wages in an unfamiliar industry is the only solution. It is not.

The government must take an active leadership role to develop the right mix of industry and regional development policies to ensure that any future redundancies have a minimal impact on workers, communities and the Australian economy. To simply leave these matters at the whim of the market, to be dealt with by a job network that was not designed to deal with structural shifts in the economy, is just not sufficient. So far in 2016 we have seen stagnant wage growth, a reduction in full-time employment and a growth in the proportion of casual employment. With the looming changes to our economy foreshadowed by the Paris agreement, it has never been more important for the government to get on the front foot and develop a plan that will deliver quality jobs, doing decent work, that Australia will need in the new emerging economy.

The majority of Australians are understandably afraid of what climate change will mean for their children. The Paris agreement is another important step in dealing with this legitimate concern. However, unless we can deliver a just transition for the workers who will necessarily be affected by the changes that will need to be made in Australia and around the world, to achieve the targets set out in the Paris agreement, then it will be the most vulnerable who yet again bear the largest burden. Policies that deliver a just transition are a necessary component of any plan to address climate change that wishes to enjoy strong and ongoing support from the community. When the government changes its policies and brings about a structural transition in the economy, as we have done with trade over the last 30 years, it creates an uneven impact across the economy. It is vital that the government act to put in place measures that ensure the benefits are spread evenly and that no-one is left behind. We can see in Brexit and the rise of Mr Trump that, where the same groups have consistently borne the brunt of trade policy due to the failure by governments to properly assist them during structural adjustments in the economy, the support for trade liberalisation has withered. If the government is serious about addressing climate change, it must be serious about delivering a just transition for Australian workers. Thank you.

**Ms Kearney:** Thanks very much, Warren. Lance, would you like to make the final statement for us?

**Mr McCallum:** Thanks very much, Ged. Thanks to the committee for the opportunity to present today. In the interests of time, I will keep my opening remarks particularly brief. Suffice it to say that we wholeheartedly support the submissions already made by our comrades at the ACTU and the AMWU. I would only add to what they have said by alerting the committee that the International Labour Organization, prior to the Paris meeting last year, published guidelines on how to achieve a just transition for workers in communities, so I would like to refer the committee members to those guidelines. Inherent in those guidelines, and perhaps what they are based upon, is that any successful just transition plan needs to be predicated on the premise that workers in fossil fuel industries, or those workers that are directly affected by any move to a low-emissions economy, have a right to know. I think I will leave my comments there, thanks.

**CHAIR:** Tremendous. Questions from the committee?

**Ms TEMPLEMAN:** Hello, all of you on the phone, and thanks, Mr Tegg, for being here. I have a bunch of questions, but I will just kick it off by going to you, Mr Tegg. You mentioned the MG Rover factory and what we would consider to be an amazing employment result. Do you have any more detail about the key things they did that might be different to what we have seen happen in Australia?

**Mr Tegg:** Unfortunately, not at my fingertips. I know that Mr Beer has done a lot of comparison work between what we did in Australia and what other examples there are overseas, so I would be happy to take that on notice and provide you with a detailed summary of the key differences. Suffice it to say that some of the key differences between what we have traditionally done in Australia and what we would like to see done in future are that Australia has traditionally focused more on the labour market end of the solution, looking at providing people with skills recognition and assisting them to get into jobs with resumes and that sort of thing, which obviously



needs to continue. What we would seek in future, in addition to those sorts of labour market solutions—as Ged has outlined briefly as well—is industry and regional development policies. So it is not just about assisting workers in these industries that are winding down to move into other similar jobs but also about really trying to grow those parts of the economy and focus on delivering new, decent work, quality jobs that these kinds of workers in these regions can move into. Another part of that is going to be providing infrastructure to those communities to attract new businesses and new investment. So there are other things that we would like to see in future, but as far as the MG Rover example goes I would be happy to provide that on notice to the committee.

**Ms TEMPLEMAN:** That would be great. I have not heard that example, so I would be very interested to see it. Just picking up on that—and I am happy for Ged or Lance to respond equally to this—you talked about decent work and quality jobs, and you referenced jobs that are not insecure, not part time and not at lower wages. Can you give me a definition of the criteria that you think they are referencing when they talk about decent work and quality jobs.

