

Queensland Climate Transition Bill 2023

Submission No: 14
Submitted by: Central Highlands Regional Council
Publication:
Attachments:
Submitter Comments:

5 May 2023

Committee Secretary
State Development and Regional Industries Committee
Parliament House
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Dear Committee Secretary

Queensland Climate Transition Bill 2023 - Central Highlands Regional Council Submission

Reference is made to the current inquiry in relation to the *Queensland Climate Transition Bill 2023 (Bill)* which has been referred to the State Development and Regional Industries Committee (**Committee**) for detailed consideration. It is noted that the Committee is presently inviting submissions in relation to the Bill from interested parties.

Central Highlands Regional Council (**Council**) welcomes the opportunity to provide a submission to the Committee.

On behalf of Council, we ask the Committee to have regard to the following matters in consideration of the Bill:

1. MORATORIUM ON COAL, GAS AND OIL EXPORTS

Section 10 of the Bill imposes an effective moratorium on coal, gas and oil extraction and production for export from 31 December 2030. Council does not support the moratorium based on the following grounds:

1.1 The impact on regional economies

The moratorium would have a devastating impact on regional economies, including:

- the regions hosting coal mining and export facilities, gas extraction and export facilities and oil drilling and export facilities (**the industries**);
- the regions hosting supply chains which service the industries; and
- the regions home to fly-in, fly-out and drive-in, drive-out workforces reliant on employment in the industries.

For example, the Central Highlands Regional Council local government area is located in the heart of the Bowen Basin, Australia's largest coal reserve, and is home to 12 operating mines. The mining sector makes the greatest contribution

to economic output of the region, which at \$9.4 billion accounts for 73.67% of total output – the mining sector is also the largest employer within the region, supporting:

- 6,079 jobs which represents 35.72% of total employment within the region (not including employment within supply chains); and
- Spend of over \$790 million on local goods and services (REMPPLAN, 2022).

The Central Highlands region would therefore experience both swift and significant socio-economic consequences as a result of the imposition of such a moratorium which would result in the withdrawal of employment and industry from the region. Such impacts include but are not limited to housing market downturn, wide-spread unemployment and the reduction of air travel, education, health and other supporting services within the region.

While it is acknowledged that the Bill proposes the introduction of a Queensland Climate Transition Authority, both domestic and international transition experience have exemplified that such an authority will only be successful with significant lead-in time to allow sufficient time for planning and investment in regional economic diversification. For example:

- Domestically, the Western Australian Government has been preparing for the transition of Collie since 2017, with significant work to be undertaken in the years to come; and
- Internationally, Germany has been preparing for structural economic change associated with the phase out of coal since the 1960s, with the body most recently established to manage the transition of the Lusatia region from lignite mining, namely the Coal-Exit Commission, formed in 2016. The Coal-Exit Commission is working to phase out coal-fired generation by 2038, allowing 22 years for transition planning.

1.2 Green steel as an emerging technology and consequences of the Bill on green steel inputs

Not all coal is created equally. While thermal coal is used for domestic and international energy production, metallurgical coal is used for steel-making. The metallurgical coal nuance is of critical importance to the Central Highlands region - based on average coal production over the previous seven years, 31% of coal produced in the region is thermal coal and 69% of coal produced in the region is metallurgical (or steel-making) coal (Queensland Government, 2022). Council has been advocating to the State Government to undertake detailed economic modelling in relation to the future need for metallurgical coal as an essential preliminary action of a Transition/Transformation Body. In the absence of that economic modelling, it is submitted that the impact of the Bill cannot be comprehensively understood, however the anticipated impacts are outlined below.

Methods of green steel production are currently at varying stages of research and development, with many green steel-making technologies deemed “emerging technologies which are not yet commercially proven” (Australian Industry Energy Transitions Initiative, 2023) and are unlikely at scale by 2030 at the time which the proposed moratorium is proposed to be implemented. In addition, the Pathways to Industrial Decarbonisation report produced by the Australian Industry Energy Transitions Initiative, funded by the Australian Renewable Energy Agency and produced in partnership with, inter alia, CSIRO, noted that:

- “Australia will face additional challenges during the transition to green steel production. The bulk of Australia’s iron ore currently mined is not compatible with DRI-EAF steelmaking technologies [which] could become a prominent production route for future global primary steel production, and potentially reducing demand for Australia’s current iron ore exports”; and
- “Lowering emissions in the iron and steel supply chain relies on the deployment of a range of technologies that depend on gas, including gas-DRI-Melter-BOF”.

The moratorium would have a significant impact upon the global steel-making industry and its ability to meet growing demand caused by global population growth and the transition to renewables – the moratorium would prove to:

- Drastically reduce high-quality metallurgical coal available as an input within the steel-making process, with reliance on not yet commercially proven green steel-making technologies (for which iron ore produced domestically may not be appropriate) assumedly the solution; and
- Drastically reduce gas available to international markets as an essential input into green steel technologies which rely on gas, particularly in the absence of cost competitive green fuels such as green hydrogen which already is in high demand for many other applications and is unlikely to be scalable by 2030.

