

No Jobs on a Dead Planet

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

Despite being named the “Net Zero Economy Authority” (NZEA), the proposed NZEA has no plan, no powers and no budget to deliver a “Net Zero Economy”.

The proposal to support a small number of workers through the transitioning of our domestic electricity system is welcome and should be supported.

However, the NZEA Bill turns a blind eye to the vast majority of workers who will be impacted by the transitions caused by climate change and climate policy. The Act also strategically sidesteps Australia’s subsidies and expansion plans for fossil fuels exports which will increase the number of workers who will eventually need to transition out of these industries.

To be effective in achieving its stated goals, the powers of the NZEA would need to expand to both prevent the development of new fossil fuel projects that will increase the number of workers requiring transition support, and to strengthen the NZEA’s ability to plan and coordinate the unfolding transition.

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Summary

The Australia Institute is supportive of creating a legislative basis to oversee the economic and labour market transition that is required in the context of a changing climate. As Sharan Burrow, the General Secretary of the International Trade Union Confederation famously says: there are no jobs on a dead planet.

To stabilise the planet with net zero economies by 2050 we all know we have to get at least half of the job done by 2030. But it cannot repeat past transitions that have left workers and communities stranded....

...this means for every sector. The foundation is clean energy. But all technologies must be deployed in manufacturing, transport, agriculture, construction, services, and of course their supply chains.

...If the pandemic has taught us anything, we also need resilience. And care is vital to that. Health care, aged care, childcare and education. There are even more jobs here as we build liveable caring communities. We have the technology; we have the finance to get the job done...

I leave you with this commitment from the union movement. There are no jobs on a dead planet. We will work with everybody to build good jobs on a living planet. ¹

Sharan Burrow, General Secretary, International Trade Union Confederation, Leaders' Summit on Climate 2021

Echoing the sentiments of Ms Burrow, the Australia Institute welcomes the creation of long overdue rights and processes to support transitioning workers in Australia and supports the passage of those elements of the Bill.

However, The Australia Institute has significant concerns about the context in which the Net Zero Economy Authority (NZEA) is being established, as well as specific aspects of the legislation itself.

To achieve its stated goals, and the ambitions for the Bill articulated by the Australian Government, the proposed NZEA needs to be part of a suite of policies that reduce Australia's domestic emissions in line with accepted climate science, end subsidies to fossil fuels, and phase out fossil fuel extraction, use and exports over time. Fortunately, the abolition of

¹ Burrow (2021) "Climate Summit 2021 | Biden administration hosts Day 2 of Climate Leaders' Summit | LIVE", *News Now*, <https://www.youtube.com/watch?v=-3NIIjckB7Y>

Australian fossil fuel subsidies, in line with our commitment to the G20 to do so², would provide sufficient funding to support workers and Australian communities through such a transition.³

The Australian Council of Trade Unions (ACTU) originally proposed an Energy Transition Authority several years ago.⁴ However, the scope of the NZEA Bill is far broader than the ACTU proposal. This increase in breadth is a key concern for The Australia Institute as the Bill in its current form is not equipped to meet the requirements of this expanded scope. The draft Bill does not deliver on the broad title of the Bill, nor on the goals stated by the Australian Government.

There are two pathways available to the Australian Government to improve this Bill.

The first option is to maintain the Bill's expanded scope, but to significantly strengthen the Bill so that the NZEA can actually deliver on its ambitious title and goals. The current proposal does nothing to prevent new fossil fuel projects being developed. This means the agency cannot succeed in its role of reducing Australia's emissions and supporting workers through the transition away from fossil fuels. Ensuring the NZEA has the authority to prevent new fossil fuel projects and phase out existing projects is necessary for the agency to achieve its stated goals as a genuine transition away from fossil fuels cannot begin while the fossil fuel industry is still expanding.

The second option—if the Australian Government is reluctant to expand the powers of the NZEA to meet the ambitions of its title—is to reduce the scope of the NZEA so it is more in-line with the ACTU's original model. This narrower agency would focus on better managing the transition that is already underway in the Australian electricity sector. The Australia Institute supports the principles that underpin this element of the existing NZEA Bill. While there are still improvements to be made, supporting affected workers and communities is necessary.⁵

Reducing the scope of the Bill to focus on support for workers and communities with coal-fired power stations would not address the existing inadequacy of the Government's policy agenda to contribute Australia's fair share toward meeting our Paris Agreement Targets⁶, but it would clarify that the intent of this legislation is not to tackle that borders issue. In its current form,

² Denniss (2022) "We pay billions to subsidise Australia's fossil fuel industry. This makes absolutely no economic sense", *The Conversation*, <https://theconversation.com/we-pay-billions-to-subsidise-australias-fossil-fuel-industry-this-makes-absolutely-no-economic-sense-189866>

³ Campbell et al (2023) *Fossil fuel subsidies in Australia 2023*, The Australia Institute, <https://australiainstitute.org.au/report/fossil-fuel-subsidies-in-australia-2023/>

⁴ Australian Council of Trade Unions (2016) *Sharing the challenges and opportunities of a clean energy economy: A Just Transition for coal-fired electricity sector workers and communities*, <https://www.apf.gov.au/DocumentStore.ashx?id=d2b66250-a24c-4e20-9047-2e4cc7b45ee9&subId=459943>

⁵ Stanford (2020) *Employment Aspects of the Transition from Fossil Fuels in Australia*, The Australia Institute, https://australiainstitute.org.au/wp-content/uploads/2021/10/Fossil_Fuel_Employment_Transitions-WEB.pdf

⁶ Climate Action Tracker (2023) *Australia*, <https://climateactiontracker.org/countries/australia/>

this legislation gives the impression that the NZEA will spearhead whole-of-government climate policy, but it lacks the powers and budget to do so. If the Bill is preserved in its current form, it will inevitably fail in its stated task while adding confusion rather than clarity for who, if anyone, is responsible for overseeing a genuine transition away from fossil fuels for workers and communities.

This submission considers both the context of the Bill, and the content of the legislation. Based on this analysis, The Australia Institute makes the following recommendations:

RECOMMENDATIONS

Overarching recommendation

1. The NZEA will only succeed in its self-imposed, ambitious and far-reaching mandate of facilitating emissions reductions, clean energy investment and a just transition if the Australian Government also **commits to reversing Australia’s fossil fuel expansion, addresses conflicts of interest in policymaking and introduces robust social protections for the Australian community.**

Without these complementary policy changes the NZEA risks being, at best, yet another ineffective level of bureaucracy. At worst the NZEA will serve as yet another distraction from Australia’s ongoing plans to subsidise and expand fossil fuel production.

Functions of the NZEA

2. **Give the NZEA the directive and authority to proactively plan, coordinate and enforce a phase-out of fossil fuels.**

If the purpose of the NZEA is truly to “facilitate the achievement of Australia’s greenhouse gas emissions reduction targets”⁷, then including in its mandate the responsibility and authority to plan the ramp down of fossil fuels— both for export and for domestic use—is a necessary amendment.

This should include a moratorium on opening new fossil fuel projects and a plan for the closing down of fossil fuel power plants *and* fossil fuel export operations by **specifying closure dates for coal and gas-fired power stations and developing a schedule to scale down fossil fuel exports.**

⁷ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fbills%2Fr7177_first-reps%2F0000%22;rec=0, p 2

3. **Give the NZEA the power to advise on the efficacy, efficiency and opportunity cost of fossil fuel subsidies in Australia** and the benefits to workers and communities of redirecting those subsidies to low emission/high employment industries.
4. If the purpose of the NZEA is to promote the transition to a net zero economy, and to “support communities... [to] benefit from the economic shift to net zero,”⁸ then the NZEA ought to **have a clear mandate to promote public ownership of renewable energy**. The Australia Institute recommends that **the NZEA be explicitly directed by the Bill to promote public equity investment in, and public ownership of, renewable assets**.
5. Alternatively, **if the Government remains committed to the subsidisation and approval of new fossil fuel projects then the NZEA’s name should be changed, and its remit should be narrowed** to establish a more achievable and meaningful organisation with clearer relationships to existing government bodies. This change should involve removing the overly ambitious and ambiguous functions of “coordinating the net zero transition”, “consulting with persons”, and “facilitating investment”⁹.

Narrowing the mandate of the NZEA to focus specifically on supporting workers through the energy transition would align the Authority with the narrower model advocated for by many groups, including the ACTU.

Definitions

6. **Provide explanatory material defining “consultation”, “cooperation”, and “facilitation” with regard to the NZEA**. Provide more clarity on who will be consulted and why.

The current ambiguous use of these terms leaves open the potential for the NZEA to be used to cooperate, consult, or facilitate investment on technologies, or with industries, that are frequently branded “Net Zero”, but are incompatible with achieving Australia’s greenhouse gas emissions reductions targets, such as fossil gas, carbon capture and storage, hydrogen derived from fossil fuels, or carbon offsets for the fossil fuel industry.

7. **Replace the term “transformation” with “transition”**. The Australian Government’s decision to frame the Bill in terms of “transformation” adds confusion to the purpose of the NZEA and obscures the end-goal of the transition: a deeply decarbonised economy,

⁸ Prime Minister of Australia (2024) *Historic legislation to establish the Net Zero Economy Authority*, <https://www.pm.gov.au/media/historic-legislation-establish-net-zero-economy-authority>

⁹ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 3

in line with climate-scientific advice and international commitments.

8. **Define the “Net” in “Net Zero”.** Uncertainty regarding feasible carbon removals, and integrity issues with accounting and offsetting in the land sector, create significant risk that emissions reductions aimed at achieving Net Zero will be insufficient, and that investment in fossil fuel projects will be stranded. In order to coordinate the transition to Net Zero, the NZEA must provide a clear, science-based definition of this lodestar target.
9. **Introduce provisions that rule out the NZEA being used to support or fund technologies incompatible with rapid decarbonisation** and absolute emissions reduction, including fossil gas, carbon capture and storage, hydrogen derived from fossil fuels, or carbon offsets for use by the fossil fuel industry.

If the NZEA is to have a role in “facilitating public and private investment” it should also include **legislated definitions of appropriate technologies for that investment.**¹⁰

10. **Broaden the definition of affected workers eligible for support from the NZEA to include all fossil fuel workers (not just those at closing coal- and gas-fired power stations).** In particular, workers being encouraged to work in the large number of greenfield fossil fuel projects seeking approval in Australia should be provided with the same transition supports as those working in and around coal fired power stations.
11. **Give the NZEA explicit direction to support workers in industries which are negatively impacted by the effects of climate change,** such as tourism and agriculture.