**Ms Kearney:** Thank you for that question. It is interesting because when we talk to a lot of our members in the sectorised industries, a lot of their fear is that they are going from fairly stable, predictable, well-paid work that offers opportunities for lifelong education and income to a world where they know there is insecure, unstable work, where they do not have predictable pay or wages and entitlements, where they worry about a dignified retirement, where they are concerned they are not going to get adequate hours and pay, especially compared to the jobs that they had. Basically, we would say a decent job is one where they can get stable work with predictable pay, wages and entitlements, where they get adequate hours and pay to give them a living wage and to meet all the daily and weekly economic requirements, where they have opportunities for training and lifelong education and where they can actually ensure that they can save and work towards a dignified retirement.

Many people who are highly skilled technicians and who have developed those skills over many years often say to me, 'You know, as good a job as it might be, I really do not want to find myself as a barrister in a café making coffee.' I am not saying that that job is not a dignified sort of job, but they would go from a very high paid, well-structured, secure position to one that is less secure, precarious and does not guarantee an income or lifelong training. Would you like to add to that, Lance or Warren?

**Mr McCallum:** Yes, sure. Thank you very much, Ged. Following on from that, I really cannot understate the importance of what Ged was outlining there. Some of our members work at power stations—and obviously we cover workers who also work on electricity networks, the poles and wires, which will also be critical if Australia is going to meet its targets that are outlined by the Paris Agreement. The whole energy sector will be the main thrust of driving the carbon emissions that will be required there. These are secure, long-term career jobs that are well paid, highly specialised and technical. A lot of our members will be 30-plus, so the idea of it being a simple switch that will require a little bit of extra training and then they will be able to move into other sectors or even other roles within the energy sector is no mean feat. And this is before you even start considering the very important social and family aspects of what will need to happen to people in terms of moving, whether or not there are going to be jobs in the same areas.

As we have seen with the Latrobe Valley in Victoria, particularly when it comes to electricity generation, a lot of these power stations are out in regional areas. So if there is going to be a change to how employment is delivered through the energy sector there, where a fossil fuel generator might be a major driver of employment in the area, it is not always going to be a neat swap. However, whilst we have certainly been trying this morning to impress the importance of having a plan around that, it is important to realise that there are opportunities, really good opportunities, going forward.

Some of the studies that have been done around transitioning away from fossil fuels to renewable energy in the generation sector, for example, tend to suggest that renewable energy and energy efficiency packages are more labour intensive than fossil fuels and should create more jobs. But the crux and the importance of that proposition is going to be around planning and the appropriate support provided by the regulatory and policy environment that the government drives.

**Mr JOSH WILSON:** Chair, I start by asking through you whether we could get those ILO guidelines on a just transition circulated to members of the committee?

**Mr McCallum:** Sure. Not a problem.

**Mr JOSH WILSON:** I am also interested—and this could go to Ged, or Warren or Lance, really—about the geographical nature of the impact and just whether you are aware of job vulnerability mapping? Any exercise like that that has occurred? I am also interested in how, having identified regions that are going to be vulnerable, you

get industry policy, particularly in the space of renewables, working actively to address where you know the transition is going to hit hardest?

**Ms Newbold:** I will take that question. Looking at coal fired power stations, they are often co-located in areas of significant coal resources. For example, in Victoria you would know that all the four major brown coal power stations are located in the Latrobe Valley, east of Melbourne. In New South Wales, the five black coal fired power stations are located in the Newcastle, Hunter Valley and Lithgow areas. There are seven black coal fired power stations in Queensland, located to the west of Brisbane and in or around the Gladstone or Rockhampton areas. And the four black coal fired power stations in Western Australia are located near or around Collie.

So there is a real concern that, given the concentration of these power stations and the employment around them, the impact of unplanned and disordered closure is likely to affect regional communities profoundly. This has been recognised by a number of bodies, including the Climate Change Authority, which noted in one of its reports—I think it was a statement by the chair, Bernie Fraser—that this transition is likely to hit some industries and regions much more severely than others.

