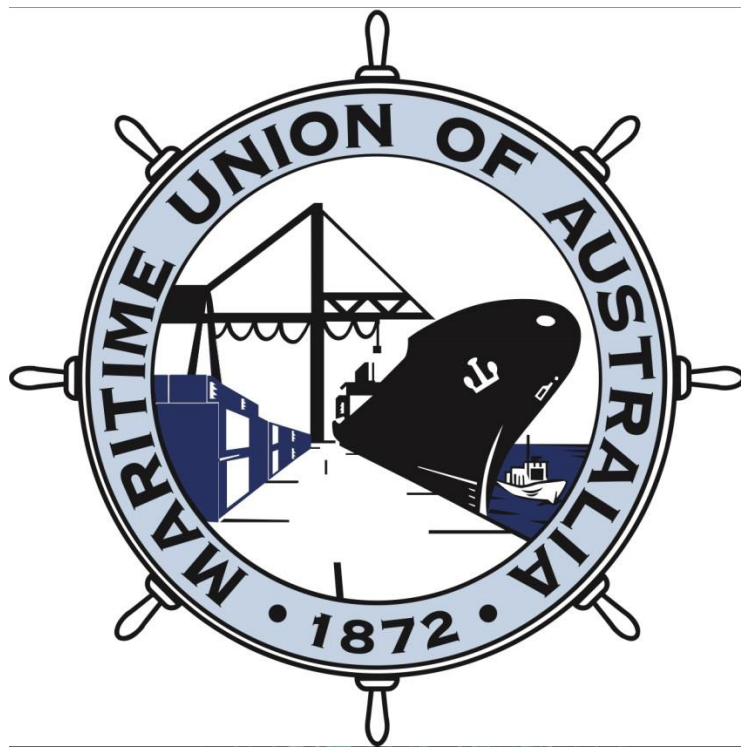


# MUA Submission:

## Interim Emissions Reduction Target for Victoria (2021-2030)



**1 August 2019**

*Independent Expert Panel*

Submitted by email: [Climate.Change@delwp.vic.gov.au](mailto:Climate.Change@delwp.vic.gov.au)

**Will Tracey**

**Deputy National Secretary,**

**Maritime Union of Australia**

**A Division of the Construction, Forestry, Maritime, Mining and Energy Union**

365 Sussex St, Level 2,

Sydney, NSW, 2000

**Shane Stevens**

**Victorian Secretary**

**Maritime Union of Australia**

**A Division of the Construction, Forestry, Maritime, Mining and Energy Union**

46-54 Ireland St

West Melbourne VIC 3003

For inquiries contact: [penny.howard@mua.org.au](mailto:penny.howard@mua.org.au)

Website: [www.mua.org.au](http://www.mua.org.au)

## Introduction

This submission has been prepared by Maritime Union of Australia (MUA). The MUA is a Division of the 120,000-member Construction, Forestry, Maritime, Mining and Energy Union and an affiliate of the 20-million-member International Transport Workers' Federation (ITF).

The MUA represents approximately 14,000 workers in the shipping, offshore oil and gas, stevedoring, port services and commercial diving sectors of the Australian maritime industry.

## Targets

The MUA supports science-based targets to address the current climate crisis, and applauds the efforts of the Victorian government to take action given current failings at a Commonwealth level. We support the submission of the Victorian Trades Hall Council with respect to targets.

## Putting the 'Justice' in 'Just Transition'

We attach a report titled *Putting the 'Justice' in 'Just Transition': Tackling inequality in the new renewable economy*, which focusses on the Star of the South offshore wind project planned for construction off the coast of Gippsland.

Offshore wind energy can offer good transition jobs for workers currently working in the offshore oil and gas industry, and could also employ workers from the LaTrobe Valley. The Victorian coast is an excellent site for offshore wind energy, and further offshore wind projects should be developed in Victoria.

The Victorian Government must recognise that good secure union jobs are the cornerstone of combating inequality and ensuring that there is justice in the transition to a new low-emissions economy. This is essential to achieving a 'just transition', and to avoid yet another industrial transition that increases unemployment and insecurity for the workers who are directly affected.

The Victorian government must take a lead to ensure that renewable energy projects such as Star of the South can be an example of the just transition we need. We believe the Victorian government should:

- Create a state-wide Just Transition Group to work with the LaTrobe Valley Authority and a future Commonwealth Just Transition Authority to plan for the Star of the South to maximise local jobs throughout the supply chain, including manufacturing, to ensure good union jobs, plan for direct redeployment of workers, and develop measures to reduce inequality and ensure the community benefits.

- Assess the infrastructure that will be needed for the Star of the South and determine how best to build it.
- Assess Victorian production capacity that could supply the Star of the South project.
- Review the social impact of its methods for procuring and financing renewable energy projects, including reverse auctions, contracts for difference and Power Purchase Agreements. Ensure that any renewables projects maximise local jobs, ensure good union jobs, plan for direct redeployment of workers, and develop measures to reduce inequality and ensure the community benefits.
- Ensure appropriate workforce training is provided through TAFEs and training is funded.
- Develop an Offshore Wind Master Plan for Victoria to identify further suitable sites and projects for offshore wind development, and an agency to ensure they are delivered. Explore options for public ownership and financing to ensure projects are developed at the required speed.

The Victorian government should examine the actions taken by New York State, which includes not only emissions reduction targets, but:

- a comprehensive Offshore Wind Master Plan, including studies on workforce planning and training, port infrastructure, vessel availability, and environmental baseline studies.<sup>1</sup>
- a target to build 9,000 MW of offshore wind projects by 2035.
- a requirement for union agreements on prevailing wages on all offshore wind projects, as well as local procurement.<sup>2</sup> The state is also building an offshore wind training centre and will invest \$200 million in port upgrades.<sup>3</sup>

---

<sup>1</sup> New York State Energy Research and Development Authority, 2018, *New York State Offshore Wind Master Plan*, see <https://www.nyserda.ny.gov/All-Programs/Programs/Offshore-Wind/Offshore-Wind-in-New-York-State-Overview/NYS-Offshore-Wind-Master-Plan>.

