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Net Zero Economy Authority Bill 2024

Submission to Senate Finance and Public
Administration Committees

19 April 2024

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About the Local Government Association of Queensland (LGAQ)

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association established solely to serve councils and their needs.

The LGAQ has been advising, supporting, and representing local councils since 1896, enabling them to improve their operations and strengthen relationships with their communities. The LGAQ does this by connecting councils to people and places; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and providing them with the means to achieve community, professional and political excellence.

Net Zero Economy Authority Bill 2024

Executive Summary

The LGAQ welcomes the opportunity to provide feedback to the Senate Finance and Public Administration Committee (the Committee) on the Net Zero Economy Authority Bill 2024 (NZEA Bill).

It is important to note that the LGAQ's response in this submission - and our advocacy more broadly - is always evidence-led and derived from feedback from our member councils. This includes resolutions endorsed by the majority of delegates who attend the LGAQ Annual Conference each year. Supported resolutions from our Annual Conference automatically become binding policy positions and ensure that our views are truly representative of the local government sector in Queensland.

As our policy statement outlines, local government is committed to working in partnership with all spheres of government, industry and the community to develop and implement effective climate risk management strategies focusing on emissions reduction and adaptation. Local government is also committed to providing a leadership role to assist local communities, including industry, to understand and address climate risk including acute and chronic physical risks and transition risks associated with moving to a low carbon economy.

In January 2024, the LGAQ launched a [landmark piece of research](#) which quantifies the impact of cost shifting onto councils and the communities they serve.

It found that local governments across Queensland are stepping in to provide extra services to ensure our communities remain liveable – and in many cases are using their limited resources to fund services that are not their responsibility to fund. Based on a survey completed by 75% of councils across Queensland, and analysed by leading research consultancy AEC Group, it found that cost shifting onto councils has increased by a whopping 378 percent over the past two decades.

In representing the interests of our member councils, the LGAQ is acutely aware of the opportunities and risks that decarbonisation has on local communities across Queensland and the councils that serve them. Transformation planning has been one of the key themes of our advocacy in recent years, derived from resolutions supported by Queensland councils at our Annual Conference.

For generations, Queensland's economic success has been built on the back of a strong resources industry and the communities that enable it to thrive. Queensland miners and the sacrifices of their families continue to pave the roads we drive on, build the schools we learn in and service the hospitals for all Queenslanders.

It is not just the miners themselves we can thank for this strong economic foundation. It is the support of local councils, thousands of businesses through local supply chains. Tens of

thousands of workers enabling our key transport and logistics networks. Our ports that have delivered an export driven economic dividend for the State and Federal Treasury.

As Queensland's economy transforms to a clean energy future, resource communities and their local councils need to ensure they have place-based plans that respond to the economic and social challenges that will bring. A successful transformation needs to be coordinated across government departments at a State and Federal level but driven and delivered locally. Each of Queensland's resource communities is unique and different. They need tailored long-term economic and social sustainability plans. Without this, these host resources communities will be left behind.

As local leaders, Queensland councils know what policies are needed to ensure the liveability of their communities comes first. They have developed tangible solutions – supported by the council colleagues from across Queensland – and they want to partner with the State and Federal governments in this transformation journey.

The LGAQ has made three recommendations in response to the NZEA Bill and the broader policy framework.



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Recommendations

The LGAQ has prepared detailed comments in relation to the NZEA Bill and has made three recommendations, summarised below:

- **Recommendation 1:** The LGAQ recommends the constitution of the Authority be amended to include a dedicated representative for Australia's local governments, to ensure the voice of regional communities is always represented at the strategic decision-making level.
- **Recommendation 2:** The LGAQ recommends the Federal Government expands the scope of the Authority's objectives in this legislation to include a focus on regional transformation planning, targeting the most impacted regions from decarbonisation – but not just those who host coal-fired power stations.
- **Recommendation 3:** The LGAQ recommends the Federal Government consider amendments to the Bill that would enable the regular and ongoing engagement and coordination across all three levels of government, as a strategic policy objective of the legislation and overarching framework. This could be in the form of creating additional advisory groups, in addition to the Energy Industry Worker Redeployment Advisory Group created in the NZEA Bill. This could include a specific First Nations Advisory Group and a broader Resource Community Advisory Group.

