

Submission on the Net Zero Economy Authority Bill & Net Zero Economy Authority (Transitional Provisions) Bill 2024

Senate Finance and Public Administration
Committee

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About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Summary

ACOSS welcomes the opportunity to make a submission on the Net Zero Economy Authority Bill and Net Zero Economy Authority (Transitional Provisions) Bill 2024. ACOSS has long advocated for a national entity to coordinate a managed and orderly transition to net zero emissions, and to support people and communities affected by the transformation.

In general, ACOSS strongly supports the Bills' proposal to establish a Net Zero Economy Authority for the purpose of coordinating Australia's transformation to a net zero emissions economy. It is important that a national Authority set the guardrails for how the transformation is implemented, acknowledging regional transition planning bodies will be responsible for responding to regional and context specific issues.

In general, ACOSS supports the Authority's proposed governance, and functions. In addition, we propose some amendments to promote fairness, equity and inclusion in the carriage of its work so that affected communities and people experiencing disadvantage within those communities can participate in transition planning, benefit from transformation outcomes and are not left behind.

Recommendations:

1. Expand the object of the Authority at Part 1 Section 3 to include:
 - a. At a) 'promote a fair, equitable and inclusive transformation'
 - b. At b) a reference to the Paris Agreement goal to limit global warming to well below 2°C above pre-industrial levels, and pursue efforts to limit warming to 1.5°C
 - c. At c) insert reference to 'communities' and 'equitably' benefit from, Australia's transition to a net zero economy.
2. Expand the functions of the Authority at Part 2 Section 16 to include:
 - a. 'Facilitate economic diversification of regional economies through the net zero transformation'
 - b. 'Develop an annual workplan'
 - c. 'Respond to regular reviews'.
3. Develop criteria to guide the functions of the Authority. These could include:
 - a. Ensure the transformation is fair, equitable and inclusive.
 - b. Facilitate regional leadership of economic diversification in response to the transition to a net zero economy.
 - c. Promote employment and workforce strategies to also support workers in precarious employment and people experiencing barriers to entering the workforce.
 - d. Aim to equitably share the benefits of the transformation to net zero emissions with the community.
 - e. Facilitate dedicated, inclusive and place-based engagement mechanisms for affected people, communities and their advocates, to participate in transformation planning and decision-making, prioritising people experiencing disadvantage, so their concerns and needs are heard and they can equitably benefit.
4. Add a section to the Bill establishing a long-term minimum budget (e.g. for 10 years) to ensure stability for effective long-term planning.
5. Expand the facilitation by the Authority for employment and workforce planning at Part 5 to include:
 - a. Be codesigned with affected people and communities.
 - b. Extend beyond those working in fossil fuel industries to include workers in industries that are typically casualised, short term

- and/or underpaid, as well as people experiencing barriers to employment.
- c. Include working with training services like TAFE and others to plan for and invest in regionally based education, training and skilling facilities.
 - d. Renewable Energy Zones (REZs), as well as other regions and industries affected by climate change and the transition to net zero in its scope, commencing with those most affected.
 - e. Align with relevant economic participation/employment strategies, including the [Strategy for Gender Equality](#) and the [Women's Economic Equality Taskforce's 10-year plan](#), Disability Employment Strategy, Closing the Gap employment targets.
6. Board membership at Part 3 include at least one representative from the community sector, at least one representative for regional communities and at least one First Nations organisation leader, in addition to the Bill's proposal for two people with expertise or experience in the trade union movement and two people in business industry, finance or investment. This will require a minimum seven Board members. Another two representatives could be from a range of fields. There should be diversity cross the Board, including gender, socio-economic, age and cultural diversity.
 7. The Stakeholder Panel include community and community sector representation, including First Nations People and people with lived experience of disadvantage.
 8. Annual reporting include reporting against equity principles established for the Board and Authority.
 9. The Federal Government amend the *Climate Change Act 2022* to insert fairness, equity and inclusion objectives, principles and processes, to guide policies, programs and process to ensure benefits are fairly shared, people's lives are better and that no-one is left behind in the transformation.