<sup>2</sup> The Worker Institute, *State Commitment to Wind Industry Workers is Historic, Skinner Says*, 12 November 2018, Industrial and Labor Relations School, Cornell University, <https://www.ilr.cornell.edu/worker-institute/news/state-commitment-wind-industry-workers-historic-skinner-says>.

<sup>3</sup> New York State, *FY 2020 Executive Budget Briefing Book*, pg. 312-14, pg. 326-7, <https://www.budget.ny.gov/pubs/archive/fy20/exec/book/briefingbook.pdf>. New York State, 2019 Justice Agenda, 2019 State of the State Budget Address, <https://www.ny.gov/programs/2019-state-state-budget-address>.

The New York Government has been able to take these actions despite a Federal Government hostile to climate action, and with offshore wind farms being sited in Federal waters.

The Queensland government has also taken some important actions, including:

- establishing a new public renewable energy generator called CleanCo.<sup>4</sup> Any employees transferring to CleanCo from generators CS Energy or Stanwell will maintain their existing conditions, including no-forced redundancies or relocations, and any new CleanCo employees will also be on the same terms and conditions as any transferring employees. The Queensland Government will initially invest \$250 million in the construction of new, public renewable energy generation assets like solar, wind and hydro.<sup>5</sup>
- The Queensland Government has also established a Just Transition Group, which will be developing a transition plan for the state.<sup>6</sup>

### Transition to a low-emissions economy

The issue of targets cannot be separated from government planning and actions to achieve targets. MUA is concerned by suggestions within the report of the Expert Panel that the best action to address the climate crisis is lowest cost and market-driven, such as:

“The scale, pace and cost of emissions reduction will be significantly influenced by government policy. However, it is not the Panel’s task to consider specific policy mechanisms but rather to focus on broader potential for emissions reduction. It is a matter for the Victorian Government to determine the policies it will implement (and/ or advocate for nationally) to help drive emissions reduction. It is important to note, however, that market based mechanisms often achieve the most cost-effective emissions reduction and also allow policy to remain technology neutral” (p.65)

“cost-effective policy instruments should be prioritised. These tend to be broad-based, flexible and market driven.” (p.110)

---

<sup>4</sup> The Honourable Dr Anthony Lynham, *CleanCo: Queensland’s newest electricity generator*, February 26 2019, <http://statements.qld.gov.au/Statement/2019/2/26/cleanco-queenslands-newest-electricity-generator>. Cleanco website, <https://cleancoqueensland.com.au/>

<sup>5</sup> Queensland Treasury, *Queensland’s new Cleanco*, <https://www.treasury.qld.gov.au/growing-queensland/queenslands-new-cleanco/>

<sup>6</sup> Queensland Department of Employment, Small Business and Training, *Just Transition*, <https://desbt.qld.gov.au/employment/transition-programs/just-transition>

“Cost-effective policy instruments should be prioritised (s 24). These tend to be broad-based, flexible and market-driven approaches. For example, in its *Policy options for Australia’s electricity supply sector – Special review research report (2016)*, the Climate Change Authority found market mechanisms to reduce emissions in the electricity generation sector do so at a sometimes significantly lower cost than technology-pull or regulatory instruments. The CCA also found the market mechanisms it explored to be more flexible, more scalable, and less exposed to risk<sup>266</sup>. However, to capture the Full efficiency benefits, this approach is likely to be best implemented at a national or crossstate level.” (p.115)

Unfortunately the Climate Change Authority paper cited, *Policy options for Australia’s electricity supply sector – Special review research report*, included no substantial consideration of just transition matters. Moreover the report points out that “All market mechanisms considered are projected to result in an increase in electricity prices,” which will disproportionately impact people on lower incomes (p.57).

## Conclusion

A focus on lowest-cost and market-led emissions reduction cannot achieve the speed and scale of emissions reduction we need, and will not do it without increasing inequality and generating significant political backlash.

The adoption of the new emissions reduction target should signal a step-change in the Victorian government’s actions to address the climate crisis, to include a much deeper degree of government planning, action and investment to ensure that every step taken to reduce emissions also includes measures to reduce inequality, and to ensure that workers have good union jobs to go to in the new low-emissions economy.

**Attachment:**

## **Putting the 'Justice' in 'Just Transition'** **Tackling inequality in the new renewable economy**

Maritime Union of Australia Division, CFMMEU

19 July 2019

### **Introduction**

We need a new model for a just transition to a low emissions economy: one that focuses on ensuring that people can maintain their quality of life and have good union jobs to go to.

The Maritime Union of Australia and the Victorian Trades Hall Council are committed to campaigning to ensure that the Star of the South offshore wind project off the coast of Victoria can be an example of a transition with justice.

We ask for your support in this campaign.

### **Transitions and inequality**

There is now widespread acceptance that a transition to a low carbon economy should be a 'just transition'. The need for a just transition, the need to avoid the failures of past structural adjustments for working people, and specific proposals for the creation of an Energy Transition Authority (or Just Transition Authority) are supported by the ACTU, the ALP and other political parties, the CFMMEU, and other unions.<sup>7</sup> Good secure union jobs are the cornerstone of combating inequality and ensuring that there is justice in the transition to a new low-emissions economy.<sup>8</sup>

Unfortunately, we are already in the midst of a largely unplanned and unjust energy transition. This is a result of the failure of the current Australian government to develop a transition plan, the unjust industrial relations system, the rapid decrease in the price of renewable energy, the aging of Australia's coal-fired power stations, the fragmented and privatised nature of our current electricity system and the rigid adherence to market-based approaches. The following problems are already developing:

- Fear and angst amongst workers and coal-mining communities. There is widespread unemployment following the closure of the Northern coal fired station (with no transition plan), and significant unemployment in the Latrobe Valley following the privatisation and restructuring of the electricity generation industry over the last

---

<sup>7</sup> See references at end of report.