Introduction

The LGAQ welcomes and acknowledges the introduction of the Net Zero Economy Authority Bill 2024 (NZEA Bill) into the Federal Parliament on 27 March 2024 as well as the Net Zero Economy Authority (Transitional Provisions) Bill 2024, which enables the transition of the current interim Net Zero Economy Agency within the Department of the Prime Minister and Cabinet to a standalone statutory authority.

This submission will focus on the NZEA Bill, which implements the overarching governance and policy framework to facilitate the net zero transformation.

The LGAQ acknowledges that the net zero transformation will be one of the most significant economic shifts since the industrial revolution. As the overarching policy framework continues to be developed and implemented, it's important to continually recognise this impact that decarbonisation will have on local communities.

As the Prime Minister said in his recent speech to the Queensland Media Club on Thursday 11 April 2024, *"we will bring together in a comprehensive and co-ordinated way a whole package of new and existing initiatives. To boost investment, create jobs and seize the opportunities of a future made in Australia. We want to look at every measure that will make a positive difference. Investing in new industries – and ensuring that workers and communities will share in the dividend. That means giving the new Net Zero Economy Authority every tool it needs to support resource communities in particular through the coming period of economic change. Town by town, worker by worker. This isn't something that happens overnight, it's the work of a generation."*¹

As the Department of Prime Minister and Cabinet has outlined, the Net Zero Economy Authority will focus on supporting workers, communities, regions and industry to realise and share in the benefits of the net zero economy.

The NZEA Bill sets out the detailed functions, powers, and governance arrangements for the Authority. The Authority will:

- coordinate net zero efforts across government and key stakeholders, and promote consistency in the design and implementation of Australian government policies and programs
- facilitate public and private sector participation and investment in greenhouse gas emissions reduction and net zero transformation initiatives across Australia
- support workers in emissions-intensive industries who are affected by the net zero transition to access new employment, or acquire skills to improve their employment prospects
 - o the Bill will also establish The Energy Industry Jobs Plan (Plan). Administered by the Authority, the Plan will support employees impacted by the closure of some coal-fired and gas-fired power stations.
- support First Nations to participate in, and benefit from, the net zero transition
- build community understanding, confidence and engagement with the net zero transformation.

¹ <https://www.pm.gov.au/media/future-made-australia>



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The Authority will be governed by an independent Board consisting of a Chair and up to 8 other members, appointed by the responsible Minister. Board composition must address the following requirements:

- Two members must have experience in the trade union movement.
- Two members must have experience in business, industry, finance or investment.
- Other members must have experience in the fields above, and/or industrial relations or labour market adjustment, economics; decarbonisation pathways, technologies or policy; climate change policy; energy markets; regional development; First Nations engagement, advocacy or community leadership; public or corporate governance; and/or law.

A Chief Executive Officer (CEO) will be responsible for day-to-day operations. The CEO will be appointed by the responsible Minister.

The LGAQ also acknowledges that these arrangements have been developed in consultation with a broad range of stakeholders, including state governments, local governments, First Nations people, non-government organisations, industry, employers and unions, including in emissions-intensive regions. Indeed, the LGAQ has engaged with the Net Zero Economy Agency that has established this framework on several occasions and has sincerely appreciated the ongoing dialogue.

Submission

Attracting investment and supporting new industry development will create long-term opportunities and also pose some significant challenges. Regional Australia is already undergoing a social and economic transformation that will be beyond the capability of local councils to address. Existing coal heartlands like Central Queensland are in a position to capitalise on the global shift to net zero emissions - provided appropriate Federal and State Government planning and investment is received. Equally, coal mining and other traditional resource regions are particularly vulnerable in the decarbonisation process.