Overview of the Bill

The Federal Government has introduced a Bill for an Act to establish a Net Zero Economy Authority within six months, to replace the interim Net Zero Economy Agency. Its purpose will be to coordinate an orderly and positive economic transition to a net zero emissions economy. The Bill proposes the Authority's functions include:

- a) consulting and cooperating with people, organisations and governments to support Australia's transition to a net zero emissions economy
- b) facilitating participation and investment in net zero transformation initiatives
- c) supporting workers in emissions-intensive industries to access new employment or improve their employment prospects

- d) supporting and delivering educational and promotional initiatives to communities to aid their understanding of and participation in the transition.

The Bill further proposes:

- The Authority prioritise communities, regions, industries, and workers that are, or will be, significantly affected by Australia's transition to a net zero emissions economy.
- The Authority's CEO undertakes a "community of interest" process to identify closing employers¹, dependent employers² and receiving employers.
- The Authority be accountable to an independent Board of 5-9 members appointed by the Minister (likely the Prime Minister) who may give it directions.
- The Authority's Board establish a Stakeholder Panel with representatives from a range of fields to provide non-binding advice and information to the Board. The Board will also provide an annual report of its activities to the relevant Minister.

Discussion

Expand the object of the Authority to explicitly include, equitable community benefit support, and insert guiding principles

The Bill proposes an *object* for the Authority, namely to:

- a) promote orderly and positive economic transformation as the world decarbonises
- b) facilitate the achievement of Australia's greenhouse gas emissions reduction targets
- c) ensure Australia's regions and workers are supported in relation to, and benefit from, Australia's transition to a net zero emissions economy.

ACOSS supports this object with some amendments.

With regards to objective a), the object of the Authority should go beyond promoting 'orderly and positive economic transformation'. This objective should be expanded to include reference to 'fair, equitable and inclusive'

¹ That is, a closing employer is a constitutional corporation of a coal or gas fired power station or coal mine that is subject to a trigger notice, relating to whole or partial closure of operations.

² That is, a dependent employer is a constitutional corporation which has a commercial relationship with a closing employer.

transformation. Adding these words to the objective would ensure that all people within impacted communities, including those experiencing disadvantage, participate in and benefit from the transition. This will help with social license for the transition and ensure no-one is left behind.

Adherence to this expanded objective could be met through establishing inclusive dedicated and place-based engagement mechanisms for affected people and the promotion of social protection measures (e.g. adequate income supports, active labour market policies, access to health services, among others) and environmental protection measures.

With regards to objective b), ACOSs recommends reference to the Paris Agreement goal to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C, be included.

With regards to point c), ACOSS supports the Authority working to ensure Australia's regions and workers benefit from Australia's transition to a net zero emissions economy. This support should be extended to people in affected regions experiencing precarious employment and barriers to entry into employment.

Further, this object should promote 'equitable community benefit'. For example, the financial investment associated with regional transition should be conditional on there also being equitable community benefit, where substantial investment is directed to promoting positive social, cultural, and environmental outcomes for affected communities. This is one of the recommendations of the Dyer Report³, which states that the Government needs to equitably share the benefits of the transition to net zero emissions with community members to improve their engagement with renewable energy infrastructure developments.

Certainly, the regional communities and advocates ACOSS has consulted with have shared similar concerns to those raised in Andrew Dyer's Community Engagement Review. Communities want to see benefits from the transition like: improved regional and local infrastructure; improved regional and local electricity networks; new business and economic development opportunities; expanded accommodation and housing; environmental benefits; new agricultural innovation opportunities; and specific employment, business and investment opportunities for First Nations People and communities.⁴ ACOSS recommends the legislation expand the object for the Authority to include promotion of equitable community benefit.

³ Dyer A, Australian Energy Infrastructure Commissioner, 2023, *Community Engagement Review Report*, on behalf of the Department of Climate Change, Energy, the Environment and Water, Canberra, 2 February 2024. Viewed at: <https://www.dceew.gov.au/sites/default/files/documents/community-engagement-review-report-minister-climate-change-energy.pdf>

⁴ Ibid, pp. 50-51

Recommendation 1

The object of the Authority be expanded to include:

- At a) promote a fair, equitable and inclusive transformation
- At b) a reference to the Paris goal to limit global warming to well below 2°C above pre-industrial levels, and pursue efforts to limit warming to 1.5°C.
- At c) insert reference to 'communities' and 'equitably' benefit from Australia's transition to a net zero economy.