Policy and agency alignment

12. **Include in the legislation reference to Article 2 of the Paris Agreement,** making it consistent with the *Climate Change (Consequential Amendments) Act 2022*.
13. **Expand the NZEA’s Constitutional basis to give regard to Australia’s other obligations under the Paris agreement: Article 2, Article 8, Article 12.**
14. **Include the principles of the *Climate Change Authority Act 2011* in the NZEA Bill.**
15. **Clarify the relationship between and/or connect the NZEA and the Australian Government’s Net Zero 2050 Plan and sectoral plans.**

¹⁰ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 15

16. **Include in the legislation reference to the *National Greenhouse and Energy Reporting Act 2007* and Safeguard Mechanism**, with specific regard to the requirement for gross emissions under the Safeguard Mechanism to decrease (object 2d of the *National Greenhouse and Energy Reporting Act 2007*).¹¹

Governance

17. To be a trusted institution, the NZEA must be open to a high level of scrutiny and staffed with **an independent board from a range of sectors including public policy, science and health**.

18. **Include robust governance provisions preventing conflicts of interests**. No board member should have any conflict of interest, declared or otherwise. Any individual who has the potential to benefit financially from the work of the NZEA should be ineligible to be appointed to the board.

19. **Require Indigenous representation on the Board** by including an amendment whereby at least one Board member has expertise or experience, professional credibility and significant standing in subsection Section 23(3)(i).

20. **Include mandatory transparency measures including publishing Board meeting minutes on a publicly available register**.

Benefit sharing

21. **Adopt a stronger model for benefit sharing, based on the *Australian Local Power Act 2021*, and give the NZEA the power to compel renewable projects to meet these conditions**.

22. **Introduce stronger powers to enforce “benefit sharing” with Indigenous Australians**. This could involve directing the NZEA to explore and promote Indigenous-owned renewable projects.

¹¹ Commonwealth Government (2024) *National Greenhouse and Energy Reporting Act 2007* (Cth), <https://www.legislation.gov.au/C2007A00175/latest/text>

Introduction

The Australia Institute welcomes the opportunity to make a submission to the Senate inquiry into the Net Zero Economy Authority Bill 2024 and the Net Zero Economy Authority (Transitional Provisions) Bill 2024.

The Australia Institute is supportive of creating a legislative basis to oversee the economic and labour market transition that is required in the context of a changing climate. As Sharan Burrow, the General Secretary of the International Trade Union Confederation famously says: there are no jobs on a dead planet.

To stabilise the planet with net zero economies by 2050 we all know we have to get at least half of the job done by 2030. But it cannot repeat past transitions that have left workers and communities stranded....

...this means for every sector. The foundation is clean energy. But all technologies must be deployed in manufacturing, transport, agriculture, construction, services, and of course their supply chains.

...If the pandemic has taught us anything, we also need resilience. And care is vital to that. Health care, aged care, childcare and education. There are even more jobs here as we build liveable caring communities. We have the technology; we have the finance to get the job done...

I leave you with this commitment from the union movement. There are no jobs on a dead planet. We will work with everybody to build good jobs on a living planet. ¹²

Sharan Burrow, General Secretary, International Trade Union Confederation, Leaders' Summit on Climate 2021

Echoing the sentiments of Ms Burrow, the Australia Institute welcomes the creation of long overdue rights and processes to support transitioning workers in Australia and supports the specific provisions in the Bill provided to provide those rights to workers.

The NZEA appears to be based loosely on the "Energy Transition Authority" initially proposed by the Australian Council of Trade Unions (ACTU)¹³, which subsequently formed the basis of the Australian Greens' National Energy Transition Authority (NETA) Bill 2022: *a new*

¹² Burrow (2021) "Climate Summit 2021 | Biden administration hosts Day 2 of Climate Leaders' Summit | LIVE", *News Now*, <https://www.youtube.com/watch?v=-3NIIjckB7Y>

¹³ Australian Council of Trade Unions (2016) *Sharing the challenges and opportunities of a clean energy economy: A Just Transition for coal-fired electricity sector workers and communities*

*independent statutory authority with powers and functions to guide Australia’s energy transition and support affected workers and their communities.*¹⁴

A Senate Economics Legislation Committee (chaired by Senator Jess Walsh) led an inquiry into the NETA Bill, and in March 2023 recommended that it not pass, as the establishment of a NETA was premature and there were already existing initiatives “designed to provide significant support and resources to communities that are being affected by energy transition events”.¹⁵

The Labor Government announced the establishment of a Net Zero Authority in May 2023, two months after the Senate committee recommended that the NETA bill not pass.

A 2023 joint media release from Prime Minister Anthony Albanese, Treasurer Jim Chalmers and Minister for Climate Change and Energy Chris Bowen described the proposed Authority as supporting “workers in emissions-intensive sectors to access new employment, skills and support as the net zero transformation continues” (although the Authority is not able to help workers in a wide range of emission-intensive sectors, particularly gas and coal mining).¹⁶

However, while most workers in emissions-intensive industries are not protected by the proposed new rights (for example none of the workers in export gas or coal projects are protected) the mandate of the Authority was also significantly expanded beyond the ACTU proposal. The NZEA’s role would include the coordination of “programs and policies across government to support regions and communities to attract and take advantage of new clean energy industries and set those industries up for success” and helping “investors and companies to engage with net zero transformation opportunities”.¹⁷

The media release also states that “the Authority will have responsibility for promoting the orderly and positive economic transformation associated with achieving net zero emissions”.¹⁸

A 2024 media release from Prime Minister Albanese builds on this mandate but does not offer much more clarity:

¹⁴ Parliament of Australia (2022) National Energy Transition Authority Bill 2022,

https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=s1352

¹⁵ Commonwealth of Australia (2022) *Economics Legislation Committee: National Energy Transition Authority Bill 2022*,

https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000058/toc_pdf/NationalEnergyTransitionAuthorityBill2022.pdf

¹⁶ Prime Minister of Australia (2023) *National Net Zero Authority*, <https://www.pm.gov.au/media/national-net-zero-authority>

¹⁷ Prime Minister of Australia (2023) *National Net Zero Authority*, <https://www.pm.gov.au/media/national-net-zero-authority>

¹⁸ Prime Minister of Australia (2023) *National Net Zero Authority*, <https://www.pm.gov.au/media/national-net-zero-authority>

The Authority will support the economy-wide net zero transformation that is underway by acting as a catalyst for private and public investment, major project development, job creation and transition, and skills and community development.¹⁹

The Bill states that the roles of the NZEA include “to facilitate the achievement of Australia’s greenhouse gas emissions reduction targets and support Australia’s transition to a net zero emissions economy” and to “support Indigenous persons to participate in, and benefit from, Australia’s transition to a net zero emissions economy”.²⁰

In these announcements, and in the functions listed in the Bill, the NZEA is being promoted as far more than a vehicle for labour market transition. The NZEA is being portrayed as a body to oversee and facilitate Australia’s entire economic reconfiguration in the face of climate change. However, despite these broad goals and framing, the majority of the Bill focuses on the need to provide assistance to only one of the sectors likely to experience significant change: workers attached to coal and gas fired power stations. To be clear, while supporting workers and the communities most affected by the closure of fossil fuelled power stations is an important goal, such workers account for only a small percentage of workers directly employed in the fossil fuel industry, and of course many other workers outside the fossil fuel industry will also be affected by climate change and/or climate change policy.

It is important to note that the NZEA is being established in the context of ongoing and planned fossil fuel expansion in Australia and rising industrial emissions. In this policy context, there is also a lack of clarity regarding what “Net Zero” means and what sort of economic “transformation” will be occurring in Australia, for example, opening new gas basins will ‘transform’ the Australian economy.

The NZEA is also being established at the same time that the Department of Climate Change, Energy, the Environment and Water (DCCEEW) is separately developing a Net Zero 2050 Plan and six sectoral decarbonisation plans “which, between them, cover all major components of the economy” including electricity and energy.²¹

The relative responsibilities of the proposed NZEA and the existing work being done by DCCEEW has not been publicly clarified and legislation is a clumsy way to resolve machinery of government disputes.

While the Australian Government has provided welcome detail in the Bill on how the NZEA will support the transition of closing coal and gas fired power station workers, there is no such clarity or detail regarding the broader ambitions of the NZEA. There has been no indication of what the budget for such a broad mandate would be and if significant funding is expected then

¹⁹ Prime Minister of Australia (2024) *Historic legislation to establish the Net Zero Economy Authority*

²⁰ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 17

²¹ Department of Climate Change, Energy, the Environment and Water (2024) *Net Zero*, <https://www.dcceew.gov.au/climate-change/emissions-reduction/net-zero>

the parliament should consider those provisions of the Bill after the budget has been announced.

The Australia Institute's submission raises concerns about the context in which the NZEA is being established and specific aspects of the legislation, and provides a number of recommendations that would clarify and strengthen the role of the NZEA as a vehicle to support workers, reduce emissions and ensure Australians benefit from the national decarbonisation task, while avoiding the risk that this new agency will raise expectations it will be unable to meet.

The context

No policy can be viewed in a vacuum. The success and credibility of the NZEA is dependent on its suitability given the context in which it is being established and the likely challenges that will emerge in the foreseeable future. This context is currently defined by Australia's fossil fuel expansion, fossil fuel subsidies, susceptibility to industry influence, lack of independent governance and meagre social protections. All these factors undermine the positive role the NZEA could play in supporting Australian workers and decarbonisation.

FOSSIL FUEL EXPANSION

The NZEA is being established at the same time that the Australian Government is seeking to expand and continue subsidising Australia's fossil fuel industry.²² The Australia Institute has found that there are over 100 new fossil fuel projects planned in Australia. If all these projects proceed, they will produce 4.8 billion tonnes of emissions by 2030. The Australian Government's central climate policy, the Safeguard Mechanism, would only cover 7% of these emissions, and would only reduce them by 2% of the total.²³

In the latest official government data, fugitive emissions from fossil fuel production accounted for 10.2% of Australia's national emissions.²⁴ The Australian Government's official emissions projections predict that fugitive emissions will only decline by 2% between 2023 and 2030, in part due to these new projects.²⁵

Australia is still opening new fossil fuel projects, even in parts of the country with no history of fossil fuel production. Unless these new projects are stopped it is likely that new fossil fuel projects will create new fossil fuel jobs faster than the NZEA can help existing workers transition out of the power stations covered by this Bill.