<sup>8</sup> Dr. John Falzon, *Goodbye Neoliberalism: Restoring democracy, supporting trade unions, protecting workers' rights*, December 2018, <https://www.cfmmeu.org.au/campaigns/goodbye-neoliberalism>.

twenty-five years, culminating in the closure of the large Hazelwood power station in March 2017. The 2019 federal election showed that right-wing political parties including the Liberals, Nationals, United Australia and One Nation were effective in using the fear of action on climate change to win working class votes.<sup>9</sup> One Nation has developed a strongly climate denialist platform<sup>10</sup> and ran two coal miners as candidates: in Hunter NSW Stuart Bonds received a 21.6% swing (with the ALP losing 14% of its votes) and in Capricornia, Qld Wade Rothery won a 16.7% swing with the ALP losing 14% of its votes.

- Renewable energy projects are being constructed in regional areas on poor wages and conditions, and without consideration for, and training of, workers from high-emissions sectors as part of a transition plan.<sup>11</sup>
- Rights to build renewable energy projects being awarded to private companies by states through reverse auction programs that prioritise cost-minimisation over the broader economy or community. These rights and associated subsidies are being awarded with no minimum labour standards or procurement standards, encouraging a race to the bottom for workers and wages in these areas.<sup>12</sup>
- Failure of important renewable projects, and instability and loss of employment for thousands of workers due to competitive underbidding and bankruptcy, such as RCR Tomlinson.<sup>13</sup>

---

<sup>9</sup> The Nationals, *Labor's Just Transition Plan*, <http://nationals.org.au/labors-just-transition-plan/>.

<sup>10</sup> One Nation, *Climate change*, <https://www.onenation.org.au/policies/climate-change/>

<sup>11</sup> Josh Bavas, *Queensland solar farms actively hiring backpackers, insider claims*, ABC, 26 Sept 2018, <https://www.abc.net.au/news/2018-09-26/queensland-solar-farms-employing-backpacker-labour/10302500>; Marco Balsamo, *Worker dies on Bungala solar farm site*, *The Transcontinental Port Augusta*, 19 Feb 2018, <https://www.transcontinental.com.au/story/5237550/worker-dies-on-solar-farm-site/>; ETU Victoria, *Solar Scandal: Unsafe UGL pocketed state subsidies by exploiting French Backpackers*, Sept 2018, [https://www.etuvic.com.au/ETUV/Your\\_Union/News/Solar\\_Scandal.aspx](https://www.etuvic.com.au/ETUV/Your_Union/News/Solar_Scandal.aspx); ETU National, *A Tale of Two Solar Cities*, October 2018, [https://www.etunational.asn.au/a\\_tale\\_of\\_two\\_solar\\_cities](https://www.etunational.asn.au/a_tale_of_two_solar_cities); *ETU Submission to Senate Standing Committee on Legal and Constitutional Affairs Inquiry into the effectiveness of the current temporary skilled visa system in targeting genuine skills shortages*, December 2018, <https://www.aph.gov.au/DocumentStore.ashx?id=94cb20ab-6a67-4f11-a517-31a15c00a5d1&subId=663721>

<sup>12</sup> John Falzon argues that government procurement and industry assistance, including for clean energy finance, should require a union agreement. See reference above, Dr. John Falzon, p. 21-22. Some very minimal standards have been introduced in Victoria. Problems with current global funding models for renewable energy are explored in detail in *Trade Unions for Energy Democracy*, *TUED Working Paper #10: Preparing a Public Pathway Confronting the Investment Crisis in Renewable Energy*, November 2017, <http://unionsforenergydemocracy.org/resources/tued-publications/tued-working-paper-10-preparing-a-public-pathway/>

<sup>13</sup> Stephen Letts, *Renewable energy investment looks to be going from boom to bust as prices collapse*, ABC, 26 April 2019, <https://www.abc.net.au/news/2019-04-26/renewable-energy-investment-maybe-heading-from-boom-to-bust/11041964>; ETU Victoria, *The Titanic RCR disaster that we all saw coming: ETU Victoria is still standing by hundreds of displaced workers left high and dry by the collapse of RCR Tomlinson*, *Whilst top executives have walked away with multi-million dollar payouts* March 2019, [https://www.etuvic.com.au/ETUV/Your\\_Union/News/RCR\\_disaster\\_we\\_all\\_saw\\_coming.aspx](https://www.etuvic.com.au/ETUV/Your_Union/News/RCR_disaster_we_all_saw_coming.aspx); ETU Queensland and NT, *RCR administration announcement a timely reminder of privatisation's failures, union calls on developers to ensure workers' entitlements are paid in full*, <https://etu.org.au/rcr-administration-announcement-timely-reminder-of-privatisation-failures/>, 22 November 2018.



- Lack of financing for important projects, such as for the Port Augusta solar thermal plant.<sup>14</sup>
- Loss of ability to plan the development of the electricity grid in the public interest and to plan for and provide connections for new renewable systems.<sup>15</sup>
- Difficulty in planning and implementing transition plans due to the fact that most existing coal-fired power plants in Australia are privately operated and focused on profit maximising and cost minimisation, rather than providing a just transition for their workforce.<sup>16</sup>

Meanwhile, Australia's greenhouse gas emissions continue to rise and the need to rapidly transform Australia's energy, transport and manufacturing systems to reduce emissions grows increasingly urgent.