I refer the committee to a report by the Committee for Gippsland, which said that nearly 10 per cent of the Latrobe workforce is employed in power stations, and that includes nearly 3,000 power station workers and over a thousand contractors. They found, based on some of their modelling, that a total closure impact across the Gippsland region would result in 400 jobs lost due to the forecast closure and then a further loss of nearly 1,700 jobs, which would feed into the current unemployment rate of nine per cent.

So there are real concerns, given the concentration of these power stations in these regional areas, that the impact of the job losses would affect not only the individuals but the regions' population and the families and communities in those areas.

**Ms Kearney:** Charlotte, has there been work done on the actual multiplier effects? For every direct job in the industry that is lost, the impact on other jobs in the communities?

**Ms Newbold:** The Committee for Gippsland report found that it would result in at least 7,000 people moving out of the Gippsland region as a result of job losses from carbon transitioning in the valley.

**CHAIR:** Mr Tegg, you mentioned, and Ms Templeton followed it up too, the Mitsubishi experience, and you cited some research. I will just ask the secretariat if we have a copy of that research paper. No? Could we get a copy of that please?

**Mr Tegg:** I certainly can. I understand that Mr Beer has also put a book out on the same topic. I will get you the links to all of his research.

**CHAIR:** That would be good. In my understanding, Mitsubishi closed in about March 2008 at Tonsley Park, with about 1,200 jobs made redundant. The government of the day announced a \$50 million adjustment package to assist with that. Maths-wise, it tells me that is about \$42,000 per person—it never works out that way, but just work with me.

The research you quoted tells me that things did not go well. A third, a third, a third: a third unemployed, a third underemployed and a third gainfully employed. So what went wrong? What went wrong in 2008? There was 50 million bucks—a fair bit of taxpayer money that was put forward by federal and state authorities to assist with this transition. How did it go so badly?

**Mr Tegg:** As I think I intimated in my response to Ms Templeton, a large amount of that was focused on labour market adjustment. And while working with individual workers must form a crucial part of any adjustment, there was not the effort, I will say—or the 'focus' perhaps might be fairer—on creating new jobs for these workers to move into. It was about helping these workers move into the jobs that existed in the economy at the time that may or may not have been relevant to their skill sets, relevant to their interests, relevant to their industry or available in their community—which, I think, is why we have seen the unemployment go from below the state average to above the state average in the areas around that plant.

While it is vitally important to focus on assisting workers to become more employable, to recognise their skills, to provide them with training, it is also important to acknowledge that what someone does is part of their identity. For better or worse, they identify as being a particular type of worker, and they have connections to a particular community. It is who they are and where they live and, as I think has been intimated by others—by Ged in particular—just simply saying to someone, 'There's growth in another industry in another part of the state. Why don't you retrain and go and do that?' isn't an attractive option because we are not rational economic actors. That is not who these workers are. That is not where they live. That is not what they want to spend their time doing.

Part of it is about creating more employment opportunities. After we have adapted to climate change we are still going to need things and we are still going to need manufactured goods, like we do now, and a just transition is about trying to make sure that it is high-skill, high-wage Australian jobs that produce those things—and, hopefully, in those areas. It is about more than simply a labour adjustment package. It is about assisting small and medium businesses to get bigger, and bigger businesses to try new things and to adapt to new methods that both meet our climate change needs to produce less carbon and also provide these sorts of jobs in the sorts of regions where these things are going to be required.

One example is in the energy generation sector. Solar thermal—as opposed to just solar power—is a type of energy generation that has a long supply chain, so it creates a lot of manufacturing jobs. It requires a lot more work in support and maintenance than a solar power station does, but it provides 24-hours-a-day, seven-days-a-week solar power. It is not about just when the sun is shining. Those kinds of development opportunities provide workers, and workers who currently work in thermal coal fired power stations have the sorts of engineering skills that are needed to maintain, build and operate those power plants.

It is about trying to find those opportunities, where they exist—and they will not exist everywhere—to provide those sorts of workers with similar sorts of jobs in similar sorts of regions, rather than simply focusing entirely on the labour adjustment, which is only part of the piece. In my view, that is what we did too much of—or rather, we did not do too much of it; we did not do enough of the other things—in the Mitsubishi example. To be fair, it was the first big time that this sort of stuff had been rolled out. Hopefully, we have learnt some lessons and we will see a better result with the Ford and the Holden workers. But, again, they are going into a much more vulnerable time in the economic cycle than in 2004 when Mitsubishi's slowdown started and in 2008 when it finished. Obviously, 2008 is probably a different story to 2004, but unemployment in these areas is much higher than it was in the areas around the Lonsdale site in South Australia, so there are more challenges now. But, hopefully, we have learnt the lessons and we are applying a different approach now than we did back in 2004 to 2008.