Broaden the Authority's functions to support affected communities to participate in the transition and equitably benefit, prioritising people experiencing disadvantage

The Bill proposes the Authority's proposed primary functions will be to:

- a) coordinate the design and implementation of government policies, programs and plans in relation to the transition to a net zero emissions economy, consult with relevant people, organisations and government and report and advise the Minister.
- b) facilitate public and private sector participation and investment in greenhouse gas emissions reduction and net zero transformation initiatives
- c) support emissions-intensive industries affected by the transition to a net zero emissions economy
- d) support Indigenous persons to participate in, and benefit from, Australia's transition to a net zero emissions economy
- e) encourage, support, develop and deliver educational and promotional initiatives to affected communities for the purpose of promoting understanding of and participation in the transition to a net zero emissions economy
- f) provide any other functions conferred on the Authority by this Act or any other law of the Commonwealth
- g) to do anything incidental or conducive to the performance of the above functions.

With regards to point a), we note that the transformation is a significant undertaking, requiring coordination across all levels of government, across portfolios, and with public and private entities over a long time span. The Authority will need sufficient staff, resources and designated authority over the long term to coordinate policies and activities of these entities to ensure a smooth and well managed transition to net zero. Therefore, we consider the Authority should be required under its functions to develop an annual workplan. Further, the Authority should be allocated a long-term minimum

budget (e.g. for 10 years) to ensure stability for effective long-term planning. We also consider that the Authority's work should undergo a review every 3-5 years to improve performance.

With regards to point b), as indicated in the previous section, ACOSS recommends that investment ensure that benefits of the transition are equitably shared with community members.

With regards to point c), ACOSS agrees with the Authority supporting emissions-intensive industries affected by the transition to a net zero emissions economy. In addition, the Authority should look beyond these industries to support economic diversification of regional economies through the transformation. This should include promotion of employment strategies to support workers in precarious employment and people experiencing barriers to entering the workforce.

With regards to point d), ACOSS strongly supports the partnership of the Authority with First Nations People to ensure the benefits of the economic transformation are shared equitably. This recognises the significant gaps across a range of outcomes between First Nations and non-Indigenous people and the deep knowledge that First Nations People have about caring for Country, that can inform the transition to net zero. It also acknowledges both economic opportunities and cultural risks posed by the transition for First Nations People as rights holders to land and water, business leaders, community representatives and employees.

We propose the Authority recognise other groups in regional communities which also experience disadvantage and risk from the transition to net zero. They include but are not limited to people with disability; women; young people; people from migrant and refugee backgrounds; and people experiencing long-term unemployment, homelessness and/or poverty. The Authority should consider how people experiencing disadvantage can be supported to engage in and equitably benefit from the economic transformation. For example, people experiencing financial disadvantage could be supported to access zero-emissions energy sources and improve the energy performance of their homes and vehicles.

With regards to point e), we support educational and promotional initiatives to affected communities for the purpose of aiding their understanding of and participation in the transition to net zero. We call for sustained and significant investment in inclusive community engagement that extends beyond awareness raising and one-way communication. Regional communities are diverse and have valid, immediate, and serious concerns that should be accounted for through co-design of transition planning. Moreover, they have a deep understanding of their own regions and communities and can valuably inform transition planning. We recommend the Authority require the establishment of dedicated, place-based engagement mechanisms for affected people, communities and their advocates to participate in transition planning and decision-making, prioritising people experiencing disadvantage. Further,

the Authority should facilitate regional leadership of economic diversification in response to the transition to a net zero economy.

Recommendation 2

Expand the functions of the Authority at Part 2 Section 16 to include:

- a. 'Facilitate economic diversification of regional economies through the net zero transformation'
- b. 'Develop an annual workplan'
- c. 'Respond to regular reviews of its performance'.

Recommendation 3

Develop criteria to guide the functions of the Authority, these could include:

- a. Ensure the transformation is fair, equitable and inclusive
- b. Facilitate regional leadership of economic diversification in response to the transition to a net zero economy.
- c. Promote employment and workforce development strategies to support affected workers, workers in precarious employment and people experiencing barriers to entering the workforce.
- d. Aim to equitably share the benefits of transition to net zero emissions with the community.
- e. Facilitate inclusive dedicated and place-based engagement mechanisms for affected people, communities and their advocates, to participate in transition planning and decision-making, prioritising people experiencing disadvantage, so their concerns and needs are heard and they can equitably benefit.