## Building the just transition now

There is widespread agreement that a Just Transition Authority should be charged with 'mitigating the adverse impacts of coal power station closures on regional workforces and communities'.<sup>17</sup>

Equally important is the task of ensuring that these workers and others in emissions-intensive industries have good unionised jobs to go to in low-emissions industries. This aspect of an Authority's work needs to be developed in close consultation with unions in both high and low emissions industries in order to gain the trust of workers and communities and avoid divisive backlash. Unfortunately, the history in Australia is that industrial transitions have increased inequality, with only one half to one third of displaced workers finding equivalent employment.<sup>18</sup>

The Star of the South offshore wind project in Victoria is an important opportunity to implement a just transition focussed on the creation of good secure union jobs, and to provide direct transition opportunities for workers in high-emissions industries. The project

---

<sup>14</sup> ABC, Port Augusta solar thermal power plant scrapped after failing to secure finance, 5 April 2019, <https://www.abc.net.au/news/2019-04-05/solar-thermal-plant-will-not-go-ahead-in-port-augusta/10973948>

<sup>15</sup> John Quiggin, *Electricity Privatisation in Australia: A record of failure*, February 2014, [https://www.etuvic.com.au/Documents/Campaigns/Electricity\\_Privatisation\\_Report.pdf](https://www.etuvic.com.au/Documents/Campaigns/Electricity_Privatisation_Report.pdf). John Quiggin, 'Electricity reform', In *Wrong Way: How privatisation and economic reform backfired*, LaTrobe University Press, p.149-165.

<sup>16</sup> Darryn Snell, 'Just transition solutions and challenges in a neo-liberal and carbon-intensive economy' in 'Morena, E., Krause, D. and Stevis, D. (eds), 2019 forthcoming, *Just Transitions in the Shift Towards a Low-Carbon Economy*. London: Pluto Press.

<sup>17</sup> Labor, *A Fair Go for Australia: Labor National Platform*, point 37.

<sup>18</sup> ACTU, 2016, *Sharing the challenges and opportunities of a clean energy economy: A Just Transition for coal-fired electricity sector workers and communities*. <https://www.actu.org.au/our-work/policy-issues/actu-policy-discussion-paper-a-just-transition-for-coal-fired-electricity-sector-workers-and-communities>.

was given exploration approval in March 2019, and still needs to gain separate construction approval. It includes:

- A 2,000 megawatt increase in Victoria's renewable energy generation capacity, with 250 wind turbines built 10-25km off the east coast of Gippsland. This could supply up to 18% of Victoria's current electricity demand.
- A large reduction in greenhouse gas emissions from electricity generation.
- The company projects 2,000 direct construction jobs, with construction spread over a number of years, and 300 ongoing jobs. Offshore wind turbines also need to be replaced about every 25 years.
- An injection of infrastructure and resources into the Gippsland region, with substantial community benefits. The project is estimated to cost \$8 billion.
- A renewed future for the Latrobe Valley's energy transmission assets.

In relation to the Star of the South (and other new renewable energy projects), the Authority should work with other government agencies at all levels of government and with unions, with the aim of:

1. **Maximising local jobs in renewable energy.** Detailed procurement plans must be developed for the sourcing of materials and equipment that maximise local, Victorian and Australian production capacity and potential production capacity, for the Star of the South and for future renewable energy projects.<sup>19</sup>
2. **Ensuring good union jobs.** The Authority would work with Commonwealth and State energy authorities to ensure that procurement rules with good employment conditions, union agreements and responsible contracting policies are in place across the renewables industry. It would work with the Ministers responsible for Employment and Industrial Relations on provisions for industry-wide collective bargaining agreements for new low-emissions industries.
3. **A job guarantee and no forced redundancies** for workers from fossil fuel industries, allowing for direct transition into employment on the Star of the South and other projects. In conjunction with the relevant unions, examine how the German job guarantee model could be implemented in Australia and in Victoria.<sup>20</sup>

---

<sup>19</sup> New York State has made detailed assessments of local manufacturing opportunities for the offshore wind industry, see New York State Energy Research and Development Authority, *NYS Offshore Wind Master Plan*; New York State Energy Research and Development Authority, *The Workforce Opportunity of Offshore Wind in New York*, October 2017. Both at <https://www.nyserda.ny.gov/All-Programs/Programs/Offshore-Wind/Offshore-Wind-in-New-York-State-Overview/NYS-Offshore-Wind-Master-Plan>. A multi-state assessment covering New York, Massachusetts, and Rhode Island is at BVG Associates, *U.S. Job Creation in Offshore Wind*, October 2017, <https://cesa.org/projects/accelerating-offshore-wind-owap/osw-resource-library/resource/u-s-job-creation-in-offshore-wind>

<sup>20</sup> Commission on Growth, Structural Change and Employment, *Final Report*, January 2019, see p.97-98 for details of the job guarantee scheme.

4. **Carry out a detailed skills and training assessment** and ensure local training providers are in place and appropriate training is funded to ensure the workforce is prepared. Training should be provided through local TAFEs rather than privately.
5. **Reducing inequality.** Ensure the Star of the South and other renewable energy projects have apprenticeship programs in place with minimum ratios, and include recruitment of workers from disadvantaged backgrounds, including women and Aboriginal workers.
6. **Developing necessary infrastructure.** Assess the common infrastructure needed to facilitate the rapid development of the renewables industry, for example, ports and other transport infrastructure, and examine how that infrastructure will be provided.<sup>21</sup> Assistance may be needed to secure specialized offshore wind construction vessels for use in Australia, as part of a national Strategic Fleet.<sup>22</sup>
7. **Ensuring community engagement and development,** to ensure that local communities benefit in the broadest possible sense.

The Authority will need to be properly resourced. Unfortunately Labor's 2018 proposal only allocated \$8.5 million to the Just Transition Authority over forward estimates (3 years).<sup>23</sup> In contrast, approximately \$266 million (Victorian government) and \$43 million (Commonwealth) were put into a package of measures to address the Hazelwood closure, including establishing the LaTrobe Valley Authority.<sup>24</sup> However a key feature of the Labor plan was not costly but novel in employment law – mandatory requirements for employers to participate in pooled redundancy and redeployment programs.