Numerous reports have articulated both the social and economic opportunities and risks for regional Australia associated with decarbonisation. Modelling by Accenture suggests that over 395,000 jobs could be created if Australia can capitalise on changes to the energy sector and become a 'renewable energy superpower'. Another report by Deloitte projects that the Queensland economy could grow by 7 per cent if it successfully manages the shift to net zero.

Each of the reports clearly highlight that the risks associated with getting this transformation wrong are equally as significant as the potential for growth. In their report released last year – entitled "Adaptive capacity and climate transition in Australia's regional economies", The Centre for Policy Development outlines that²:

"The economic transition away from fossil fuels will affect entire communities, rather than only workers in one general industry, and transition planning needs to build the overall adaptive capacity of these communities."

² <https://cpd.org.au/wp-content/uploads/2023/07/Making-Our-Way-Adaptive-capacity-and-climate-transition-in-Australias-regional-economies.pdf>

“... LGAs in the Pilbara and Central Queensland have less dynamic local economies and are less well-connected to local domestic markets – it may take more effort, planning and support for new industries to thrive and for these communities to adapt.”

As the LGAQ continually reiterates, communities should develop alongside industry. The liveability of every Queensland community should be enhanced, not negatively impacted from large-scale renewable energy projects and the transition to a lower carbon economy. Critical to that success is the need for proponents to engage early with community and councils. That engagement needs to be genuine and receptive to feedback and input.

While the transition planning for workers at existing coal-fired generators is acknowledged through established programs under the Queensland Energy and Jobs Plan, and through Federal programs such as the Energy Industry Jobs Plan and others that are coordinated by agencies such as the Australian Renewable Energy Agency, the Clean Energy Finance Corporation, the National Reconstruction Fund and Austrade, the focus has to be broader than just that of the immediate impact on workers and the economy. It has to be a whole-of-community focus, on every person living or working in a resource community.

As the NZEA Bill outlines in section 1.4, “all levels of government, and the private sector, will need to work in a more coordinated way to catalyse the investment needed to support the decarbonisation of existing emissions-intensive industries, support the establishment of new industries and the creation of new jobs and other opportunities arising from the net zero transformation” and further, in section 1.7 “all Australian state and territory governments are committed to achieving net zero emissions by 2050. To meet these commitments, jurisdictions have established numerous initiatives and policies that operate alongside Commonwealth policies and programs. The NZEA Bill reflects the need for stronger coordination across all levels of government to ensure ongoing efforts are complementary.”

While the continued and ongoing acknowledgement of the role of local government throughout the NZEA Bill is sincerely appreciated, local communities will continue to feel a lack of certainty and clarity without a dedicated seat at the table as part of the consideration of these new developments and the impact of a transitioning local economy has on that particular community. That will also help to deliver any communications and provide regular and ongoing opportunities for two-way engagement (as referred to in sections 1.135 and 1.136 of the NZEA Bill), literally from the coal face, as part of the ongoing national conversation.

The voice of local government ultimately represents the voice of regional communities where the impact will be felt most, and the opportunities will be achieved. Without that voice, a significant missed opportunity will be realised from the start of a long journey, and the LGAQ feels that will be a major handbrake on the role and ultimate purpose of the Authority.

While clause 23 of the NZEA Bill identifies that members who have community leadership experience can be appointed to the Board, there is no guarantee that will be the case.

Recommendation 1: The LGAQ recommends the constitution of the Authority’s Board be amended to include a dedicated representative for Australia’s local governments, to ensure the voice of regional communities is always represented at the strategic decision-making level.