These new fossil fuel projects are typically designed for export markets, and yet the NZEA, in its current form, would only support workers in closing coal and gas power stations. However, the

²² Campbell et al (2023) *New fossil fuel projects in Australia 2023*, The Australia Institute, <https://australiainstitute.org.au/report/new-fossil-fuel-projects-in-australia-2023/>; Ker and Ludlow (2023) *In a world of turmoil, Labor reassures that gas exports are a priority*, <https://www.afr.com/companies/energy/in-a-world-of-turmoil-labor-reassures-that-gas-exports-are-a-priority-20231009-p5eav3>; Long (2023) *How Labor out-loved the Coalition in its embrace of big oil and gas*, <https://australiainstitute.org.au/post/how-labor-out-loved-the-coalition-in-its-embrace-of-big-oil-and-gas/>

²³ Campbell et al (2023) *New fossil fuel projects in Australia 2023*, The Australia Institute

²⁴ DCCEEW (2024) *Quarterly Update of Australia's National Greenhouse Gas Inventory: September 2023*, <https://www.dcceew.gov.au/sites/default/files/documents/nggi-quarterly-update-sept-2023.pdf>

²⁵ DCCEEW (2023) *Australia's emissions projections 2023*, <https://www.dcceew.gov.au/sites/default/files/documents/australias-emissions-projections-2023.pdf>

Australian Government is also building new fossil fuel power stations, such as Kurri Kurri gas plant in the Hunter Valley. This means that workers are still entering an industry that the NZEA is explicitly designed to transition workers away from.

Additionally, Australia is opening new fossil fuel projects for export with the expectation that other countries will retain a long-term willingness to import Australian fossil fuels. The potential decarbonisation of these fossil fuel importing countries will therefore place Australian workers at risk and in need of transition support.

In this context, even the name of the NZEA is significant and misleading. In accounting terms, “Net Zero” simply means that any absolute emissions produced theoretically need to be balanced by an equivalent reduction in absolute emissions elsewhere. This has left the concept open to loose interpretation by government and industry and as a result, “Net Zero” is now often used to accommodate increasing emissions from fossil fuel expansion.

“Net Zero” can be theoretically achieved because these increasing fossil fuel emissions can be accounted for or “netted off” in various ways, including through emissions reductions in the land sector, only counting specific categories or “scopes” of emissions, or by pre-emptively accounting for the promise of carbon offsets or carbon capture and storage sometime in the future.²⁶

Given that this has been the approach in Australian policy to date, it is doubtful whether the “transformation” the NZEA has been tasked to “facilitate” will be a transformation that results in a reduction in absolute emissions. It is more likely that this transformation will legitimise ongoing fossil fuel production but can still be called ‘Net Zero’ according to the above interpretation.²⁷

Australia’s status as the world’s third largest fossil fuel exporter did not arise by accident.²⁸ The current expansion plans for coal and gas exports require ongoing effort, sustained policy implementation, and significant public funding to achieve. For example, the \$1.5 billion for the Middle Arm gas project in Labor’s first budget was described as a “key enabler” of gas

²⁶ Joshi (2024) *Australia’s emissions are stuck, despite best efforts of renewables*, <https://reneweconomy.com.au/australias-emissions-are-stuck-despite-best-efforts-of-renewables/>; Armistead and Hemming (2023) *The Safeguard Mechanism and the junk carbon credits undermining emission reductions*, <https://australiainstitute.org.au/post/the-safeguard-mechanism-explained/>; Hemming et al (2022) *State-sponsored Greenwash*, <https://australiainstitute.org.au/report/state-sponsored-greenwash/>; Jean Buck et al (2023) “Why residual emissions matter right now”, *Nature Climate Change*, <https://www.nature.com/articles/s41558-022-01592-2>

²⁷ Albanese (2024) *Historic legislation to establish the Net Zero Economy Authority*, <https://www.pm.gov.au/media/historic-legislation-establish-net-zero-economy-authority>

²⁸ Swann (2019) *High Carbon from a Land Down Under: Quantifying CO2 from Australia’s fossil fuel mining and exports*, The Australia Institute, <https://australiainstitute.org.au/report/high-carbon-from-a-land-down-under-quantifying-co2-from-australias-fossil-fuel-mining-and-exports/>

development in the Beetaloo Basin.²⁹ Likewise the Government's resolve in passing the *Environment Protection (Sea Dumping) Amendment (Using New Technologies to Fight Climate Change) Bill* at the urging of gas company Santos and its determination to reassure trading partners of continued fossil fuel exports, while continuing to subsidise fossil fuels demonstrate the Australian Government's resolve to maintain its status as a fossil fuel producer.³⁰

In his 2024 address to the National Press Club, the Chair of the Net Zero Economy Agency, Greg Combet, justified the need for fossil fuel expansion (despite the urgings of the International Energy Agency, the IPCC and the UN Secretary General on the basis of an exaggerated summary of the contribution of the fossil fuel industry to the Australian economy.³¹ He stated that "taxes and royalties derived from fossil fuels play a big part in sustaining our standard of living and government service provision".³²

The statement is entirely untrue, considering total state and federal government revenue from coal and gas production in 2019-20 was \$8 billion whereas subsidies to fossil fuels in the same year were \$10 billion.³³

However, it serves to perpetuate the idea that fossil fuel exports contribute significantly to the

²⁹ Cox (2023) "Darwin's 'sustainable' Middle Arm development is key to huge fossil fuel projects, documents show", *The Guardian*, <https://www.theguardian.com/environment/2023/may/18/darwins-sustainable-middle-arm-development-is-key-to-huge-fossil-fuel-projects-documents-show>

³⁰ Patrick (2023) Carbon Captured: Santos emails reveal gas giant orchestrated "Environment Protection" laws, *Michael West Media*, <https://michaelwest.com.au/carbon-captured-santos-emails-reveal-gas-giant-orchestrated-environment-protection-laws/>; Crowe (2023) "Australia ramps up fossil fuel exports to India, but also lithium for renewables", *The Sydney Morning Herald*, <https://www.smh.com.au/politics/federal/australia-ramps-up-fossil-fuel-exports-to-india-but-also-lithium-for-renewables-20230306-p5cps3.html>; Dasey & Dzedzic (2024) "Vietnam has become the popular kid in class, which is why Australia has followed the US and China in signing a new deal", *ABC*, <https://www.abc.net.au/news/2024-03-07/vietnam-australia-mou-albanese-pham-minh-chinh-coal-gas-deal/103555084>; Lowrey (2024) "How long will Australia remain a major gas exporter? It depends who you ask", *ABC*, <https://www.abc.net.au/news/2024-01-31/future-gas-australia-madeleine-king/103406682>

³¹ Harvey (2021) "No new oil, gas or coal development if world is to reach net zero by 2050, says world energy body", *The Guardian*, <https://www.theguardian.com/environment/2021/may/18/no-new-investment-in-fossil-fuels-demands-top-energy-economist>; Morton (2023) "The latest IPCC report makes it clear no new fossil fuel projects can be opened. That includes us, Australia", *The Guardian*, <https://www.theguardian.com/commentisfree/2023/mar/21/the-latest-ipcc-report-makes-it-clear-no-new-fossil-fuel-projects-can-be-opened-that-includes-us-australia>; Reuters, (2024) "UN chief says phase-out of fossil fuels 'essential and inevitable'", <https://www.reuters.com/business/environment/un-chief-says-phase-out-fossil-fuels-essential-inevitable-2024-01-17/>

³² Combet (2024) *Address to the National Press Club: The Hon Greg Combet AM Chair, Net Zero Economy Agency*, <https://www.pmc.gov.au/news/address-national-press-club>

³³ Burke (2022) *On the way out: Government revenues from fossil fuels in Australia*, https://taxpolicy.crawford.anu.edu.au/sites/default/files/publication/taxstudies_crawford_anu_edu_au/2022-12/complete_wp_p_burke_dec_2022.pdf; OECD (2019) *Fossil Fuel Support Country note: Australia*, <http://www.oecd.org/fossil-fuels/data/>

Australian economy. In reality, the fossil fuel industry contributes very little tax, employs far less people than is often suggested, and is a drag on the rest of the economy, slowing the deployment of capital and workers to green industries.³⁴

Mr Combet also emphasised the need to maintain fossil fuel exports to Japan and South Korea for as long as they demand Australian coal and gas.³⁵ The fact that the Chair of the NZEA sees no urgency for Japan, South Korea, or indeed Australia to transition away from fossil fuel production highlights that without substantive amendments to the Bill, there is a need to rename the Authority and limit both its scope and the expectation that it has the ambition to align Australian economic activity with what the science says is required to protect Australia and the rest of the world from dangerous climate change.

The economic case for ending the subsidisation and approval of new fossil fuel projects, and the phasing out of existing fossil fuel production in Australia has been made repeatedly by The Australia Institute and others.³⁶

That said, despite public and diplomatic commitments to deliver on Paris Agreement targets and protect communities in the Pacific region, the Australian Government, the fossil fuel industry and some unions remain supportive of fossil fuel expansion in Australia.³⁷ Leaving aside the danger to Australians and the rest of the world posed by such expansion, the number and scale of new fossil fuel projects will require a significantly increased workforce.³⁸ The consequences for the Australian workforce of subsidising and approving new fossil fuel projects are twofold:

- 1) New subsidies and new approvals will increase the size of the workforce that the NZEA will one day be required to help transition *out* of the roles and regions they are soon to enter.

³⁴ Australia Institute (2024) *Explainer: How the government collects more from HECS/HELP than the PRRT*, <https://australiainstitute.org.au/post/explainer-how-the-government-collects-more-from-hecs-help-than-the-prrt/>; Saunders and Campbell (2023) *Gas Bagging: The case against the Beetaloo Basin gas development*, <https://australiainstitute.org.au/report/gas-bagging/>; Murray, Browne and Campbell (2018) *The impact of Galilee Basin development on employment in existing coal regions*, <https://australiainstitute.org.au/report/the-impact-of-galilee-basin-development-on-employment-in-existing-coal-regions/>; Kohler (2024) *Alan Kohler: Dire labour shortage warrants moratorium on fossil fuel export projects*, *The New Daily*, <https://www.thenewdaily.com.au/finance/2024/03/28/alan-kohler-fossil-fuel-projects>

³⁵ Combet (2024) *Address to the National Press Club: The Hon Greg Combet AM Chair, Net Zero Economy Agency*, <https://www.pmc.gov.au/news/address-national-press-club>

³⁶ Denniss (2022) "We pay billions to subsidise Australia's fossil fuel industry. This makes absolutely no economic sense", *The Conversation*

³⁷ Macdonald-Smith (2023) "Unions line up to back offshore gas against environmental activists", *Australian Financial Review*, <https://www.afr.com/companies/energy/unions-line-up-to-back-offshore-gas-against-environmental-activists-20231212-p5er0t>

³⁸ Kohler (2024) "Alan Kohler: Dire labour shortage warrants moratorium on fossil fuel export projects", *The New Daily*, <https://www.thenewdaily.com.au/finance/2024/03/28/alan-kohler-fossil-fuel-projects>

- 2) Many of the workers required to build enormous new gas and coal projects are the same workers required to build the renewables, rail, road and other infrastructure projects that a rapidly growing and transitioning economy requires.^{39 40}

Fundamentally, the support by the Australian Government and Mr Combet, for continued fossil fuel expansion explicitly undermines the stated goals of the NZEA and the ongoing expansion of fossil fuel production is a key obstacle to the construction of the renewable energy, transmission and transport projects required to genuinely decarbonise the economy.