More generally, a just transition and speedy development of renewable energy will also require the Authority to coordinate or participate in the following actions:

1. **Planning for offshore wind.** The Commonwealth Government must urgently develop an Offshore Wind Master Plan for Australia to map the best locations for offshore renewable energy and establish an agency to facilitate the speedy development of the industry. State governments should do the same. Offshore wind needs to be planned as part of the development of the electricity grid so the responsible authorities should include the Department of Energy, the Australian Renewable Energy Agency, and the work of the Australian Energy Market Operator in developing an Integrated System Plan. This work should be kept separate from the

---

<sup>21</sup> New York State is spending \$200 million on port development. Massachusetts also has a state owned offshore wind port terminal through the Massachusetts Clean Energy Center (MassCEC), see <https://www.masscec.com/facilities/new-bedford-marine-commerce-terminal>.

<sup>22</sup> Detailed consideration of offshore wind construction vessels in the USA is available in GustoMSC, *U.S. Jones Act Compliant Offshore Wind Turbine Installation Vessel Study: A report for the Roadmap project for Multi-State Cooperation on Offshore Wind*, October 2017.

<sup>23</sup> Labor, *Labor's plan for a Just Transition*, November 2018. Policy announcement. <https://alp.org.au/media/1447/181122-energy-workforce-final-fs.docx>.

<sup>24</sup> Josh Gordon and Benjamin Preiss, 'Latrobe Valley set to gain \$266 million rescue package', *The Age*, November 3, 2016 <https://www.theage.com.au/national/victoria/latrobe-valley-set-to-gain-266-million-rescue-package-20161103-gshhqe.html>.

National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) due to vested interests from the petroleum industry. Workers in offshore renewables must have the same Work Health and Safety rights as other seafarers and shoreside workers, and not be subject to the poorer provisions of the NOPSEMA and the OPGGS Act.

2. **Safety and Training.** Work with Safe Work Australia and relevant training agencies to develop safety codes of practice and qualifications for the renewable energy industry at a national level.<sup>25</sup> Establish renewable energy training centres in TAFEs to ensure they are publicly accessible and accountable.<sup>26</sup>
3. **Public energy system ownership.** Public ownership of energy generation and transmission systems should be developed to allow for rapid and planned development of new systems. Superannuation investment in democratically controlled renewable projects should be facilitated through government-issued bonds intended specifically to fund these projects.<sup>27</sup>
4. **Energy system management** to ensure the planned development of renewable energy generation and the integration of new generation and storage capacity with the existing grid, and appropriate timing of retirement of older generation assets. Wherever possible, low-emissions projects should be located in emissions-intensive communities. Direct government investment and ownership to prioritise these projects and ensure they are built to the highest standards.

## Just transition: Examples to build on

Examples of successful transitions are discussed in the CFMEU Mining and Energy report *The Ruhr or Appalachia? Deciding the future of Australia's coal power workers and communities*. Since that report was released, new examples of just transition measures have emerged:

---

<sup>25</sup> National codes can build on the solar safety code developed in Queensland, see: The Honourable Grace Grace, *New safety code to make Queensland solar farm jobs safer*, April 09 2019, <http://statements.qld.gov.au/Statement/2019/4/9/new-safety-code-to-make-queensland-solar-farm-jobs-safer>.

<sup>26</sup> New York State is building an Offshore Wind Training Centre.

<sup>27</sup> Trade Unions for Energy Democracy, TUED Working Paper #10: Preparing a Public Pathway

Confronting the Investment Crisis in Renewable Energy, November 2017, p.61-63.  
<http://unionsforenergydemocracy.org/resources/tued-publications/tued-working-paper-10-preparing-a-public-pathway/>

- New York State developed a comprehensive Offshore Wind Master Plan in 2018,<sup>28</sup> and in January 2019 declared a Green New Deal as part of the state budget, which includes building 9,000 MW of offshore wind projects by 2035. As part of this, the Climate Jobs New York union coalition<sup>29</sup> won a requirement for union agreements on prevailing wages on all offshore wind projects, as well as local procurement.<sup>30</sup> The state is also building an offshore wind training centre and will invest \$200 million in port upgrades.<sup>31</sup>
- In March 2019 the government of Queensland established a new public renewable energy generator called CleanCo.<sup>32</sup> Any employees transferring to CleanCo from generators CS Energy or Stanwell will maintain their existing conditions, including no-forced redundancies or relocations, and any new CleanCo employees will also be on the same terms and conditions as any transferring employees. The Queensland Government will initially invest \$250 million in the construction of new, public renewable energy generation assets like solar, wind and hydro.<sup>33</sup>
- The Queensland Government has also established a Just Transition Group, which will be developing a transition plan for the state.<sup>34</sup>
- The German government appointed a multidisciplinary Commission on Growth, Structural Change and Employment in June 2018, including trade union representation from the union IG BCE. The Commission considered expert evidence, visited affected areas and completed its final meeting and report with recommendations in January 2019.<sup>35</sup> The report recommends:

---

<sup>28</sup> New York State Energy Research and Development Authority, 2018, *New York State Offshore Wind Master Plan*, see <https://www.nyserda.ny.gov/All-Programs/Programs/Offshore-Wind/Offshore-Wind-in-New-York-State-Overview/NYS-Offshore-Wind-Master-Plan>.

<sup>29</sup> See <https://www.climatejobsny.org/>, and campaign document here:

<https://www.ilr.cornell.edu/sites/ilr.cornell.edu/files/InequalityClimateChangeReport.pdf>.

<sup>30</sup> The Worker Institute, *State Commitment to Wind Industry Workers is Historic, Skinner Says*, 12 November 2018, Industrial and Labor Relations School, Cornell University, <https://www.ilr.cornell.edu/worker-institute/news/state-commitment-wind-industry-workers-historic-skinner-says>.

