# Government risks billions on coal communities with no authority at the reins

## **Coal communities need to pre-build their economies to survive**

Australia risks wasting billions of dollars in failed rescue packages for coal-fired power station towns because it has no national authority to manage the transition to a low carbon economy, a UN business network has said.

With Hazelwood power station closed, and Yallourn and Liddell due to follow, the nation needs a federal organisation to plan what comes next for communities impacted by low carbon policies, the Global Compact Network Australia has said.

The network’s executive director Kylie Porter said a new federal Just Transition Authority was needed to navigate the transition to a low-carbon economy in a socially fair and sustainable way.

This independent statutory body would have a mandate to draw in business, unions, communities and state governments, so local economies can be bolstered before industries shut down or undergo major structural change. In the same way as Infrastructure Australia, the body would independently assess state and business plans for particular regions or communities.

“We need to adequately plan for, coordinate and invest in a just transition, otherwise we increase the risk of seeing ‘stranded workers,’ ‘stranded communities,’ and ‘stranded assets.’’’ Ms Porter said.

“Business wants this, unions are calling for it, communities are crying out for it. State governments in Victoria and Queensland are now doing some good work to build communities back up. But there is a big risk that we could spend billions of dollars and fail without a single national body looking at what works,’’ she said.

Ms Porter said it was not enough for governments to react once a coal-fired power station had closed its doors. Communities, businesses and unions needed the clear direction and to know they could plan for a future.

The Victorian State Government committed $266 million to support the Latrobe Valley in 2017. A year into the funding the Latrobe Valley Authority reportedly had only spent a small portion of its Economic Growth Zone budget and 48 per cent of Hazelwood’s former employees were still looking for ongoing work. Two years down the track, the unemployment rate had dropped from 8 per cent down to 5.7 per cent.

“Communities shouldn’t have to tread water while they wait for the lifeboat to arrive. Business wants to know with certainty what the plan is so they can invest in that future,’’ she said.

She said the Just Transition Authority would be able to investigate and learn from the local and international experience. It could compare, for instance, the success of the Ruhr Valley, in Germany, which emerged as a commercial and high-tech centre with a tourism hub to the Appalachian area of the United States where a near-sighted, reactionary and fragmented approach produced long-term, entrenched poverty and government dependency.

Ms Porter said the coal-fired power industry was small enough (8500 workers) for government, business, communities and unions to “get it right”. Using what it learnt from the power industry, it could prepare for other disruptions as a result of low carbon policies.

“There will be economic disruption, but how Australia responds to that disruption will be the difference between thriving and languishing,’’ Ms Porter said.

She said removing that fear of the future with an economic plan for the region could even lead to communities calling for coal-fired power stations to close ahead of schedule. She said it was integral that local communities were involved in the process.

“If we take the fear out of this process by providing a plan then communities can be confident their town won’t fail. We may even find communities call for the end to the mines and power stations before the deadline, because they will be ready,’’ she said.

The Global Compact Network Australia is a contact point in Australia for the UN Global Compact Signatories and Participants of which there are 13,500 globally. Nationally, it represents 137 organisations, including 8 of the top 10 ASX companies, who seek to advance corporate sustainability and the private sector’s contribution to sustainable development. Today, it released its publication on the just transition – [Leaving no one behind: Planning for a Just Transition](http://www.unglobalcompact.org.au/new/wp-content/uploads/2019/08/2019.08.13_Just-Transition-Article.pdf).

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**ABOUT The Global Compact Network Australia (GCNA)**

* The [United Nations Global Compact](https://www.unglobalcompact.org/) is the world’s largest corporate sustainability initiative, with over 13,500 participating businesses and non-business organisations. The UN Global Compact is a call to companies to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions to advance societal goals – such as the Sustainable Development Goals.
* The Global Compact Network Australia (GCNA) is the Australian, business-led network of the UN Global Compact. The GCNA brings together signatories to the UN Global Compact in Australia – including a number of Australia’s leading companies, non-profits and universities – to advance corporate sustainability and the private sector’s contribution to sustainable development.
* Just Transition was a term coined in the 1990s by North American labour unions to describe fundamental fairness for workers who lost their jobs due to environment protection policies. It now encompasses industries and communities trying to get a fair deal and long-term support for regions facing the economic impact of decarbonisation strategies.

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