CONFLICTS OF INTEREST AND GOVERNANCE ISSUES

Similarly, the Australian Government's continued unwillingness to address conflicts of interest, industry influence and lack of transparency in Australia's policymaking bodies risks undermining the credibility of the NZEA before it is even established.

The extent of industry influence in Australia's climate policies has been revealed multiple times.⁴¹ The Australia Institute and others have raised concerns about potential conflicts of interest in the Climate Change Authority, the National Reconstruction Fund, the Clean Energy Regulator and DCCEEW.⁴² The Net Zero Economy Agency Advisory Board (the body responsible for designing the NZEA) appears already to be characterised by significant issues of secrecy and conflicts.⁴³

While extensive consultation and engagement with industry is necessary for the NZEA's important role in supporting workers to transition, this same proximity to the fossil fuel industry raises serious concerns regarding the ability of the NZEA Board and staff to be sufficiently independent of the fossil fuel industry when developing, overseeing, and implementing the economy-wide planning foreshadowed by the Prime Minister and Mr Combet.

³⁹ Gittins (2023) *Albo's economic report card: Must try harder on energy transition*, <http://www.rossgittins.com/2023/12/albos-economic-report-card-must-try.html>

⁴⁰ Richardson and Denniss (2011) *Mining the truth: The rhetoric and reality of the commodities boom*, <https://australiainstitute.org.au/report/mining-the-truth-the-rhetoric-and-reality-of-the-commodities-boom/>

⁴¹ Waters (2024) *Removing the Fossil Fuel Industry's Influence on Politics and Parliament | Senator Larissa Waters*, The Australia Institute, <https://australiainstitute.org.au/post/removing-the-fossil-fuel-industrys-influence-on-politics-and-parliament-senator-larissa-waters/>

⁴² Hemming & Campbell (2022) *Integrity and the Climate Change Authority*, The Australia Institute, <https://australiainstitute.org.au/report/integrity-and-the-climate-change-authority/>; Long (2022) "Potential conflicts of interest abound in Australia's carbon credits market", *ABC*, <https://www.abc.net.au/news/2022-04-02/carbon-credit-conflicts-of-interest-in-clean-energy-regulator/100952758>

⁴³ MacDonald (2023) "Scamps hits out at lack of transparency in recent government appointments", *The Mandarin*, <https://www.themandarin.com.au/227603-scamps-hits-out-at-lack-of-transparency-in-recent-government-appointments/>; Patrick (2023) "Net Zero Economic Agency Advisory Board secrecy challenge lodged!", *X*, <https://twitter.com/MrRexPatrick/status/1738312558631923838>

The potential for vested interests to influence the direction and focus of the NZEA’s work is significant. To be a trusted institution, the NZEA must be open to a high level of public scrutiny and staffed with an independent board from a range of sectors including public policy, science and health.

NO WORKER LEFT BEHIND

The International Labour Organisation (ILO) identifies climate change as an existential threat posing severe risks to workers around the world, and the Australian Council of Trade Unions (ACTU) has said that Australian workers are on the frontline of the climate crisis.⁴⁴

If the Albanese Government is to be taken at face value in describing the NZEA as a body that promotes the “orderly and positive economic transformation as the world decarbonises”⁴⁵, the work of the NZEA should obviously not be confined to the small number of workers employed in coal and gas fired power stations, and the mines that feed them.

Indeed, all workers, especially workers in coal and gas export facilities, should be covered by the protections for workers created by the NZEA Bill 2024. While some industries, occupations and communities will be more impacted than others, there is no worker or sector in Australia that will not be affected in some way by climate change or the emissions reduction task. This includes workers in the health, education, tourism, construction, retail, agriculture, services and manufacturing sectors.

The 2023 *Intergenerational Report* provides more clarity on the way climate change will impact the labour force across different industries.⁴⁶ It describes, for example, how heat exposure will diminish labour productivity (for example for technicians and trade workers), how climate-induced natural disasters will decrease agricultural output, and how environmental degradation will negatively impact the tourism industry, for example, in the Great Barrier Reef. However, despite the breadth of the Bill’s title and the way it has been described by the Australian Government, the NZEA will provide none of these industries with support.

Indeed, the whole Bill—in its current form—is based on the assumption that only *some* workers in Australia require specific support, i.e., those in closing coal and gas power stations.

If the Australian Government continues to promote and subsidise fossil fuel expansion while also claiming to be supporting workers, then it must take responsibility for the impacts of

⁴⁴ International Labour Organisation (2022) *Climate action with jobs and a just transition for all*, https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/genericdocument/wcms_860627.pdf; Australian Council of Trade Unions (n.d.) *Climate Change*, <https://www.actu.org.au/climate-change/>

⁴⁵ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 2

⁴⁶ Commonwealth of Australia (2023) *Intergenerational Report 2023*, <https://treasury.gov.au/sites/default/files/2023-08/p2023-435150.pdf>

climate change on workers, including the health and welfare impacts caused by extreme heat, increasing disasters, higher cost of living and supply chain issues.

Furthermore, the opportunities in the economic transformation to net zero are not limited to energy production. An expanded healthcare sector, diversified education and training, climate resilient food production, large-scale nature conservation, innovative design and construction, emissions measurement and accounting are all opportunities for a changing workforce in Australia.

Underlying this issue is an implicit acknowledgment by the Australian Government that existing social protections in Australia are insufficient to support workers transitioning out of the fossil fuel industry (domestic or otherwise), and that the additional social supports provided by the NZEA are therefore necessary.

If existing social supports like JobSeeker were fulfilling their function—and were complemented by robust and readily accessible retraining programs for all workers—many of the specific functions of the NZEA and its Energy Industry Job Plan would not be necessary.

The ACTU has previously highlighted the “importance of having a highly educated and multi-skilled workforce plus a social protection system that provides income support and retraining for workers made redundant by technological advances”.⁴⁷

Social protections are defined by the ILO as “access to health care and income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a main income earner”.⁴⁸

In a report for an OECD project titled “Growth, investment and the low carbon transition” the Just Transition Centre explains that:

Social protection... allows workers and their families to meet basic needs during periods of unemployment, training or education – all features of industrial transition. The more elaborated and strong the social protection system is, the more workers will feel empowered to move into new jobs and sectors.⁴⁹

⁴⁷ Australian Council of Trade Unions (2018) *The Future of Work: Greater Inequality and Insecurity Unless We Act*, <https://www.actu.org.au/wp-content/uploads/2023/06/media1385167d39-submission-to-the-future-of-work-and-workers-senate-inquiry.pdf>

⁴⁸ International Labour Organisation (2021) *More than 4 billion people still lack any social protection, ILO report finds*, https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_817653/lang--en/index.htm

⁴⁹ Just Transition Centre (2017) *Just Transition: A report for the OECD*, <https://www.oecd.org/environment/cc/g20-climate/collapsecontents/Just-Transition-Centre-report-just-transition.pdf>, p 4

The Australia Institute has previously published research demonstrating the current inadequacies of the Australian social safety net.⁵⁰ Support for transitioning fossil fuel workers is important and a welcome policy development. However, it is also important that all Australians are assured of a sturdy social safety net in the event they too lose their employment, due to climate change or other causes. Education and skills policy should similarly be sufficiently resourced to ensure retraining is no barrier or hardship for those transitioning from one industry to another.

RECOMMENDATION 1 (OVERARCHING RECOMMENDATION)

The NZEA will only succeed in its self-imposed, ambitious and far-reaching mandate of facilitating emissions reductions, clean energy investment and a just transition if the Australian Government also **commits to reversing Australia’s fossil fuel expansion, addresses conflicts of interest in policymaking and introduces robust social protections for the Australian community.**

Without these complementary policy changes the NZEA risks being, at best, yet another ineffective level of bureaucracy. At worst the NZEA will serve as yet another distraction from Australia’s ongoing plans to subsidise and expand fossil fuel production.

⁵⁰ Grudnoff (2021) *Opportunity lost: Half a million Australians in poverty without the coronavirus supplement*, <https://australiainstitute.org.au/report/opportunity-lost/>; Grudnoff (2021) *Unemployment payments and work incentives: An international comparison*, <https://australiainstitute.org.au/report/unemployment-payments-and-work-incentives-an-international-comparison/>; see also ACOSS (2023) *“It’s hell”: how inadequate income support is causing harm (March 2023)*, https://www.acoss.org.au/wp-content/uploads/2023/09/ACOSS-COL-Report-Aug-2023_Web_v03.pdf

Function of the NZEA and definitions used in the Bill

VAGUE FUNCTIONS

The functions listed in the Bill do not reflect the economy-wide mandate that the Australian Government has described for the NZEA:

The Authority will support the economy-wide net zero transformation that is underway by acting as a catalyst for private and public investment, major project development, job creation and transition, and skills and community development.⁵¹

This encompasses a vast range of functions and responsibilities. However, the legislation does not help clarify them, instead describing the Authority's functions as "directed at promoting orderly and positive economic transformation as Australia transitions to a net zero emissions economy."⁵²

These functions are:

- a) to:
 - (i) promote coordination and consistency in the design and implementation of Australian government policies, programs and plans; and
 - (ii) consult and cooperate with other persons, organisations and governments; and
 - (iii) provide reports, advice and recommendations to the Minister; to facilitate the achievement of Australia's greenhouse gas emissions reduction targets and support Australia's transition to a net zero emissions economy;
- b) to facilitate public and private sector participation and investment in greenhouse gas emissions reduction and net zero transformation initiatives in Australia, including, but not limited to, referring matters to one or more of the entities mentioned in subsection (3);
- c) to support workers in emissions-intensive industries who are, or will be, affected by Australia's transition to a net zero emissions economy:
 - (i) to access new employment or other opportunities; or
 - (ii) to acquire skills to improve their employment prospects;

⁵¹ Prime Minister of Australia (2024) *Historic legislation to establish the Net Zero Economy Authority*, <https://www.pm.gov.au/media/historic-legislation-establish-net-zero-economy-authority>.