<sup>31</sup> New York State, *FY 2020 Executive Budget Briefing Book*, pg. 312-14, pg. 326-7,

<https://www.budget.ny.gov/pubs/archive/fy20/exec/book/briefingbook.pdf>. New York State, 2019 Justice Agenda, 2019 State of the State Budget Address, <https://www.ny.gov/programs/2019-state-state-budget-address>.

<sup>32</sup> The Honourable Dr Anthony Lynham, *CleanCo: Queensland's newest electricity generator*, February 26 2019, <http://statements.qld.gov.au/Statement/2019/2/26/cleanco-queenslands-newest-electricity-generator>.

Cleanco website, <https://cleancoqueensland.com.au/>

<sup>33</sup> Queensland Treasury, *Queensland's new Cleanco*, <https://www.treasury.qld.gov.au/growing-queensland/queenslands-new-cleanco/>

<sup>34</sup> Queensland Department of Employment, Small Business and Training, *Just Transition*, <https://desbt.qld.gov.au/employment/transition-programs/just-transition>

<sup>35</sup> Commission on Growth, Structural Change and Employment, *Final Report*, January 2019, see p.97-98 for details of the job guarantee scheme; IndustriALL, *Just Transition – An idea whose time has come*, 16 May 2019, <http://www.industrial-union.org/just-transition-an-idea-whose-time-has-come>.

- Phasing out coal-fired power and brown coal mines by 2038, but conditional on the creation of quality jobs and clear transition pathways for workers.
  - Includes a job guarantee with no forced redundancy for any worker. The goal is to ensure that for each direct job loss, a good new job is created and that this process is covered by a collective agreement. There will be a plan and a pathway for every single directly employed worker in coal-fired power plants and lignite/brown coal mines, including employment in new jobs with training, income bridging, and bridging to pensions for older workers.
  - If a job disappears, the affected worker will be placed in a new, decent job, and will be compensated in a lump sum payment for any difference in salary between the old and the new job.
  - Allocates €40 billion over 20 years for regional development, including infrastructure and rehabilitation of mining areas and plants.
- The Socialist-led Spanish Government increased its votes by 6%, and won up to 50% of the vote in mining regions, after running on a Green New Deal in April 2019 elections and signing a Just Transition plan in October 2018. The plan commits €250 million in investment to cover the closure of 10 privately-owned mines, and was negotiated with mining unions and employers. It includes substantial redundancy payments for younger workers, and workers from age 44 being entitled to a pension of 2- 3 times the minimum wage for the rest of their life. An action plan will be made for each mining community, including plans for developing renewable energy and improving energy efficiency, and investing in and developing new industries and the regeneration of former mining sites. Money will be set aside to upgrade facilities in the mining communities, including waste management, recycling facilities and water treatment plants, utilities infrastructure and distribution for gas and lighting, forest recovery, atmospheric cleansing and reducing noise pollution.<sup>36</sup>
  - The Canadian government *Final Report by the Task Force on Just Transition for Canadian Coal Power Workers and Communities* has been issued. \$35 million was spent visiting 15 affected communities and holding extensive consultations, and the Task force estimates “hundreds of millions of dollars” may be required. Those made forcibly redundant get a top of up to 75% of their former wage, but this is limited to 2 years. Principles include:
    - respect for workers, unions, communities, and families
    - worker participation at every stage of transition
    - transitioning to good jobs
    - sustainable and healthy communities
    - planning for the future, grounded in today’s reality

---

<sup>36</sup> IndustriALL, Spanish coal unions win landmark Just Transition deal, 2 November 2018, <http://www.industriall-union.org/spanish-coal-unions-win-landmark-just-transition-deal>; Spain’s socialists win election with Green New Deal platform, 1 May 2019, <https://reneweconomy.com.au/spains-socialists-win-election-with-green-new-deal-platform-42858/>; Spain’s Socialists Make Gains in 3 Elections, *New York Times*, 26 May 2019, <https://www.nytimes.com/2019/05/26/world/europe/spain-elections-pedro-sanchez.html>;

- nationally coherent, regionally driven, locally delivered actions
- immediate yet durable support<sup>37</sup>

## Why offshore wind?

A significant advantage of offshore wind projects is that they can be built at a bigger scale to onshore projects, with taller masts reaching stronger winds and larger and more powerful turbines: in 2018 turbine sizes of up to 8.8kW were used. This means that each individual turbine can produce more power. Projects can be built in areas of greater and more consistent wind strength than are available onshore, which leads to a higher capacity factor. Daily wind patterns can provide overall stability for the grid and reduce the need for storage. For example on the US east coast, wind offshore is strongest in the evening, when power demand peaks and solar power is not usually effective. This also means that production is greatest at the time of highest energy prices.

With the bulk of Australia's population located near the coast, offshore wind farms can also be sited close to sources of energy demand, reducing transmission costs.

By the end of 2018, 23 GW of offshore wind had been installed globally, and 4,543 grid-connected offshore wind turbines were built in Europe.<sup>38</sup> In 2017 the average size of a grid-connected European wind farm was 493 MW, built at an average depth of 27.5m, with an average distance to shore of 41km.<sup>39</sup> Projects are increasingly being built at greater water depths and distances offshore to access stronger and more consistent winds. In 2018 a number of European offshore wind projects were built at depths of 30-55m and 40-90km offshore in order to make use of stronger and more consistent winds. This has lifted capacity factors for European offshore wind to an average of 50%.<sup>40</sup>

The first floating offshore windfarm (Hywind Scotland) has been built off Scotland by Equinor, at depths of 95-120m. It had an extraordinary 65% capacity factor during the winter months.<sup>41</sup> Approximately 50 more floating offshore wind projects are planned worldwide.<sup>42</sup> Floating offshore wind makes the construction of offshore wind viable in many

---

<sup>37</sup> Task Force on Just Transition for Canadian Coal Power Workers and Communities, Final Report, <https://www.canada.ca/en/environment-climate-change/services/climate-change/task-force-just-transition/final-report/section-5.html>

<sup>38</sup> Global Wind Energy Council, Global Offshore Wind Report: sector has potential to grow to 200GW of capacity by 2030, 26 June 2019, <https://gwec.net/global-offshore-wind-report-sector-has-potential-to-grow-to-200gw-of-capacity-by-2030/>; Wind Europe, Offshore Wind in Europe: Key trends and statistics 2018, <https://windeurope.org/about-wind/statistics/offshore/european-offshore-wind-industry-key-trends-statistics-2018/>;

<sup>39</sup> Global Wind Energy Council, *Global Wind 2017 Report*, p.56-7.