A resolution, endorsed by the majority of Queensland councils at the 2022 LGAQ Annual Conference, called for the need to establish a Regional Transformation Authority. Specifically, the resolution outlined that:

The LGAQ calls on the State and Federal governments to establish a Regional Transformation Authority with statutory powers inclusive of local governments, to:

- *Respond to changing supply and demand for fossil-fuel.*
- *Develop regional plans and coordinate a sustainable transformation, principally for Queensland's coal mining regions, but also for all Local Government Areas supplying to or reliant on the economic output of coal mining, as well as heavily coal reliant industrial regions, like the Bowen Basin, and ensure all planning supports the ongoing and sustainable diversification of the resources sectors.*

The effective management of this change is critical – principally for coal mining regions but also for all Local Government Areas supplying to, or reliant on, the economic output of mining, as well as heavily coal-reliant industrial regions.

A multi-agency, intergovernmental Regional Transformation Authority should be created to:

- Manage and coordinate the negative social and economic impacts associated with end of-mine life and decarbonisation in coal mining regions.
- Ensure that all stakeholders can meaningfully participate in decision making processes and in the design of new plans and programs to decarbonise the economy.
- Work across all aspects of community and economic transformation to enable the flow of information and resources for effective, timely and regionally appropriate investment and action to facilitate:
 - Ensure regional workforce support and planning well in advance of mine closures;
 - Oversee place-based investment in social infrastructure/services to support the future needs of regional communities;
 - Foster economic diversification to build on strengths of the regions to attract investment and jobs;
 - Enable investment in coal mining regions and infrastructure development, by providing a vehicle to attract and channel funds into economic diversification initiatives;
 - Ensure legislation and policy is adapted as necessary; Build community capacity to leverage social and economic diversification.
- Provide feedback to government and industry which is integrated to ensure coordinated post-mining land-use planning.
- Ensure timely pre-closure planning that applies contemporary social impact assessments across the resource sector.

Coal mining regions and the local governments that support them have borne the brunt of environmental, social and governance impacts associated with mining projects for decades.

Given the adoption of net zero emissions targets and the reality that Queensland is likely to face disproportionate impacts through the decarbonisation transformation, it is critical that there is coordination of resources across government departments and agencies to plan and implement transformation actions. Without a responsible authority which has a clear mandate and statutory powers to manage change, local councils will be fighting for their community's



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very existence under the pressure of negative social, economic and environmental impacts resulting from end-of-mine life and global climate change responses.

The case study of Glenden – the transition of assets between mining companies and the impact it has had on the community - and also Mount Isa, with the recent announcement by Glencore, has only strengthened the case for a permanent, funded, coordinated and ongoing approach to community transition, as our economy decarbonises and the international investment profile shifts with it.

This is why the LGAQ has continued to strongly welcome the establishment of a National Net Zero Authority by the Federal Government. We also acknowledge the significant role for the State Governments to play and working with local governments to undertake place-based collective impact and decision making to adapt, respond to and ensure the ongoing liveability and viability of our resource communities.

Section 1.139 and 1.140 of the NZEA Bill refers to the prioritisation of effort of the Authority. In particular, the Authority will work flexibly and on a national basis with all states and territories on issues that are most important for an orderly and positive transition. However, the nature of the transition to net zero will not be uniform across Australia. The NZEA Bill also outlines that the Authority will prioritise communities, regions, industries and workers that are, or will be, significantly affected by Australia's transition to a net zero emissions economy. It is recognised that the Authority will focus on the issues that are most important for an orderly and positive net zero economic transition, in alignment with the object of the NZEA Bill. The acknowledgement of the disproportionate impact the transition to a low carbon economy will bring, is appreciated.

While the coordination and strategic policy roles of the Authority are outlined in the NZEA Bill, there is no specific reference to regional plans that should be developed to ensure that issues that arise from the decarbonisation transition are foreseen and mitigated, and opportunities are taken advantage of. While the commercial decisions of resource companies and other private operators are always respected, the impact of those decisions on host communities that they operate within can be widespread and significant. The adoption of place-based planning, either within a Local Government Area or from a regional approach will ensure that the coordinated government response of these and similar commercial decisions, such as the closure of a mine, are mitigated.