⁵² Commonwealth of Australia (2024) *Net Zero Economy Authority Bill 2024*, p 3

- including through the provision of funding or grants to those workers or to employers of those workers;
- d) to support Indigenous persons to participate in, and benefit from, Australia’s transition to a net zero emissions economy;
 - e) to encourage, support, develop and deliver educational and promotional initiatives for the purpose of promoting an understanding of, and enabling participation in, Australia’s transition to a net zero emissions economy;
- ...
- 3) For the purposes of paragraph (1)(b), the entities are the following:
- a) the Clean Energy Finance Corporation;
 - b) the Northern Australia Infrastructure Facility;
 - c) the Regional Investment Corporation;
 - d) the National Reconstruction Fund Corporation;
 - e) the Export Finance and Insurance Corporation;
 - f) the Australian Renewable Energy Agency;
 - g) Housing Australia.⁵³

Proactive phase-out of fossil fuels

In the words of Prime Minister Anthony Albanese:

For too long, Governments have taken a reactive, patchwork approach which has been more about managing an immediate crisis rather than maximising long term opportunity.⁵⁴

If the NZEA is to successfully “facilitate the achievement of Australia’s greenhouse gas emissions reduction targets”⁵⁵ and carry out all the functions in the proposed Bill, then a core part of the NZEA’s work will need to be proactively *accelerating* the end of fossil fuel production and accelerating the energy transition.

Although the Bill’s goals suggest proactivity, they are vague and the Authority risks proving toothless in achieving them. In addition, the only detailed part of the legislation—the Energy Industry Jobs Plan, which establishes mechanisms for supporting workers in closing coal and gas power stations—is largely reactive. This submission addresses the Energy Industry Jobs Plan in more detail in a subsequent section.

Minister for Energy and Climate Change Chris Bowen has argued that “no new coal or gas is a slogan, not a policy” despite other governments globally, including fossil fuel producers such as

⁵³ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, pp 16-18

⁵⁴ Albanese (2024) *A Future Made in Australia: Address to Queensland Media Club*, <https://anthonyalbanese.com.au/media-centre/a-future-made-in-australia-qmc>

⁵⁵ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 2

Colombia and Timor-Leste, adopting this exact policy.⁵⁶ The text resulting from the 2023 United Nations Conference of the Parties (COP28)—to which Australia is a signatory—also acknowledged that “no new coal or gas” is far more than a slogan.⁵⁷

However, it is true that a policy of no new fossil fuels must be skilfully managed. Research by The Australia Institute has previously argued this and offered policy suggestions to this effect.⁵⁸ The creation of the NZEA creates a unique opportunity for Minister Bowen to convert what he calls a “slogan” (albeit one that captures the UNFCCC’s conclusions) into a “policy” his government can implement.

RECOMMENDATION 2

Give the NZEA the directive and authority to proactively plan, coordinate and enforce a phase-out of fossil fuels.

If the purpose of the NZEA is truly to “facilitate the achievement of Australia’s greenhouse gas emissions reduction targets”,⁵⁹ then including in its mandate the responsibility and authority to plan the ramp down of fossil fuels— both for export and for domestic use—is a necessary amendment.⁶⁰

This should include a moratorium on opening new fossil fuel projects and a plan for the closing down of fossil fuel power plants *and* fossil fuel export operations by **specifying closure dates for coal and gas-fired power stations and developing a schedule to scale down fossil fuel exports.**

⁵⁶ ABC (2023) “‘No new coal or gas is a slogan, not a policy’: Bowen”, <https://www.abc.net.au/listen/programs/radionational-breakfast/-no-new-coal-or-gas-is-a-slogan-not-a-policy-bowen/102061144>; Greenfield (2023) “Colombia joins international alliance calling for treaty to end use of fossil fuels”, *The Guardian*, <https://www.theguardian.com/environment/2023/dec/02/colombia-joins-international-alliance-calling-for-treaty-to-end-use-of-fossil-fuels>

⁵⁷ United Nations Framework Convention on Climate Change (2023) *COP28 Agreement Signals “Beginning of the End” of the Fossil Fuel Era*, <https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era>

⁵⁸ Quiggin (2020) *Getting off coal: Economic and social policies to manage the phase-out of thermal coal in Australia*, <https://australiainstitute.org.au/report/getting-off-coal-economic-and-social-policies-to-manage-the-phase-out-of-thermal-coal-in-australia/>; Denniss, Adams, Campbell, Grudnoff (2016) *A Coal Moratorium and the Australian Economy*, <https://australiainstitute.org.au/report/a-coal-moratorium-and-the-australian-economy/>

⁵⁹ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fbills%2Fr7177_first-reps%2F0000%22;rec=0, p 2

⁶⁰ Welsby, Price, Pye and Ekins (2021) Unextractable fossil fuels in a 1.5 °C world, *Nature*, <https://doi.org/10.1038/s41586-021-03821-8>; The Australia Institute (2023) *Climate Change and the Pacific: Regional Climate Diplomacy Forum 2023: Is Australia really listening to the Pacific?*, <https://australiainstitute.org.au/event/pacific-regional-climate-diplomacy-forum-2023/>; Fossil Fuel Treaty (2023) *Australia waters down commitment to Fossil Fuel Free Pacific at regional leaders meeting with loopholes and weasel words*, <https://fossilfuel treaty.org/pif-52?rq=australia>

RECOMMENDATION 3

Give the NZEA the power to advise on the efficacy, efficiency and opportunity cost of fossil fuel subsidies in Australia and the benefits to workers and communities of redirecting those subsidies to low emission/high employment industries.

Public ownership of renewable energy

Recent research has shown that private investment in renewable projects is impeded by low and volatile financial returns.⁶¹ Private energy markets have also been shown to result in higher prices for consumers.⁶² If the NZEA is to reduce power prices for consumers and ensure the benefits of these projects are not captured by offshore investors, then this Bill should to expand the NZEA's scope to pursue public ownership of renewable assets.

This is in keeping with the ACTU's advocacy for a Just Transition. As put in their Congress 18 policy document:

21. Congress considers that the privatisation of electricity generation, distribution and retail is a failed neoliberal experiment that has resulted in rising electricity prices, critical job losses in regional areas and a diminished government capacity to invest directly in clean energy production.

22. Energy companies need to be, where necessary and appropriate, restructured and reclaimed to the public sector to allow for such democratic involvement of those affected and public oversight, including that of workers' participation.

23. Congress calls for governments to democratise the energy market and the rebuilding of publicly owned capability in the generation of renewable energy and storage. Government policy should also support household investment in solar, encourage cooperatives and other local modes of energy production.⁶³

⁶¹ Christophers (2022) "Fossilised Capital: Price and Profit in the Energy Transition", *New Political Economy*, 10.1080/13563467.2021.1926957

⁶² Richardson (2013) *Electricity and privatisation: what happened to those promises?*, <https://australiainstitute.org.au/report/electricity-and-privatisation-what-happened-to-those-promises/>; Bennis (2024) "Households charged \$1k more than businesses for same amount of electricity", *The Daily Telegraph*, <https://www.dailytelegraph.com.au/news/nsw/households-charged-1000-more-a-year-than-big-business-for-exactly-the-same-amount-of-electricity/news-story/7e01ceb47d70f9fa88403a2779e7a27c?amp>; The Australia Institute (2019) *The Costs of Market Experiments*, <https://australiainstitute.org.au/report/the-costs-of-market-experiments/>

⁶³ ACTU (2023) *Congress 18: Social and Economic Justice*, <https://www.actu.org.au/wp-content/uploads/2023/07/climate-energy-and-just-transition.pdf>, pp 3-4

International research is also increasingly recognising the scope for and importance of the public sector in building a just Net Zero economy, in which households benefit from low prices.⁶⁴

This principle was acknowledged by Greg Combet at the National Press Club, where he suggested that “with particularly large transformative projects Governments may need to consider being significant equity players”.⁶⁵ This approach has been particularly successful in Queensland, where state ownership has facilitated more rapid roll-out of renewables.⁶⁶

RECOMMENDATION 4

If the purpose of the NZEA is to promote the transition to a net zero economy, and to “support communities... [to] benefit from the economic shift to net zero,”⁶⁷ then the NZEA ought to **have a clear mandate to promote public ownership of renewable energy**. The Australia Institute recommends that **the NZEA be explicitly directed by the Bill to promote public equity investment in, and public ownership of, renewable assets**.

RECOMMENDATION 5

Alternatively, **if the Government remains committed to the subsidisation and approval of new fossil fuel projects then the NZEA’s name should be changed, and its remit should be narrowed** to establish a more achievable and meaningful organisation with clearer relationships to existing government bodies. This change should involve removing the overly ambitious and ambiguous functions of “coordinating the net zero transition”, “consulting with persons”, and “facilitating investment”.⁶⁸

Narrowing the mandate of the NZEA to focus specifically on supporting workers through the

⁶⁴ Common Wealth (2024) *The Greatest Generation: How Public Power Can Deliver Net Zero Faster, Fairer and Cheaper*, <https://www.common-wealth.org/publications/the-greatest-generation-how-public-power-can-deliver-net-zero-faster-fairer-and-cheaper>

⁶⁵ Combet (2024) *Address to the National Press Club: The Hon Greg Combet AM Chair, Net Zero Economy Agency*, <https://www.pmc.gov.au/news/address-national-press-club>

⁶⁶ Vorrath (2023) “Queensland budgets \$19bn for shift to renewables, in huge push away from coal”, *Renew Economy*, <https://reneweconomy.com.au/queensland-budgets-19bn-for-shift-to-renewables-in-huge-push-away-from-coal/>; Messenger (2023) “Steven Miles announces ambitious emissions reduction plan in first speech as Queensland premier”, *ABC*, <https://www.theguardian.com/australia-news/2023/dec/15/steven-miles-announces-ambitious-emissions-reduction-plan-in-first-speech-as-queensland-premier>

⁶⁷ Prime Minister of Australia (2024) *Historic legislation to establish the Net Zero Economy Authority*, <https://www.pm.gov.au/media/historic-legislation-establish-net-zero-economy-authority>

⁶⁸ Commonwealth of Australia (2024) *Net Zero Economy Authority Bill 2024 (Cth)*, p 3

energy transition would align the Authority with the narrower model advocated for by many groups, including the ACTU.