Recommendation 4

Add a section to the Bill establishing a long-term minimum budget (e.g. for 10 years) to ensure stability for effective long-term planning.

Widen support beyond employees and employers in energy related industries

The Bill proposes that the Authority's CEO undertakes a "community of interest process" to identify employers (both closing employers and dependent employers⁵) and employees associated with the closure of a coal or gas fired power station or mining operations. As part of this process, the Authority's CEO will seek information about the number, nature and location of jobs lost. The

⁵ The Bill defines a closing employer as a constitutional corporation of a coal or gas fired power station or coal mine that is subject to a trigger notice, relating to whole or partial closure of operations. A dependent employer is a constitutional corporation which has a commercial relationship with a closing employer.

CEO will also assess the skills required for the jobs that employers may be able to offer to people who have lost their jobs in the transition.

The Bill further sets out obligations on closing and emissions-dependent employers to assist transition employees specified in a community of interest determination, including to:

- access information about employer obligations
- support employees to find other employment
- adhere to relevant enterprise agreements or other industrial instruments
- access career planning advice and financial advice
- allowing leave or access to flexible working arrangements, to receive career planning or financial advice
- engage with employee organisations
- access training to find other employment
- attending recruitment related activities.

The Bill further proposes establishing an Energy Industry Worker Redeployment Advisory Group to represent the industrial interests of one or more transition employees of a closing employer.

We support the intention for the Authority to undertake the activities outlined above and to administer a Plan, as a priority, to support affected employees of closing and dependent employers of coal and gas fired power stations. We support the intention for the Authority to work closely with the Department of Employment and Workplace Relations to ensure employment supports for these workers are integrated and place-based, and maximise skills, training, and employment opportunities.

We support obligations on closing and emissions-dependent employers to assist transition employees. We consider that transition planning should establish worker protections (e.g. industry-wide, multi-employer pooling and redeployment scheme, voluntary redundancy and early retirement, skilling up and reskilling opportunities).⁶ These steps would minimise involuntary unemployment and maximise opportunities to transition to a suitable job, reducing the impacts on regional communities.

ACOSS recommends that employment and workforce planning be codesigned with affected people, workers and communities. Additionally, the Authority should work closely with training services like TAFE and others to plan for and invest in regionally based education, training, and skilling facilities.

ACOSS strongly recommends that examination of and planning for workforce issues by the Authority extend beyond those working in fossil fuel industries. Focusing only on relatively well paid workers in energy industries will miss important opportunities to support and invest in workers in industries that are

⁶ See also the Spanish energy transition model's workforce transition plans: Institute for a Just Transition (ITJ) 2022, Spain, towards a just energy transition, Executive report, p. 23. Viewed 21 November 2022, https://www.transicionjusta.gob.es/Noticias/common/220707_Spain_JustTransition.pdf

typically casualised, short-term and/or underpaid (e.g. the care economy, hospitality), as well as people experiencing barriers to employment (this may include people experiencing long-term unemployment, First Nations People, women, people with disability, older people or young people at risk of long-term unemployment). For example, lack of childcare in regional areas is a major participation barrier for parents and families, that will need to be addressed as part of workforce and employment planning by the NZEA.

The Authority could consider labour standards, preferential pathways, skills and training, and support for people listed above, as well as those in energy intensive industries. Widening the pool of people supported could help revitalise and diversify regional economies.

We note that the focus of the Authority, in the initial period at least, will be on locations with closing coal and gas fired power stations and closing mining operations. ACOSS recommends that the Authority extend its scope to include Renewable Energy Zones (REZs). REZs will not necessarily be in the same regions as those with existing energy intensive industries. However, development and expansion of renewable power industries also pose significant challenges for regional communities and require community, worker and business consultation, co-design of regional and employment plans and risk mitigation.

We note that other regions and industries are also affected by climate change and the transition to net zero, including agriculture and forestry. We encourage the Authority to support decarbonisation across all sectors and support the community, workers and those seeking paid work in these industries to access employment, redeployment and training, commencing with those most affected by the transition and climate change. In doing so, the Authority's plans should align with relevant economic participation and employment strategies.