**CHAIR:** Building on that, my understanding is that in Victoria the government is looking to close a number of the brown coal fired power stations in the Latrobe Valley. I am from Queensland, where we have four per cent renewables. The state government has tightened. It is 50 per cent by 2030. So at least three or four of the coal fired power stations—and there are seven in Queensland—will have to close down to meet those state driven targets. That is the within purview of the state, without criticism of them. In those examples, what should the response be? What has to happen in the Latrobe Valley? What has to happen in those Queensland coal fired power station areas to achieve this transition you are talking about?

**Mr Tegg:** I might defer to my colleague.

**Mr McCallum:** I have a slightly different understanding of what will happen in Queensland. I saw the draft report from the Queensland government's expert panel was released last week. I had a read of it and under any of the scenarios in that particular report it says that there is going to be no reduction in coal, all other things being equal. This means that if there were a commercial decision taken by any of the coal generation companies that own those assets then that would be a separate issue. But in terms of renewables necessarily forcing closures up in Queensland, that would not necessarily be the case. That is my understanding of the report, but I thought I would throw that out there.

In relation to Hazelwood, once again everyone is waiting to see what the French company ENGIE, which owns the Hazelwood coal-fired plant, is going to do with it. Keep in mind that it is extremely old. It is going to be closed down because of commercial decisions rather than any other driver, first and foremost, similarly like what happened with the Port Augusta power station in South Australia last year, which is another perfect example of an unplanned transition where there really was not any forward planning around that.

In terms of what we can do, some of my colleagues have intimated that we can establish or re-establish manufacturing in these towns around the renewable energy sector, whether it is going to be wind turbines, large-scale solar, solar thermal or solar arrays, all of these types of medium and large scale generation plants. At the moment we tend to import the components from overseas and assemble them here. With the right assistance from the government that can change and we can build on our already world-leading intellectual knowledge when it comes to driving renewable energy.

Outside of that, we can have government investment in projects such as infrastructure, whether schools, hospitals et cetera. Normally, in a lot of these regional areas there is more often than not a need for infrastructure upgrades around roads, highways et cetera. There is always the possibility of remediation of the sites. If it was a mine site, quite often next to a cold-fired generator, they are actually built on top of coal reserves, be it brown coal or black coal. So there is normally some kind of open cut mine there. Those pits need to be remediated. So there is a number of things immediately that could be looked at, in terms of driving employment opportunities,

that already somewhat overlap with some of the skill sets some of these workers would have, as well as providing opportunities for workers who might want to change career streams.

**Ms Kearney:** If I could add to that, I think the key to all of this is really a planned closure, and that is what the industry is calling for as well by the ACTU, as part of the climate round table, which is represented by industry, unions, the community sector and some individual industry representatives. Really, the planned closure is what is key. We can look to Germany to see how they did this very well. We need an orderly transition plan and phase-out of the coal-fired power plants, one by one, which ensures a just transition. For example, in Germany, they pooled resources. As they closed in one plant down they transitioned workers from the closed plant to the plants that were still open and they kept doing that in an orderly way all the way down to the last coal-fired power plant. They made sure that there was onsite training for the workers while they were still employed. They made sure that there were other industries—as Lance just explained they had an industry and jobs creation plan for those communities that matched the skills and qualifications of the workers. They had strong labour adjustment packages and early retirement packages et cetera. So if we sat down with industry, with unions and with government and asked how we were going to close down this industry in a planned way that does not impact on workers but ensures secure provision of energy, I think we could do it. I think we could do it very well. It just takes a bit of thought, planning and commitment from government and industry and from the unions, as well.

**Mr WALLACE:** My question is, firstly, directed to Lance McCallum. Mr McCallum, are you an electrical engineer or an electrician?