UNCLEAR DEFINITIONS

Consultation

It is unclear what responsibilities or powers the Authority will be granted to carry out the consultation, cooperation, or facilitation it is tasked with in the Bill. Consulting with anyone who may “support Australia’s transition to a net zero emissions economy”⁶⁹ could be extended to include consulting almost anyone on any topic.

More specific information is required to clarify what these activities are and who will be consulted.

RECOMMENDATION 6

Provide explanatory material defining “consultation”, “cooperation”, and “facilitation” with regard to the NZEA. Provide more clarity on who will be consulted and why.

The current ambiguous use of these terms leaves open the potential for the NZEA to be used to cooperate, consult, or facilitate investment on technologies, or with industries, that are frequently branded “Net Zero”, but are incompatible with achieving Australia’s greenhouse gas emissions reductions targets, such as fossil gas, carbon capture and storage, hydrogen derived from fossil fuels, or carbon offsets for the fossil fuel industry.

Transformation vs transition

The terms “transformation” and “transition” appear to be conflated in the promotion of the NZEA and the proposed legislation itself. Both terms are used interchangeably and ambiguously. An energy “transition” is a widely used and recognised term understood to mean the phasing out of fossil fuels and the phasing in of renewable energy.⁷⁰

By contrast, an economic transformation is a far more ambiguous and less widely used term, in which the need to reduce fossil fuel production and consumption is entirely unclear. By using the term “transformation”, the government seems to be sidestepping any firm commitment to

⁶⁹ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, p 3

⁷⁰ International Energy Agency (2023) *Progress in the clean energy transition*, <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach/progress-in-the-clean-energy-transition>

phase out fossil fuels. To be clear, opening new gas basins would clearly ‘transform’ the economy.

RECOMMENDATION 7

Replace the term “transformation” with “transition”. The Australian Government’s decision to frame the Bill in terms of “transformation” adds confusion to the purpose of the NZEA and obscures the end-goal of the transition: a deeply decarbonised economy, in line with climate-scientific advice and international commitments.

Net Zero

The fact that the government has decided to include “Net Zero” in the name of the NZEA is significant. Net zero has flexible and variable meanings depending on context and intent.

The Bill presents an opportunity for the government to specify the definition of “Net Zero”. *Australia’s emissions projections 2023*, published by DCCEEW, only presents emissions projections through to 2035.⁷¹ This creates significant uncertainty about the quantum (and integrity) of negative emissions expected by 2050.

Because of the structure of the Paris Agreement, with individual countries developing their own emissions reduction plans (“Nationally Determined Contributions”), there is no international standard for Net Zero either. As a result, the “net” in Net Zero remains undefined. This presents a significant problem for a new authority with “Net Zero” in its title and mandate.

Coordination and certainty about the transition to Net Zero demands clarity on this definition. It is also crucial that the planned “residual” of emissions at Net Zero is not set at a level higher than can be reasonably achieved. As we discuss elsewhere in this submission, there are significant problems with carbon removals—whether from land-use, CCS, or direct air capture (DAC)—in terms of feasibility, integrity, and economics. As such, it will be necessary to bring emissions as close to absolute zero as is possible, rather than simply assume that Australia can offset the high levels of residual emissions that are projected under existing policies.⁷² The NZEA cannot achieve its goals without a clear, science based, definition of Net Zero.

The vague functions listed in the Bill also make it unclear how the Authority will relate to existing government policies and bodies that already “support Australia’s transition to a net zero emissions economy” or “facilitate participation and investment in net zero transformation

⁷¹ DCCEEW (2023) *Australia’s emissions projections 2023*, <https://www.dcceew.gov.au/sites/default/files/documents/australias-emissions-projections-2023.pdf>

⁷² Jean Buck et al (2023) “Why residual emissions matter right now”, *Nature Climate Change*, <https://www.nature.com/articles/s41558-022-01592-2>

initiatives". Existing bodies include the Clean Energy Finance Corporation, the Australian Renewable Energy Agency, DCCEEW, CSIRO, and the Climate Change Authority.

RECOMMENDATION 8

Define the "Net" in "Net Zero". Uncertainty regarding feasible carbon removals, and integrity issues with accounting and offsetting in the land sector, create significant risk that emissions reductions aimed at achieving Net Zero will be insufficient, and that investment in fossil fuel projects will be stranded. In order to coordinate the transition to Net Zero, the NZEA must provide a clear, science-based definition of this lodestar target.

Net Zero transformation initiative

As laid out in Clause 16(1)(b), the functions of the NZEA will include facilitating "public and private sector participation and investment in greenhouse emissions reduction and net zero transformation initiatives in Australia, including but not limited to referring matters to specialist investment vehicles".⁷³ The definition of "net zero transformation initiative" provided in the Bill is "a project or initiative that will, or is reasonably likely to, facilitate, directly or indirectly, the achievement of Australia's greenhouse gas emissions reduction targets".⁷⁴

In its current form, in the current context, this definition raises concerns that the NZEA may support technologies incompatible with necessary rapid decarbonisation. The Australian Government includes fossil gas, carbon capture and storage, and carbon offsets under the umbrella of "Net Zero".⁷⁵

The Australia Institute has demonstrated in previous research that none of these technologies or schemes are consistent with genuine and rapid emissions reductions.⁷⁶ They have not been shown to be effective, scientifically credible or economically efficient.

⁷³ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024: Explanatory Memorandum, p 21

⁷⁴ Commonwealth of Australia (2024) *Net Zero Economy Authority Bill 2024*, p 8

⁷⁵ Readfearn (2023) "Australia's resources minister sees a gas-fired future just as international experts chart the fossil fuel's decline", *The Guardian*, <https://www.theguardian.com/environment/commentisfree/2023/oct/12/australias-resources-minister-sees-a-gas-fired-future-just-as-international-experts-chart-the-fossil-fuels-decline>; Hemming et al (2022) *State-Sponsored Greenwash*, <https://australiainstitute.org.au/report/state-sponsored-greenwash/>

⁷⁶ Ogge, Hemming and Campbell (2021) *Santos' CCS scam*, <https://australiainstitute.org.au/report/santos-ccs-scam/>; Browne (2018) *Sunk costs: Carbon capture and storage will miss every target set for it*, <https://australiainstitute.org.au/report/sunk-costs-carbon-capture-and-storage-will-miss-every-target-set-for-it/>; Campbell (2023) *The Con of Carbon Capture and Storage*, <https://australiainstitute.org.au/post/the-con-of-carbon-capture-and-storage/>; Ogge (2021) *Wrong way, go back*, <https://australiainstitute.org.au/report/wrong-way-go-back/>

In its current form, the NZEA could—under this government or a later one—be used as a vehicle to promote technologies which have no basis in climate science or economics. Hydrogen also presents problems because it could be deployed in ways that maintain or expand reliance on fossil gas.⁷⁷

While the Clean Energy Finance Corporation (CEFC) is explicitly prohibited to invest in CCS, the NZEA has no such exclusion—“carbon capture and storage” is not mentioned in the Bill.⁷⁸

RECOMMENDATION 9

Introduce provisions that rule out the NZEA being used to support or fund technologies incompatible with rapid decarbonisation and absolute emissions reduction, including fossil gas, carbon capture and storage, hydrogen derived from fossil fuels, or carbon offsets for use by the fossil fuel industry.

If the NZEA is to have a role in “facilitating public and private investment” it should also include **legislated definitions of appropriate technologies for that investment.**⁷⁹

Workers

The Bill defines workers as those “in emissions-intensive industries who are, or will be, affected by Australia’s transition to a net zero emissions economy”.⁸⁰

The Energy Industry Jobs Plan (Plan) provides some further clarity by establishing a detailed process for supporting workers that the NZEA can follow in the event of an announced coal or gas power station closure. This will be discussed in a subsequent section of this submission.

The proposed Plan therefore limits the scope of workers eligible for support from the NZEA to employees at coal and gas power stations which have announced they will be closing, or employees of companies who will “cease a substantial part of the business operations”⁸¹ due to the power station’s closure, for example “thermal coal mines that exclusively service a nearby power station”.⁸²

⁷⁷ Ryan (2023) *Why are gas companies trying to sell us hydrogen?*, <https://australiainstitute.org.au/post/why-are-gas-companies-trying-to-sell-us-hydrogen/>

⁷⁸ Clean Energy Finance Corporation (2021) *CEFC Complying Investment Guidelines*, <https://www.cefc.com.au/document?file=/media/oegh5t0a/cefc-complying-investment-guidelines-march-2021.pdf>

⁷⁹ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 15

⁸⁰ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 17

⁸¹ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 10

⁸² Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024: Explanatory Memorandum, p 91

The Plan's narrow scope overlooks workers in fossil fuel *extraction*. This omission suggests the Australian Government does not see coal and gas extraction as industries to be transitioned away from. The Bill's Explanatory Memorandum itself states that "many of Australia's thermal coal mines will continue to operate and sell to international markets".⁸³

The Australian Government has made its commitment to subsidising and expanding fossil fuel exports abundantly clear, and the architecture of the NZEA appears to be designed in a way that does not threaten these fossil fuel export plans.⁸⁴

The Explanatory Memorandum of the NZEA Bill takes a laissez-faire approach to all workers, particularly those working in fossil fuel for export production, stating "coal mine closures will be dependent on market conditions and individual business decision-making".⁸⁵ It also leaves Australia vulnerable to the policies and choices of other countries. Australia must be prepared in the event that countries currently importing Australian gas and coal suddenly change direction by switching suppliers or implementing their own rapid phase out of fossil fuels.

Providing a coordinated response for some fossil fuel workers and letting the "market" decide the fate of others runs counter to the evidence on good transition policy design.⁸⁶

The Bill's Explanatory Memorandum states that although broader transition initiatives for "workers at other emissions-intensive facilities" are not considered in this Bill, such initiatives will "continue to be considered by the Government to ensure workers and communities are supported holistically as the net zero transition continues".⁸⁷ By limiting itself in this way, the NZEA misses an opportunity to support a broader range of workers and makes clear that the work of the NZEA and its bold title are misaligned. It should be amended accordingly.