Section 1.149 outlines the role of the NZEA Board and also that of the CEO, particularly in relation to the implementation of the strategies and policies, and day-to-day management of the Authority. Clause 20 outlines the power of the Minister to give written directions to the Board about the performance of the Board's or the Authority's functions (of a general nature). However, section 1.155 outlines that the Board will not need to comply with a direction to the extent that it relates to the performance of their functions, or the exercise of their powers, under the PGPA Act, ensuring a balance between empowering the Authority to act independently, while giving the Government an opportunity to set broad policy direction – such as the setting of expectations of how the Authority intersects with government priorities and initiatives.

While the role of the Energy Industry Jobs Plan, to be administered by the Authority, is significant to the transition of workers within our energy industry and those communities that have hosted coal-fired power stations, the impact of decarbonisation is much broader than just those workers, just that industry and just those communities.

Recommendation 2: The LGAQ recommends the Federal Government expands the scope of the Authority's objectives in this legislation to include a focus on regional transformation planning, targeting the most impacted regions from decarbonisation – but not just those who host coal-fired power stations.

As outlined in National Cabinet's endorsement of the National Transformation Principles on 9 December 2022, "global efforts to decarbonise present opportunities for regional communities to be active players in achieving and sharing the benefits of the net zero economy. These principles reflect the National Cabinet's intent to capture the benefits of the energy transition, with a focus on supporting regional pathways for economic transformation associated with decarbonisation for those communities that have helped grow Australia's prosperity. They also guide how the Commonwealth and State and Territory governments will work together and with local government, regional communities and industries."³

A recent meeting of Commonwealth and State Energy Ministers on 24 November 2023 noted that Energy Ministers agreed that the Commonwealth and respective state and territory governments will work in partnership to negotiate bilateral Renewable Energy Transformation Agreements (RETAs) under the National Energy Transformation Partnership (NETP).

According to the meeting communique, RETAs will detail how the parties will work together to achieve shared objectives in the renewable energy transformation, including to ensure reliability through an orderly and timely exit of ageing coal generators, as well as addressing non-market barriers to investment. It is intended that RETAs will be delivered under the partnership framework through bilateral agreements that reflect the unique needs of each state and territory. The partnership recognises that each jurisdiction can pursue its own policies according to its unique needs and circumstances, while working collaboratively to deliver the best outcomes at a national level.

The partnership approach is critical between all three levels of government. To assist local governments with a consistent approach to policy understanding and engagement, it may be best to consider how the Authority will engage with state and local governments in a coordinated way. Notwithstanding recommendation 1 in this submission, further operational support could be coordinated between the Authority and all levels of government. This could be in the form of a specific project or policy forum that ensures the regular and ongoing engagement of governments, at an operational level.

Building community understanding, confidence and engagement within the community will only happen if local communities are part of the transformation journey. Without that, there could be opportunities for a disconnect between policy makers in Canberra and the reality of life at the literal coalface where the biggest impact of the transformation journey will be felt.

The Queensland Climate Transition Strategy recognises that "local governments have an important role to play in facilitating and supporting progress towards the net zero emissions goal". Queensland councils have already demonstrated their commitment to emissions reduction, supporting State and Federal targets, through setting and planning ambitious emissions reduction targets for their own council operations and are investing or exploring options to do so in a range of actions to reduce emissions associated with council fleet and

³ <https://federation.gov.au/national-cabinet/media/2022-12-09-national-transformation-principles>



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plant equipment, landfill and wastewater treatment facilities and the electricity required to power local government owned buildings, community facilities and street lighting.

Councils are also on the front line of climate-related impacts, with any delay in transition to net zero posing significant threats to our community, environment and economy through the increasing frequency and severity of extreme weather and disaster events, along with higher energy and insurance costs.

Therefore, it is imperative for councils to reduce their organisational emissions in line with State and Federal government legislated targets and to show leadership within their communities as the nation transitions towards a low-carbon economy. Greater investment in supporting councils to transition to net zero emissions, will foster local innovation and jobs, and support the Federal Government delivering its own statewide emissions reduction commitments.