Impacts on the production and supply of steel inevitably caused by the moratorium will have adverse consequences for global living conditions, reducing the construction of new housing, and the global ability to scale up renewable energy developments to meet the objectives of the Bill, which rely on steel as a key input.

2. QUASHING REVIEW RIGHTS

Section 19(2) of the Bill removes any right of review by proponents where an application for a fossil fuel authority is refused or where the Queensland Climate Transition Authority makes a decision to amend or cancel an existing fossil fuel authority.

Quashing review rights in the manner proposed may increase Australia's sovereign risk in ways that may not be limited to fossil fuel investment and erodes procedural fairness common law principles, which are a central tenet of natural justice within the Australian legal system. While it has been accepted by the High Court that common law procedural fairness must be accorded, subject only to the clear manifestation of a contrary statutory intention, and that such contrary statutory intention can be lawful, ordinarily, statutory limitations on procedural fairness have been imposed only in limited circumstances where such restriction is a matter of national interest, from a national security perspective. Council submits that the Explanatory Notes to the Bill include insufficient rationale to justify the exclusion of procedural fairness in these circumstances.

3. QUEENSLAND CLIMATE TRANSITION AUTHORITY

Coal mining regions and coal energy producing regions are particularly vulnerable to the transformational change they are facing as a result of natural end of mine life and decarbonisation. Delivering a sustainable future for resource communities as they navigate this change is beyond the scope of any level of government to individually manage.

Council therefore supports the establishment of a transition/transformation body at a state level, that is:

- Protected from machinery of government changes and with longevity of resourcing;
- Aligned with the Department and Premier & Cabinet to ensure appropriate oversight;
- Empowered to facilitate coordination and collaboration across departments and with the Federal Government;
- Co-designed in terms of governance with local governments; and
- Supported by dedicated offices located within impacted regions.

The transition/transformation body would:

- As an initial action, undertake economic modelling and socio-economic impact analysis – to determine impact on coal mining and coal energy producing regions (economic and social) of decarbonisation;

- Undertake economic and social transition planning and prepare regional transition plans, in consultation with all stakeholders (including existing industry, local government, the community and unions), which:
 - Identify economic diversification opportunities, projects and actions to enable economic diversification, including any required enabling infrastructure;
 - Identify both short term and long-term government support required to support the transformation and maintain essential, social, health and transport services during and post-transition; and
 - Ensure the continued and long-term liveability and social sustainability of the regions;
- Manage funding and investments to enable economic diversification projects and enabling infrastructure within impacted regions;
- Work across agencies to coordinate resources, policy changes and regulatory frameworks;
- Work across agencies to facilitate:
 - Regional workforce support and planning well in advance of mine closures;
 - Place-based investment in social infrastructure/services to support the future needs of regional communities;
 - Economic diversification and associated enabling infrastructure projects to build on strengths of the regions to attract investment and jobs;
- Work with the Queensland Mine Rehabilitation Commission to provide advice and recommendations to government and industry which is integrated to ensure coordinated post-mining land use planning; and
- Facilitate timely pre-closure planning, applying contemporary social impact assessments across the resource sector inclusive of renewable projects.

Benefits of a transition body have been exemplified in both international and domestic examples, including The Just Transition Commission in Scotland, the Coal-Exit Commission in Germany and the Collie Delivery Unit in Western Australia.

Clause 20 of the Bill proposes the establishment of the Queensland Climate Transition Authority (Authority) and clause 23 sets out the functions of such an authority. Council partly supports the functions proposed for the Authority, to the extent that the Authority would:

- Consult and liaise with:
 - The community, workforce, business and industry; and
 - Entities representing the interests of the community, workforce, business or industry;
 - Government entities; and
 - Other entities as required;
- Give advice or recommendations to the Premier about plans, objectives, strategies or policies to be implemented by government entities; and
- Develop regional, place-based plans.

The composition of the Authority is a matter that should be determined by a working group with robust consultation across agencies and with local government, the mining sector and unions. Council therefore considers that the governance framework proposed within the Bill is premature and does not reflect a level of appropriate collaboration which is required in establishing the requisite body. The definition of relevant regional area, being “an area in Queensland, other than... [the] local government area [of] Brisbane, Gold Coast, Ipswich, Logan, Moreton Bay and the Sunshine Coast” also demonstrates some disconnect between the Bill and the coal mining and coal energy producing regions that will be most impacted by decarbonisation.

4. CONCLUDING REMARKS

This submission should not be construed as an exhaustive analysis of the Bill. Council's silence with respect to any aspect of the Bill not expressly canvassed within this submission should not be deemed as support for those elements of the Bill.

We thank the Committee for consideration of this submission.

Should you have any queries in relation to this submission, please do not hesitate to contact Millicent Bradley Woods, Principal Projects Advisor on [REDACTED].

Yours faithfully /



Cllr Kerry Hayes
MAYOR



Sharon Houlihan
CHIEF EXECUTIVE OFFICER