<sup>40</sup> IRENA, *Renewable Power Generation Costs in 2018*, p.49, p. 52.

<sup>41</sup> Mark Klippenstein, *World's First Floating Offshore Wind Farm Achieves 65% Capacity Factor After 3 Months*, Greentech Media, March 01, 2018

<sup>42</sup> Wind Europe, *Floating Offshore Wind Energy: A policy blueprint for Europe*. 2018, p.2



more areas – for example, in deeper waters off the major population centres of NSW and the in very high wind coastal areas of Tasmania.

Offshore wind construction is growing in many other countries:

- Japan has recently amended its laws to facilitate offshore wind and has a target to build 10GW of offshore wind by 2030.
- Taiwan has a target of 10-17 GW of offshore wind by 2030.<sup>43</sup>
- South Korea's government is building transmission infrastructure to facilitate offshore and onshore wind, and looks likely to build about 13 GW of offshore wind by 2030.
- The first US offshore wind project has been built in Rhode Island. New York State has developed an *Offshore Wind Master Plan*, and aims to build 9,000 MW of offshore wind by 2035. Massachusetts utilities are required by law to procure 1.6 GW of offshore wind by 2027. New Jersey and North Carolina are also making plans for offshore wind.
- In India, large offshore wind developments may be built in coastal Gujarat and Tamil Nadu.

In Australia, offshore wind has so far been dismissed as too expensive. However, we believe these cost assessments rely on outdated assumptions,<sup>44</sup> and the real problem is a lack of research, planning and any regulatory pathways for the development of offshore wind. There is also a lack of long-term vision. Australia is in an enviable position to take advantage of our abundant energy resources to create competitive industries that will deliver substantial economic benefit, both in terms of jobs and technological development. However, it needs investment to support these infant industries to allow them to grow. The development of a low carbon energy industry would well place Australia as the ideal location for low carbon energy-intensive manufacturing.

The Star of the South project has been dealt with as a one-off special case by the Department of Energy, and there is still no broader framework in place. The Department of Energy, the Australian Renewable Energy Agency, the Australian Energy Market Operator, the COAG Energy Council need to reassess the viability of offshore wind in Australia, and work together to develop a Master Plan for how it can be developed and integrated into the Australia's electricity system and marine areas. A 2009 study identified a number of potential locations for offshore wind in Australia, but this research needs to be updated in light of the development of offshore wind technology.

---

<sup>43</sup> Global Wind Energy Council, *Global Wind 2017 Report*, p.59.

<sup>44</sup> For example, we believe there are a number of flawed assumptions in the GHD report *AEMO Costs and Technical Parameter Review*, produced in 2018. Details available on request.



## Good jobs in offshore wind

A just transition requires good jobs in new industries. One major advantage of offshore wind is that it provides more skilled, long term jobs than onshore wind – estimates are 2.5 to 3 times more jobs.<sup>45</sup> Conversely, offshore wind turbines are more efficient at producing electricity (see previous section) and other costs are reduced. Offshore wind projects are sited on areas of the seabed that are publicly owned, which avoids the need to make significant payments to individual private landowners required for onshore projects. Turbines and masts can be constructed in port precincts and loaded directly onto purpose-built vessels, avoiding the civil works to build new roads on-site, and costs of road transport of wind turbine parts over long distances to remote sites, including high load escorts, main road approvals, live line lifts (driving under powerlines), and the costs of specialised cranes and trucks.

A significant number of jobs in offshore wind are ongoing maintenance jobs. Detailed jobs estimates for 2.4GW of offshore wind to be built in New York state (and assuming some support is provided for a further 5.6 GW built in the NE US region) provide for 1,830 ongoing NY jobs in operation and maintenance, mainly in service and maintenance of turbines. However the total number of jobs created in offshore wind projects will depend significantly on the effort put into maximising local manufacturing of offshore wind components. In scenarios where local content is maximised, a further 470 installation and commissioning jobs and 2,250 manufacturing jobs are created in New York. Where such efforts are not made, only 200 installation and commissioning jobs and 90 manufacturing jobs are created.<sup>46</sup>

Australia's remote location, the availability of raw materials, the necessity of transitioning our skilled workforce and the very large and delicate nature of wind turbine components mean that there is good reason to ensure that wind turbine manufacture is further expanded in Australia.<sup>47</sup> However, this will require an ongoing pipeline of local projects. This will require forward planning and firm expectations from all levels of government. Experience in the UK shows that without strong transition plans involving requirements for local procurement and good jobs, workers do not transition, and fewer jobs are created.<sup>48</sup>

---

<sup>45</sup> European Wind Energy Association, Green Growth: The impact of wind energy on jobs and the economy, April 2012, p.34, [http://www.ewea.org/fileadmin/files/library/publications/reports/Green\\_Growth.pdf](http://www.ewea.org/fileadmin/files/library/publications/reports/Green_Growth.pdf).

<sup>46</sup> BVG Associates, *New York State Offshore Wind Master Plan: The Workforce Opportunity of Offshore Wind in New York*, December 2017, p.62, Prepared for New York State Energy Research and Development Authority.

<sup>47</sup> Keppel Prince manufacture wind towers in Portland, Victoria, and global wind company Vestas announced in February 2019 that they will be establishing a wind turbine manufacturing and maintenance facility in the former Ford plant in Geelong.

