



Australia: caught between a ‘just transition’ and ‘no transition’



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The Australian government has steered well clear of endorsing the ‘Silesia Declaration’ and even the idea of a ‘just transition’. Labor on the other hand has committed to establishing a Just Transition Authority (JTA) to plan and coordinate the structural adjustment response to coal-fired power station closures. Yet the Party, along with the union movement, remains committed to the continuation of coalmining for export. So one way or another, the politics of a just transition away from Australian coal in all its forms has a long way to run yet.

By Fergus Green, researcher at the London School of Economics and Political Science and a climate policy consultant



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The Polish hosts of the latest UN climate change conference, in December 2018, courted [controversy](#) by making a 'just transition' away from coal a major theme of the conference, despite having made clear its own [plans to build new coal mines](#).

The host's just transition agenda culminated in the [Silesia Declaration](#) on Solidarity and Just Transition, a brief document emphasising the importance of a just transition of the workforce, job creation and social dialogue in the course of climate change mitigation and adaptation. The Declaration was agreed to at the conference by some [55 states](#)—a little over a quarter of the parties to the UNFCCC.

But it was merely “noted” in the [official conference outcome document](#) agreed among all member countries, many of which are less keen on the idea of a just transition, or of any kind of transition at all, for that matter. Australia, a top 20 emitter and the world's second largest coal exporter, is one of the latter countries. Like Poland's performance at the COP, Australia's climate policy is two-faced. It generally says the right things at international conferences, earnestly signing on to global emissions reduction targets, all the while promoting major fossil fuel expansion at home.

The [close relationship between](#) Australia's major political parties and the fossil fuel industry has been [well-documented](#). But the current succession of conservative Liberal-National Coalition Governments (led by Tony Abbott then Malcolm Turnbull and now Scott Morrison) is about as fossil fuel friendly as they come—and it has a particularly perverse love affair with coal. Mr Morrison himself once [brought a lump of coal into the Parliament](#), brandishing it as he extolled the coal industry's virtues. His Finance Minister [shouted “Coal Is Good” on the Senate floor](#) (see footage from 4'30). And the Resources Minister, Matt Canavan, recently [said](#) “I don't like the term transition ... If you want to shut down the coal industry and cost people jobs, say it. Have the guts to say it. ... I also ... absolutely contest that the coal industry ... is inconsistent with the obligations we've got to reduce carbon emissions”.

More substantively, the Morrison Government has backed many new coalmines and coalmine expansions, including the deeply controversial [Carmichael mega-coalmine](#) proposed by the Indian Adani conglomerate. The initial Adani proposal was to build a mine that would produce 60 million tonnes of coal per year for export, making it one of the largest in the world. The Coalition Government was so keen on this mine that it considered [subsidising](#) the construction of Adani's billion dollar railway link between the mine and the export terminal. The Adani project and rail link would open up the entire, as-yet-untapped Galilee basin coalfields to further coalmining projects. (Due to lack of external financing, Adani has scaled back its ambitions but still [plans to proceed](#) with a smaller, self-financed mine.)

The Government has also done its best to support coal-fired power generation. It has [strong-armed private companies](#) to keep aging coal-fired power stations open. It has even considered [subsidising](#) new ones, influenced by a powerful hard-right faction that has [advocated](#) such a policy for some time. At the time of writing, the Morrison Government had [signed off](#) on a shortlist of projects that could receive government subsidy, which included a new coal plant in NSW.



It should come as no surprise, then, that the current government has steered well clear of endorsing the idea of a 'just transition'. That would, after all, imply a clean energy transition to which they are ideologically and vehemently opposed.

But scratch the surface and the prospects for a just transition in Australia—at least with respect to domestic coal-fired power generation—are not as grim as they might seem. At the subnational level, numerous state governments, unions and investors have endorsed the notion of a just transition in principle, or at least begun to implement its core ideas in practice. And a federal election, expected to be held in May this year, seems likely to see the conservative Liberal-National coalition cede power to the Australian Labor Party, which—though torn on coal exports—has embraced clean energy domestically and endorsed the need for a just transition for affected power sector workers and communities.

Underpinning these more promising developments has been a rapidly changing energy landscape. Thanks to two decades of rising electricity prices and a decline in heavy industry and manufacturing, Australian electricity demand [peaked in the late 2000s](#). Meanwhile, as the price of solar and wind power has plummeted, Australia's electricity generation mix has been shifting toward renewable energy. Given Australia's world class solar and wind resources, highly skilled workforce and mature electricity sector, the shift has been slow coming, but it is now [proceeding apace](#). As attention shifts to energy storage solutions, with new large-scale battery and pumped hydro projects coming online and household battery storage becoming more popular, the prospect of a predominantly renewable energy grid is no longer a niche dream but the expected future toward which the industry is now traveling.

Australia's coal-fired power generation sector—and the coalmines that supply it—has felt the force of this renewables transition and sees the writing on the wall. Despite the Federal Government's grandstanding about coal-fired power generation, the industry is in [terminal decline](#). Many generators are nearing the end of their technical life. Ten plants have closed down since 2012 and of the 18 remaining, ten are more than 30 years old.

In this rapidly changing electricity market context, the federal government's intransigence has meant that the private sector, labour unions, affected communities and Australia's subnational governments have had to grapple with the socioeconomic realities of regional and industrial coal transitions where they have already begun to occur.