Whether the NZEA intends to focus exclusively on supporting the unfolding workforce transition, or to take on a broader, coordinating role in the architecture of Australian climate policy (as the Bill implies), it must be clear and consistent in its definition and treatment of workers and the fossil fuel industry.

⁸³ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024: Explanatory Memorandum, p 119

⁸⁴ King (2024) "Madeleine King: Taking climate zealots' advice would undermine net zero push", *The West Australian*, <https://thewest.com.au/opinion/madeleine-king-taking-climate-zealots-advice-would-undermine-net-zero-push-c-13442848>

⁸⁵ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024: Explanatory Memorandum, p 119

⁸⁶ Australian Council of Trade Unions (2023) *Congress 18: Social and Economic Justice*, <https://www.actu.org.au/wp-content/uploads/2023/07/climate-energy-and-just-transition.pdf>, p 6

⁸⁷ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024: Explanatory Memorandum, p 81

RECOMMENDATION 10

Broaden the definition of affected workers eligible for support from the NZEA to include all fossil fuel workers (not just those at closing coal- and gas-fired power stations). In particular, workers being encouraged to work in the large number of greenfield fossil fuel projects seeking approval in Australia should be provided with the same transition supports as those working in and around coal fired power stations.

RECOMMENDATION 11

Give the NZEA explicit direction to support workers in industries which are negatively impacted by the effects of climate change, such as tourism and agriculture.

ALIGNMENT WITH EXISTING POLICIES, AGENCIES AND LEGISLATION

The Authority's constitutional basis appears to be limited. Section 16.4 refers to "the executive power of the Commonwealth" and

Australia's obligations under the following:

- (i) paragraphs (b) and (c) of Article 4.1, and paragraph (a)21 of Article 4.2, of the Climate Change Convention;
- (ii) paragraphs (b) and (c) of Article 10 of the Kyoto Protocol;
- (iii) Articles 4.2 and 10.2 of the Paris Agreement.⁸⁸

Article 4.2 of the Paris Agreement refers to the preparation of emissions reductions targets and the pursuit of domestic policies to achieve these targets.⁸⁹ Article 10.2 refers to the importance of technology for climate mitigation and adaptation, and cooperative action on technology development and transfer.⁹⁰

If the Authority is to achieve everything the Australian Government claims it will do, including facilitating the achievement of Australia's emissions reductions targets, it should amend the legislation to include Australia's other obligations under the Paris Agreement, including Article 2, Article 8 and Article 12. This would mean the NZEA is grounded in Australia's obligations

⁸⁸ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 18

⁸⁹ United Nations (2015) *Paris Agreement*, https://unfccc.int/sites/default/files/english_paris_agreement.pdf p 4

⁹⁰ United Nations (2015) *Paris Agreement*, p 14

under the Paris Agreement to hold global warming to 1.5°C, address loss and damage from climate change and educate the public about climate change.

The Authority is promoted as the means to “facilitate the achievement of Australia’s greenhouse gas emissions reduction targets, by assisting Australia’s transformation as a renewable energy superpower”.⁹¹ Despite this, the Bill fails to specify the relationship between the NZEA and the Government’s emerging “Net Zero 2050 plan”, comprised of six sectoral decarbonisation plans.

The Bill is not aligned with other relevant pieces of legislation in Australia including the *Climate Change Authority Act 2011*, the *National Greenhouse and Energy Reporting Act 2007* or the *Climate Change Act 2022*. To promote consistency, effective co-ordination, avoid the duplication of functions and reduce ambiguity, the NZEA Bill should be aligned with the principles and objectives of other relevant legislation and agencies.

RECOMMENDATION 12

Include in the legislation reference to Article 2 of the Paris Agreement, making it consistent with the *Climate Change (Consequential Amendments) Act 2022*.

RECOMMENDATION 13

Expand the NZEA’s Constitutional basis to give regard to Australia’s other obligations under the Paris agreement: Article 2, Article 8, Article 12.

RECOMMENDATION 14

Include the principles of the *Climate Change Authority Act 2011* in the NZEA Bill. These principles are described in the *Climate Change Authority Act 2011* as:

- In performing its functions, the Authority must have regard to the following principles:
- (a) the principle that any measures to respond to climate change should:
 - (i) be economically efficient; and
 - (ii) be environmentally effective; and
 - (iii) be equitable; and
 - (iv) be in the public interest; and
 - (v) take account of the impact on households, business, workers and communities; and
 - (vi) support the development of an effective global response to climate change; and

⁹¹ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024: Explanatory Memorandum, https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r7177_ems_5aefbf2b-dece-4d9d-82a7-4b68c09a2c21/upload_pdf/JC012562.pdf, p 5

(vii) be consistent with Australia’s foreign policy and trade objectives; and
(viii) take account of the matters set out in Article 2 of the Paris Agreement; and
(ix) boost economic, employment and social benefits, including for rural and regional Australia;
(b) such other principles (if any) as the Authority considers relevant.⁹²

RECOMMENDATION 15

Clarify the relationship between and/or connect the NZEA and the Australian Government’s Net Zero 2050 Plan and sectoral plans.

RECOMMENDATION 16

Include in the NZEA legislation reference to the *National Greenhouse and Energy Reporting Act 2007* and Safeguard Mechanism, with specific regard to the requirement for gross emissions under the Safeguard Mechanism to decrease (object 2d of the *National Greenhouse and Energy Reporting Act 2007*).⁹³

⁹² Commonwealth Government (2022) *Climate Change Authority Act 2011* (Cth), <https://www.legislation.gov.au/C2011A00143/latest/text>

⁹³ Commonwealth Government (2024) *National Greenhouse and Energy Reporting Act 2007* (Cth)

Energy Industry Jobs Plan

The Energy Industry Jobs Plan is the most detailed part of the Bill and relates to the third object of the NZEA: ensuring “Australia’s regions and workers are supported in relation to, and benefit from, Australia’s transition to a net zero emissions economy”.⁹⁴

This submission is supportive of mechanisms that facilitate a Just Transition for fossil fuel workers by providing financial and educational assistance. The Plan has the potential to achieve this. Nonetheless, the plan could be easily strengthened.

REACTIVE VS PROACTIVE TRANSITION

The proposed Plan is reactive. It is designed to leave the closure of fossil fuel power stations up to market forces, and then simply react in the event that a coal or gas power station shuts down. The Bill’s Explanatory Memorandum states that “coal mine closures will be dependent on market conditions and individual business decision-making”.⁹⁵

If the Authority is to achieve its stated goal of “promoting orderly and positive economic transformation as Australia transitions to a net zero emissions economy”, it should be proactively *planning* this economic transformation.⁹⁶ This has also been argued by the ACTU and is an element of their model that ought to be included in this Bill.⁹⁷

Proactive planning would provide fossil fuel workers with certainty regarding their future employment prospects and opportunities and could be carried out alongside the provision of financial, educational, and social support services.

RECOMMENDATION 2

Give the NZEA the directive and authority to proactively plan, coordinate and enforce a phase-out of fossil fuels.

If the purpose of the NZEA is truly to “facilitate the achievement of Australia’s greenhouse gas emissions reduction targets”⁹⁸, then including in its mandate the responsibility and authority to

⁹⁴ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 2

⁹⁵ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024: Explanatory Memorandum, p 119

⁹⁶ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 2

⁹⁷ ACTU (2023) *Congress 18: Social and Economic Justice*, <https://www.actu.org.au/wp-content/uploads/2023/07/climate-energy-and-just-transition.pdf>

⁹⁸ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fbills%2Fr7177_first-reps%2F0000%22;rec=0, p 2

plan the ramp down of fossil fuels— both for export and for domestic use—is a necessary amendment.⁹⁹

This should include a moratorium on opening new fossil fuel projects and a plan for the closing down of fossil fuel power plants *and* fossil fuel export operations by **specifying closure dates for coal and gas-fired power stations and developing a schedule to scale down fossil fuel exports.**

⁹⁹ Welsby, Price, Pye and Ekins (2021) Unextractable fossil fuels in a 1.5 °C world, *Nature*, <https://doi.org/10.1038/s41586-021-03821-8>; The Australia Institute (2023) *Climate Change and the Pacific: Regional Climate Diplomacy Forum 2023: Is Australia really listening to the Pacific?*, <https://australiainstitute.org.au/event/pacific-regional-climate-diplomacy-forum-2023/>; Fossil Fuel Treaty (2023) *Australia waters down commitment to Fossil Fuel Free Pacific at regional leaders meeting with loopholes and weasel words*, <https://fossilfueltreaty.org/pif-52?rq=australia>

Functions and transparency of the Board

Conflicts of interest have been features of previous and existing climate governance bodies in Australia. The Australia Institute has raised a number of serious governance issues and potential conflicts of interest in the Climate Change Authority, CSIRO (in particular, the Gas Industry Social and Environmental Research Alliance), the Clean Energy Regulator, the Emissions Reduction Assurance Committee, and DCCEEW.¹⁰⁰

In the absence of the Australian Government implementing overarching safeguards against the influence of industry on Australian democracy, there is a very real risk that the NZEA will also be characterised by conflicts of interest and a lack of independence.

While extensive consultation and engagement with industry is necessary for the NZEA's important role in supporting workers to transition, this same proximity to industry raises significant concerns regarding the ability of the NZEA Board and staff to be sufficiently independent of industry and other interests when making decisions.

In the Bill, Section 26 and Section 46 only require Board members and the CEO to disclose their interests to the Minister in line with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).¹⁰¹ There is no other mention of conflicts of interest in legislation.

The potential for vested interests to influence the direction and focus of the NZEA's work is high. To be a trusted institution, the NZEA must be open to a high level of scrutiny and staffed with an independent board from a range of sectors including public policy, science and health.

While the PGPA Act provides theoretical safeguards against conflicts of interest, to date these provisions have not proved adequate. To ensure public trust and independence, and the most responsible use of public funds, the NZEA requires watertight accountability and conflict of interest provisions written into the legislation.

Additionally, there have already been concerns raised about a lack of transparency in the NZEA's functioning. For example, Rex Patrick has raised concerns about the refusal of the Net

¹⁰⁰ Hemming & Campbell (2022) *Integrity and the Climate Change Authority*, <https://australiainstitute.org.au/report/integrity-and-the-climate-change-authority/>; Ogge (2018) *GISERA and conflict of interest*, <https://australiainstitute.org.au/report/gisera-and-conflict-of-interest/>

¹⁰¹ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, p 26, p 35

Zero Economy Agency Advisory Board (the body tasked with designing and establishing the legislated NZEA) to publish Board meeting minutes.¹⁰²

A number of government agencies publish meeting minutes, and this should be considered best practice. This includes the Reserve Bank of Australia, and the Climate Change Authority, which publishes summaries of meetings.^{103 104}

The Australia Institute understands that a Net Zero Economy Committee of Cabinet has been established, which “considers policy matters that will realise the opportunities of Australia’s net zero transformation, including cross-cutting economic, climate, regional and industry policy issues”.¹⁰⁵ The Chair of the NZEA will attend the Committee to provide updates on the NZEA’s work.