Recommendation 5

Expand the facilitation by the Authority for employment and workforce planning at Part 5 to include:

- a. Be codesigned with affected people and communities.
- b. Extend beyond those working in fossil fuel industries to include workers in industries that are typically casualised, short term and/or underpaid, as well as people experiencing barriers to employment.
- c. Include working with training services like TAFE and others to plan for and invest in regionally based education, training and skilling facilities.
- d. Renewable Energy Zones (REZs) and other regions and industries affected by climate change and the transition in its scope, commencing with those most affected.
- e. Align with relevant economic participation and employment strategies, including the [Strategy for Gender Equality](#) and the [Women's Economic](#)

[Equality Taskforce's 10-year plan](#), Disability Employment Strategy, Closing the Gap employment targets, etc.

Require the Authority's Board to include community representation

The Bill proposes the Authority consist of a Board, CEO and staff. The Board will hold at least six meetings per year, with more meetings if required. The Board will set the strategic direction for the Authority and the Minister may give directions to the Board.

The Bill further proposes the Board comprises a minimum of six and maximum of nine members, including the Chair. Board membership would have a skills-based approach, comprising two people with expertise or experience in the trade union movement, two people in business industry, finance or investment, and the remainder from a range of other fields, including Indigenous engagement advocacy or community leadership.

ACOSS supports the proposed structure, functions and governance arrangements for the Authority and Board. However, Division 3, Section 23 of the Bill should be amended to specify representatives from the community sector and First Nations communities.

ACOSS strongly recommends at least two Board members have expertise or experience in the community sector and working with regional communities, so that the Board considers diverse community concerns. This is critical to secure social license for the transition. In consultations with ACOSS and other entities, regional communities have raised significant concerns about social issues, risks and opportunities associated with the transition. These are likely to be overlooked if community advocates are not in the room when the Authority's Board is deliberating. Similarly, ACOSS recommends that in addition, at least one First Nations representative be appointed to ensure Indigenous engagement and community benefit are considered by the Board. Selection of an appropriate person should be done in consultation with First Nations organisations and leaders. This will require a minimum of seven board members, along with another two from a range of fields to ensure diversity across the Board.

ACOSS supports remuneration of board members in acknowledgement of the time, workload and expertise required to fulfill this task.

Recommendation 6

Board membership at Part 3 to include at least one representative from the community sector, at least one representative for regional communities and at least one First Nations organisation leader, in addition to the Bill's proposal for two people with expertise or experience in the trade union movement and two people in business industry, finance or investment. This will require a minimum seven Board members. Another two representatives could be from a range of

fields. There should be diversity cross the Board, including gender, socio-economic, age and cultural diversity.

Ensure the Stakeholder Panel include community and community sector representation

The Bill proposes a Stakeholder Panel be established to give advice and information to the Board. Its membership is intended to have an appropriate balance of skills, knowledge or expertise in fields related to the functions of the Authority.

ACOSS supports the establishment of a Stakeholder Panel and recommends that it include community and community sector representation, including First Nations People and people with lived experience of disadvantage.

Recommendation 7

The Stakeholder Panel include community and community sector representation, including First Nations People and people with lived experience of disadvantage.

Annual report

The Bill proposes the Board of the Authority prepare an Annual Report for the Minister.

ACOSS supports annual reporting that is made public. We recommend that annual reporting include reporting against equity principles established for the Board and Authority.

Recommendation 8

Annual reporting include reporting against equity principles established for the Board and Authority.

Related legislation

ACOSS considers that fair, equitable and inclusive climate change action is critical to maintaining social license for the transition to net zero emissions and to ensure no-one is left behind.

While we have recommended the incorporation of fairness, equity and inclusion in the objective of this Bill, it is important they are also reflected in the *Climate Change Act 2022* so that other departments and agencies working with the Net Zero Economy Authority have these objectives as part of their remit as well. Not having those provisions in the *Climate Change Act 2022* risks undermining the goals of the Authority and risks an inequitable transformation that increases inequality, poverty and disadvantage.

Recommendation 9

The Federal Government amend the *Climate Change Act 2022* to insert fairness, equity and inclusion objectives, principles and processes, to guide policies, programs and process to ensure benefits are fairly shared, people's lives are better and that no-one is left behind in the transformation.

Acknowledgements

ACOSS prepared this submission in consultation with the ACOSS Climate and Energy Policy Network.

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