<sup>48</sup> Scottish Trade Union Congress, Trade unions back radical action on climate and jobs, 17 April 2019 <http://www.stuc.org.uk/news/1378/trade-unions-back-radical-action-on-climate-and-jobs>, Scottish Trade Union Congress, Fife 'Ready for Renewal' campaign swings into action, 22 May 2019, <http://www.stuc.org.uk/news/1380/fife-ready-for-renewal-campaign-swings-into-action-as-stuc-reveals-that-edf-energy-is-set-to-break-promises-on-jobs-for-fife-as-offshore-wind-contracts-go-abroad>.

Another important measure to maximise jobs and provide a just transition is to ensure that jobs are permanent, stable jobs with good rosters, reasonable hours of work, good leave ratios, and union agreements.

Australia is home to many seafarers currently working in the offshore oil and gas industry, who have highly developed skills in the construction and maintenance of large maritime oil and gas projects. There is a significant overlap of skills between the offshore oil and gas industry and offshore renewables industries. Offshore wind projects also have their own electrical substation that needs to be installed, operated and maintained, much like the electricity substations ashore in the LaTrobe Valley coal fired power stations. Transitioning fossil fuel workers to the renewable energy industry must be a part of a just transition in the Australian economy as a whole.

## Next steps

### Victorian government:

- Create a state-wide Just Transition Group to work with the LaTrobe Valley Authority and a future Commonwealth Just Transition Authority to plan for the Star of the South to maximise local jobs throughout the supply chain, including manufacturing, to ensure good union jobs, plan for direct redeployment of workers, and develop measures to reduce inequality and ensure the community benefits.
- Assess the infrastructure that will be needed for the Star of the South and determine how best to build it.
- Assess Victorian production capacity that could supply the Star of the South project.
- Review the social impact of its methods for procuring and financing renewable energy projects, including reverse auctions, contracts for difference and Power Purchase Agreements. Ensure that any renewables projects maximise local jobs, ensure good union jobs, plan for direct redeployment of workers, and develop measures to reduce inequality and ensure the community benefits.
- Ensure appropriate training is provided through TAFEs and training is funded.
- Develop an Offshore Wind Master Plan for Victoria to identify further suitable sites and projects for offshore wind development, and an agency to ensure they are delivered. Explore options for public ownership and financing to ensure projects are developed at the required speed.

### LaTrobe Valley Authority

- Assess workers' skills and the training necessary to transition to jobs on the Star of the South project.
- Assess local production capacity that could supply the Star of the South project.
- Identify workers from high-emissions industries that could be redeployed to the Star of the South project, and what training they will need.

### Commonwealth government:

- A Just Transition or Energy Transition Authority should be established to work with the Victorian government and LaTrobe Valley Authority to plan for the Star of the South to maximise local jobs throughout the supply chain, including manufacturing, ensure good union jobs, plan for direct redeployment of workers, and develop measures to reduce inequality and ensure the community benefits.
- Develop an Offshore Wind Master Plan for Australia to identify further suitable sites and projects for offshore wind development, and an agency to ensure they are delivered. Offshore wind needs to be planned as part of the development of the electricity grid so the

responsible authorities should include the Department of Energy, the Australian Renewable Energy Agency, and the work of the Australian Energy Market Operator in developing an Integrated System Plan. Explore options for public ownership and financing to ensure projects are developed at the required speed.

- Secure an offshore wind construction vessel as part of a national Strategic Fleet.
- Ensure that the construction licence issued for the Star of the South and any other offshore wind project has clear expectations to maximise local jobs, ensure good union jobs, plan for direct redeployment of workers, and develop measures to reduce inequality and ensure the community benefits.
- Work with unions to develop a plan and industrial relations policy that ensures that new low-emissions jobs are underpinned by union agreements that reduce inequality, especially where companies are in receipt of government subsidies or financing.

## Energy Transition and Just Transition policies

ACTU, Climate, Energy and Just Transition Policy 2018,  
<https://www.actu.org.au/media/1033980/climate-energy-and-just-transition.pdf>.

ACTU, 2016, *Sharing the challenges and opportunities of a clean energy economy: A Just Transition for coal-fired electricity sector workers and communities*.  
<https://www.actu.org.au/our-work/policy-issues/actu-policy-discussion-paper-a-just-transition-for-coal-fired-electricity-sector-workers-and-communities>

Dr. John Falzon, *Goodbye Neoliberalism: Restoring democracy, supporting trade unions, protecting workers' rights*, December 2018,  
<https://www.cfmmeu.org.au/campaigns/goodbye-neoliberalism>.

IndustriALL, Just Transition – An idea whose time has come, 16 May 2019,  
<http://www.industriall-union.org/just-transition-an-idea-whose-time-has-come>.

Labor, *Labor's plan for a Just Transition*, November 2018. Policy announcement.  
<https://alp.org.au/media/1447/181122-energy-workforce-final-fs.docx>. See also  
<https://www.alp.org.au/policies/securing-a-just-transition-for-energy-workers/>

Labor, *A Fair Go for Australia: Labor National Platform*, especially points 9-45. They call it a Just Transition Authority.  
[https://www.alp.org.au/media/1539/2018\\_alp\\_national\\_platform\\_constitution.pdf](https://www.alp.org.au/media/1539/2018_alp_national_platform_constitution.pdf),

Peter Sheldon, Raja Junankar, Anthony De Rosa Ponello. *The Ruhr or Appalachia? Deciding the future of Australia's coal power workers and communities*, October 2018. IRRRC Report for CFMMEU Mining and Energy Division. <https://me.cfmmeu.org.au/news/download-report-deciding-future-australias-coal-power-workers-and-communities>

Senate Environment and Communications References Committee, *Inquiry into the Retirement of Coal Fired Power Stations*, 2017.  
[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Environment\\_and\\_Communications/Coal\\_fired\\_power\\_stations](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Coal_fired_power_stations)