This raises concerns that the deliberations and decisions of the NZEA will be subject to Cabinet confidentiality conventions, meaning that minutes may be inaccessible to Freedom of Information requests and remain unpublished for many years. It is imperative that the existence of the Net Zero Economy Committee of Cabinet is not used in this way to undermine the transparency of the NZEA.

The Australia Institute has published extensive research on the importance of political transparency and accountability.¹⁰⁶ In this vein, the operations of an authority with such a wide-reaching and important mandate should be open for public scrutiny.

RECOMMENDATION 17

To be a trusted institution, the NZEA must be open to a high level of scrutiny and staffed with **an independent board from a range of sectors including public policy, science and health.**

RECOMMENDATION 18

Include robust Governance provisions preventing conflicts of interests. No board member should have any commercial or financial conflict of interest, declared or otherwise.

¹⁰² Patrick (2023) “There’s sad irony in the Net Zero Economy Agency Advisory Board” X, <https://twitter.com/MrRexPatrick/status/1738286339358101544>

¹⁰³ Reserve Bank of Australia (2024) *Monetary Policy Minutes — 2024*, <https://www.rba.gov.au/monetary-policy/rba-board-minutes/2024/>

¹⁰⁴ Climate Change Authority (2024) *Authority Meetings*, <https://www.climatechangeauthority.gov.au/about-authority/authority-meetings>

¹⁰⁵ Australian Government (2023) *Net Zero Economy Committee*, <https://www.directory.gov.au/commonwealth-parliament/cabinet/cabinet-committees/net-zero-economy-committee>

¹⁰⁶ See for example, Browne & Walters (2023) *Securing transparency and diversity in political finance*, <https://australiainstitute.org.au/report/securing-transparency-and-diversity-in-political-finance/>

Any individual who has the potential to benefit financially from the work of the NZEA should be ineligible to be appointed to the Board. It is not sufficient for the board or the Chair to determine what constitutes a conflict. Nor is it sufficient for members to merely recuse themselves from relevant discussions.

Governance provisions should also include **mandatory declarations of interests, a public register of interests, protections against the perception of conflicts of interest and the ability of the Minister or Prime Minister to remove members of the Board or the CEO for conflicts of interest.**

Additionally, the Bill should include the requirement that those four Board members selected under Section 23(2)(d) must exclude those who fall under Section 23(3)(b).

RECOMMENDATION 19

Require Indigenous representation on the Board by including an amendment whereby at least one Board member has expertise or experience, professional credibility and significant standing in subsection Section 23(3)(i).

RECOMMENDATION 20

Include mandatory transparency measures including publishing Board meeting minutes on a publicly available register.

Benefit Sharing

BENEFIT SHARING: GENERAL

The object of this Bill is to “ensure Australia’s regions and workers are supported in relation to, and benefit from, Australia’s transition to a net zero emissions economy”.¹⁰⁷ The NZEA is also tasked “to support Indigenous persons to participate in, and benefit from, Australia’s transition to a net zero emissions economy”.¹⁰⁸ These are welcome principles, but once again the lack of detail in this legislation makes it unclear how these goals will be achieved. Particularly as the NZEA looks to “facilitate public and private sector participation and investment”,¹⁰⁹ there is the possibility here that investment be structured in such a way as to ensure *meaningful* benefit sharing. The Bill needs to provide clearer definitions and instructions.

The inadequacy of consultation and benefit sharing is already threatening the roll-out of renewable energy. The Australian Energy Infrastructure Commissioner (AEIC) *Review of community engagement practices* found that 71% of surveyed community members strongly disagreed with the proposition that the community would benefit from large-scale renewable projects, with another 12% disagreeing.¹¹⁰ Only 9% agreed or strongly agreed with that proposition. Stronger, explicit plans to enforce benefit sharing are desperately needed if the NZEA is to achieve its goal of ensuring regions and workers benefit from the energy transition.

The Australian Government does not need to start from scratch on this amendment. Independent MP Helen Haines previously pursued significant research into best practice benefit sharing and community perspectives on renewable development, culminating in *The Local Power Plan*.¹¹¹ This informed the development of the *Australian Local Power Agency Bill 2021*.¹¹² A key element of this Bill would establish “a new requirement for large renewable energy projects to offer the rights to at least 20% of the profits of a project to local individuals living within 30 kilometres of that project”, through a mandatory offer of equity stakes in

¹⁰⁷ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024, p 2

¹⁰⁸ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024, p 17

¹⁰⁹ Commonwealth of Australia (2024) Net Zero Economy Authority Bill 2024 (Cth), p 17

¹¹⁰ DCCEEW (2024) *AEIC Review of community engagement practices*, <https://consult.dcceew.gov.au/aeic-review-of-community-engagement-practices>, p 48

¹¹¹ Haines (2020) *The Local Power Plan: A blueprint for everyday Australians to benefit from the coming boom in local, cheap and clean power*, <https://www.localpowerplan.com/>

¹¹² Commonwealth of Australia (2021) Australian Local Power Agency Bill 2021, https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r6673

nearby projects.¹¹³ This policy is drawn from international best practice. A similar model is in effect in Denmark, where it has led to broad community support for wind power. Denmark generates 54% of their power from wind alone, much of which is community-owned.¹¹⁴

RECOMMENDATION 21

Adopt a stronger model for benefit sharing, based on the *Australian Local Power Act 2021*, and give the NZEA the power to compel renewable projects to meet these conditions.

RECOMMENDATION 4

If the purpose of the NZEA is to promote the transition to a net zero economy, and to “support communities... [to] benefit from the economic shift to net zero,”¹¹⁵ then the NZEA ought to **have a clear mandate to promote public ownership of renewable energy**. The Australia Institute recommends that **the NZEA be explicitly directed by the Bill to promote public equity investment in, and public ownership of, renewable assets**.

BENEFIT SHARING: FIRST NATIONS

The Australia Institute welcomes the inclusion of a function in the NZEA Bill “to support Indigenous persons to participate in, and benefit from, Australia’s transition to a net zero emissions economy”.¹¹⁶ It is disappointing, however, that the Bill provides little detail or framework to ensure this will be achieved.

The development of a large fossil fuel export industry across Australia over previous decades has proceeded with highly uneven levels of consent from, and engagement and benefit sharing with, First Nations peoples. There is an opportunity now, at the beginning of the renewable energy transition—and especially the development of large-scale renewable projects for green metals and energy exports—to engage with Traditional Owners in an appropriate way and ensure that decision-making and benefit-sharing are led by First Nations peoples.¹¹⁷

¹¹³ Commonwealth of Australia (2021) *Australian Local Power Agency Bill 2021: Explanatory Memorandum*, https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r6673_ems_ad6f298a-1c91-4d68-8cff-1d4b34c7513b/upload_pdf/21018EMHaines.pdf, p 2

¹¹⁴ Ryan (2023) *Community-owned wind: Lessons from Denmark*, https://www.nordicpolicycentre.org.au/community_owned_wind_lessons_from_denmark

¹¹⁵ Prime Minister of Australia (2024) *Historic legislation to establish the Net Zero Economy Authority*, <https://www.pm.gov.au/media/historic-legislation-establish-net-zero-economy-authority>

¹¹⁶ Commonwealth of Australia (2024) *Net Zero Economy Authority Bill 2024, Net Zero Economy Authority (Transitional Provisions) Bill 2024*, p 17

¹¹⁷ Norman and Briggs (2022) “How can Aboriginal communities be part of the NSW renewable energy transition?”, *The Conversation*, <https://theconversation.com/how-can-aboriginal-communities-be-part-of-the-nsw-renewable-energy-transition-181171>; First Nations Clean Energy Network (2023) *First Nations and the Clean*

The Government is currently developing a First Nations Clean Energy Strategy, and the NZEA ought to be explicitly directed to consider the outcomes of that process.¹¹⁸ In the meantime, however, this Bill ought to include specific requirements for projects promoted through Section 16(1)(b) to have strong benefit-sharing arrangements with Traditional Owner groups and their representative organisations already in place.

Two specific ways to promote function 16(1)(d) would be to amend the Board requirements of the NZEA, and to include direction for the Authority to promote ownership and co-ownership of renewable projects.

RECOMMENDATION 19

Require Indigenous representation on the Board by including an amendment whereby at least one Board member has expertise or experience, professional credibility and significant standing in subsection Section 23(3)(i).

RECOMMENDATION 22

Introduce stronger powers to enforce “benefit sharing” with Indigenous Australians. This could involve directing the NZEA to explore and promote Indigenous-owned renewable projects.

Energy Transition: Emerging Issues in New Transmission Infrastructure, https://assets.nationbuilder.com/fncen/pages/445/attachments/original/1702260528/Transmission_Paper_FIN_AL_Dec_2023.pdf; O’Neill, Beck, Cheng and Nolan (2022) “Renewable hydrogen will be produced on land traditionally owned by First Nations people: will its owners benefit?”, *Australian Environment Review*, <https://doi/10.3316/agispt.20220503066270>

¹¹⁸ DCCEEW (2024) *First Nations Clean Energy Strategy*, <https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/first-nations-engagement-working-group/first-nations-clean-energy-strategy>

Conclusion

Amendments to the Net Zero Economy Authority Bill and the introduction of additional complementary measures are essential if Australia's climate policy is to have integrity, reduce emissions, and begin the decarbonisation of our economy. The recommendations proposed in this submission will assist the NZEA in doing this. Without these amendments, it is unclear how the NZEA, as proposed, will help Australia meet its emission reduction targets and effectively support Australia's workers.

If the Australian Government wishes to preserve the broad mandate proposed for the NZEA in the Bill, it should give the NZEA the responsibility and authority to proactively plan the phase-out of fossil fuels.

Alternatively, the Australian Government could narrow the scope of the Bill to have regard only to supporting workers through the energy transition. In this case, it should remove the NZEA's other vague functions. While the Institute supports the passage of the provisions to improve workers rights as power stations close down, the risks of rushing the broader provisions of the NZEA through parliament are significant, as are the missed opportunities in the Bill as drafted.