The main labour union representing workers in the electricity generation sector, the CFMEU, has in recent years [changed its strategy](#) to explicitly advocate for a [just transition](#) for the workers in coal-fired power stations when they close. Previously, the CFMEU had high hopes for carbon capture and storage (CCS) technology to underpin the future of coal-fired power generation in Australia. It supported the Rudd/Gillard Labor Governments' attempts to introduce a carbon price (2007–2012) while seeking to have some of the carbon pricing revenue allocated to the development of CCS. But the carbon price was scrapped after Labor lost power in 2013 and there has been a dearth of



significant investment in CCS globally. With the rapidly changing economics of renewables and coal stations reaching their end of life, the union's change of strategy became a necessity.

As unions in Australia were changing course toward just transition, so too were segments of the finance sector. The Investor Group on Climate Change is a group of Australian and New Zealand institutional investors and advisors with some AUD\$2 trillion in assets under management, which focuses on the impact that climate change has on the financial value of investments. It has [advocated](#) policies and measures to facilitate a just transition for the Australian coal sector, with a focus on infrastructure and business investment to create new sources of demand.

Two recent and ongoing examples provide insightful contrasts into how electricity sector transitions are playing out on the ground. Consider first the closure in 2017 of the Hazelwood brown coal-fired power station in Victoria's Latrobe Valley. This ageing, polluting behemoth had been in environmentalists' sights for more than a decade. But in the end, the announcement of its closure occurred rather suddenly. The plant's owner, French multinational Engie, [announced](#) the closure with just five months' notice and minimal consultation—violating a core procedural tenet of just transition. Nor did the state or federal governments have any *ex ante* just transition policies in place for the closure. However, on the date of the closure announcement, the Victorian state government [announced](#) the largest regional assistance package in the state's history, consisting of a combination of worker-focused measures and place-based public investment in the Valley region.

I've explored this interesting case in more detail [elsewhere](#), including probing the reasons for the sudden closure and the large state government assistance package. Here I want to highlight one interesting element of the state government's assistance package: a voluntary [Worker Transfer Scheme](#), which was [advocated](#) by the CFMEU and negotiated by it with the state government and other power station operators in the region. Under the scheme, older workers from other (still operating) power stations are incentivised to take early retirement, additional costs of which are subsidised by the government if the power station operator fills the vacancy by hiring a former Hazelwood worker. However, power station operators are not required to take former Hazelwood workers.

As at the time of writing only around 90 former Hazelwood workers had been hired by other operators, meaning the scheme has not yet achieved its modest goal of placing 150 former Hazelwood workers. But the wider regional investment strategy appears to be paying dividends, with some 1000 new jobs [reportedly](#) having been created in the region in the two years since Hazelwood's closure.

As with Hazelwood, most of the attention in Australian energy politics is focused on the Eastern states, which operate on an interconnected electricity grid. The state of Western Australia (WA) operates a separate grid for its main population centres in the south-west of the state, and it is the site of the second case I want to consider.

The WA grid's main power stations are three coal-fired generators located near the town of Collie, about 2.5 hours south-west of the state capital, Perth, and supplied by two local coalmines. The WA state Labor Government, elected in 2017, [committed](#) to support the transition of the grid toward



renewables, and a phase-out schedule for the coal generation assets will be announced sometime this year. Notably, the WA Government also committed to ensuring a just transition for the affected workers and community.

The government is currently undertaking stakeholder consultations in Collie and developing an economic diversification plan for the south-west region as part of its just transition strategy, with key announcements expected alongside the announcement of the retirement schedule for the power plants. The politics surrounding the closure of the power stations and mines, and the economic future of Collie, are unsurprisingly contentious. Nonetheless, it is, to my knowledge, the first case in Australia of a government committing to an explicit just transition process in advance of power station closures, with considerable resources being committed. As a case study in Australia's just transition away from coal, this will be one to watch in the months and years ahead.

The most important forthcoming development for the prospects of just transitions in Australia, however, is the Federal election, expected to be held in May this year. The Australian Labor Party is widely tipped to win the election, though polls remain close. If Labor does win, we can expect a significant shift in climate and energy policy, with greater support for renewable energy and energy storage, and a stronger emissions reduction target than that of the current government.

Significantly, Labor has [committed](#) to establish a Just Transition Authority (JTA) to plan and coordinate the structural adjustment response to coal-fired power station closures. The JTA would be a statutory authority and would work with stakeholders to: develop and implement transition plans for affected regions, including economic diversification measures; develop and oversee a pooled redundancy scheme (a mandatory version of the Victorian scheme discussed above); and develop and administer labour adjustment packages for affected workers. Labor has also committed to require all large generators to provide at least three years' notice of closure, and to create a Clean Energy Training Fund to train workers for clean energy industries. It will be interesting to see what other tools from the [transitional assistance policy toolkit](#) Labor, if elected, and its JTA decide to use as the electricity sector transition gathers pace.

Still, Labor's just transition plans pertain to the domestic coal-fired power generation sector alone—the Party, along with the union movement, remains committed to the continuation of coalmining for export. It has even taken a [weak line](#) on the Adani mine. International intervention—both [diplomatic pressure on](#) Australia and further efforts to reduce overseas demand for Australia's export coal, especially in Asia—will therefore be crucial to changing the economic and political conditions on which the bipartisan support for the continuation of Australian coal exports is predicated.

One way or another, the politics of a just transition away from Australian coal in all its forms has a long way to run yet.

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