Recommendation 3: The LGAQ recommends the Federal Government consider amendments to the Bill that would enable the regular and ongoing engagement and coordination across all three levels of government, as a strategic policy objective of the legislation and overarching framework. This could be in the form of creating additional advisory groups, in addition to the Energy Industry Worker Redeployment Advisory Group created in the NZEA Bill. This could include a specific First Nations Advisory Group and a broader Resource Community Advisory Group.



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Conclusion

Overall, the LGAQ is supportive of the NZEA Bill, notwithstanding the need for its remit to be amended to formally recognise the role of local governments, on behalf of local communities, in the decarbonisation transformation journey.

As Queensland's economy transforms to a clean energy future, resource communities and their local councils need to ensure they have place-based plans that respond to the economic and social challenges that will bring. A successful transformation needs to be coordinated across government departments at a Federal and State level, but driven and delivered locally.

Each of Queensland's resource communities is unique and different. They need tailored long-term economic and social sustainability plans. Without this, these host resources communities will be left behind.

This submission is focused on maximising the opportunities that could be achieved through the transition to a low carbon economy, while mitigating against some of the risks and impacts on those communities who have been at the forefront of fossil fuel generation for many decades.

To echo the sentiments of the Prime Minister, the new Net Zero Economy Authority needs the appropriate tools that support resource communities, in particular, through the coming period of economic change, and that means a focused effort on supporting every community through that journey.

Contact Details

Please do not hesitate to contact Nathan Ruhle, Manager – Intergovernmental Relations via email or phone should you wish to discuss any aspect of this submission.

Appendix

LGAQ Policy Statement

The LGAQ Policy Statement⁴ is a definitive statement of the collective voice of local government in Queensland. The relevant policy positions of local government in the context of climate risk management and the role of local government, are as follows:

3.5 Climate Risk Management

3.5.1 Role of local government

- 3.5.1.1 Local government is committed to providing a leadership role to assist local communities, including industry, to understand and address climate risk including acute and chronic physical risks and transition risks associated with moving to a low carbon economy.

- 3.5.1.2 Local government is committed to working in partnership with all spheres of government, industry and the community to develop and implement effective climate risk management strategies focusing on emissions reduction and adaptation.

LGAQ Annual Conference Resolutions

The LGAQ is committed to member driven advocacy and working with members to build stronger local government and more resilient local communities.

The following conference resolutions were supported by the majority of Queensland councils and therefore are binding in both our policy and advocacy.

2022 Annual Conference

#50 Supporting Communities Plan for Transition to a Lower Carbon Future

The LGAQ calls on the State and Federal governments to provide local governments with resourcing to support communities in planning for transition to a lower carbon future, both on a local government area and regional basis.

#73 The Need for a Regional Transformation Authority

The LGAQ calls on the State and Federal governments to establish a Regional Transformation Authority with statutory powers inclusive of local governments, to:

- Respond to changing supply

⁴ <https://www.lgaq.asn.au/downloads/file/183/2019-lgaq-policy-statement>



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and demand for fossil-fuel. • Develop regional plans and coordinate a sustainable transformation, principally for Queensland's coal mining regions, but also for all Local Government Areas supplying to or reliant on the economic output of coal mining, as well as heavily coal reliant industrial regions, like the Bowen Basin, and ensure all planning supports the ongoing and sustainable diversification of the resources sectors.

The effective management of this change is critical – principally for coal mining regions but also for all Local Government Areas supplying to, or reliant on, the economic output of coal mining, as well as heavily coal reliant industrial regions.

2023 Annual Conference

The LGAQ calls on the State and Federal governments to support the local government sector to transition to net zero emissions through targeted operational and capital grants programs for councils to:

- Establish and maintain corporate emissions inventories (including mapping and annual emissions tracking) and corporate emissions reduction plans; and*
- Invest in capital projects and supplement operational expenses, including dedicated council staff, that support identified emissions reduction priorities and climate mitigation strategies.*