**Mr McCallum:** No, I am not.

**Mr WALLACE:** Presumably, in your position as a national policy officer of the ETU, you spend a lot of time in power stations.

**Mr McCallum:** Not a lot of time. But I certainly spend a lot of time with the workers that work in them, a hell of a lot of time.

**Mr WALLACE:** I am not trying to be smart; I am just trying to get an idea of your own personal knowledge of power stations, that's all.

**Mr McCallum:** That's fair enough.

**Mr WALLACE:** Your personal knowledge of power stations and how they operate are limited to a layperson's knowledge. Is that correct?

**Mr McCallum:** I would go along with that, but I would say that my knowledge of the labour and employment issues that the workers that work in them face, in my role as a union official, is extremely high.

**Mr WALLACE:** Sure. No problems. Would you agree with me that a coalmine in my home state of Queensland that uses black coal would be significantly more labour intensive than a power station that is run by solar or wind?

**Mr McCallum:** I am from Queensland as well. And when you say black coal, obviously there are different—and this goes for black coal as well—do you know what the calorific value of coal is?

**Mr WALLACE:** No, I do not. I am asking you whether you would agree with me that the amount of labour required to generate coal—you need truck drivers, you need someone to dig the coal, you need maintenance workers—the point I am trying to make is that there are a lot more people involved in generating power through a coal station than there are through wind or solar. Would you agree with that premise?

**Mr McCallum:** Everything that I have seen, in terms of ongoing maintenance in operational jobs, I would tend to agree with your statement. When it comes to jobs throughout construction of either renewables versus coal—and these are very general and simplistic terms that we are discussing here—renewable tends to be a little bit more labour intensive. But I would also refer to my earlier comments around manufacturing, in terms of being able to drive employment opportunities as there is a transition away.

The other thing to remember, specifically, when it comes to Queensland is that Queensland has a subset of 'black coal', coking coal, and committee members might be aware that coking coal is used specifically to make steel. There is no other way that you can make steel without coking coal. That is separate to coal, whether it be black or brown, that you might burn to turn a turbine which, in turn, generates electricity. So until there is an alternative to coking coal, and nobody is aware of any at this point in time, there is still going to be a need for coking coal—to be an export and for domestic uses in Queensland extractor-free sources.

**Mr WALLACE:** I have been told by the chair that I only have one question left so I may have to break it up into segments.

**CHAIR:** I will call this quits in exactly 60 seconds.

**Mr WALLACE:** All right. I think it was Ms Kearney that said there are—if we accept that the Queensland government is working towards 50 per cent of renewables I was surprised to hear that despite the fact that the Queensland government has a 50 per cent renewable target there will be no closures in coal mines in Queensland. How will that work? Can anybody answer me that question?

**Ms Kearney:** No. I am not familiar with the Queensland policy to reach that target—

**Mr WALLACE:** Is anybody able to answer that question?

**Mr McCallum:** It might have been me who made some remarks around that draft report earlier. Notwithstanding that, respectfully, I would suggest that anybody who is interested in that should go away and have a read of it. But when I read it last week my recollection of it is that what it states is that due to energy demand going forward and out of the draft options that are in that report, because it is a draft report, the expert panel that is advising the government says that they do not see any need for coal generation plant that is currently in existence in Queensland to close by 2030, because that is the period that the report is taking in. That is their advice in their draft report to the government. I would say go and check it out.

**Mr Tegg:** My understanding is that the coal-fired power plants in Queensland that we are discussing are the newest and the cleanest in the country. So, because they are able to generate many fewer emissions per kilowatt, it is possible to keep them open for longer and to keep them in the energy mix, as compared to the much older plants elsewhere in the country.

**Mr McCallum:** That is a really important point, as compared to your Hazelwoods, which are at the end of their life, because they are such an old piece of kit.

**CHAIR:** Excellent. Thank you for your attendance here today. If you have been asked to provide any additional information, and I think you have been, Mr Tegg, if you could send that to the secretary within seven days. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to any transcription errors. Otherwise, thank you for being available at the unseemly hour of 8 am.

**Mr Tegg:** It is 7 am in Queensland!

**CHAIR:** I am aware of that, Lance!

**Mr Tegg:** Thanks everybody. Have a good day.

**Committee adjourned at 09:02**