

MANAGING HIGH CARBON INDUSTRY CLOSURE AND JUST TRANSITION

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RESPONDING TO LOCAL ECONOMIC SHOCKS AND PLANNING FOR ECONOMIC RECOVERY

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OUTLINE

- Introduction to the Australian context
- Structural Adjustment Policies
- Elements of 'just' transition
- Different Coal Communities
- Discussion
- Conclusion

THE AUSTRALIAN CONTEXT

Political System:

- Federal system in which national scale has limited powers
- States are responsible for internal matters (inc. energy, health=COVID)
- Local government has limited powers and few responsibilities (no devolution)
- Constitution prohibits federal govt. intervening in local issues (it can't bypass the State level)

Electoral System

- Two major parties (Lib-Nat Coalition vs Labor)
- Compulsory voting; preferential counting; weighted to less populated places
- Pushes major parties to the political centre and popular policies
- Allows minor parties to hold the balance of power

Economic System

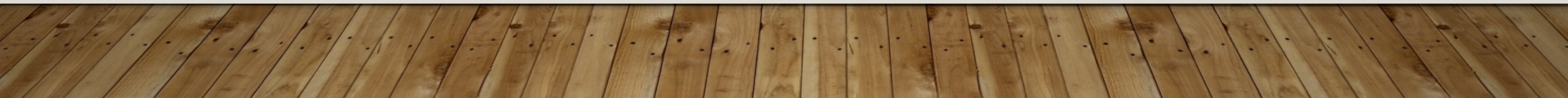
- Economy relies on mineral and agricultural exports
- Other economic activity concentrated in 6 major cities
- Economic stagnation in regional areas
- Relies on investment capital from overseas sources
- Australian economy declining in economic complexity

THIS SYSTEM

This system

1. Obliges governments to respond to local crises (few 'left-behind' places)
2. Has inhibited the winding back of the welfare state and prevented devolution of responsibilities
3. Discourages political disillusionment

BUT

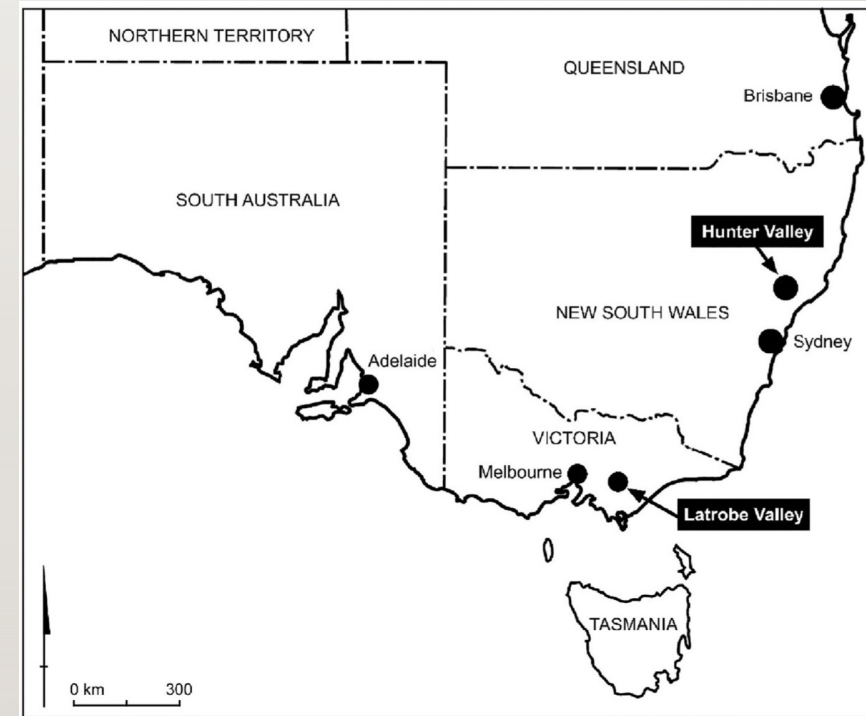
1. Little investment in productive, job creating activities
 2. In policy areas like energy, effective action national requires **both** consensus within the factions of major parties and consensus between federal and state scales
 3. This creates stalemates - the 'climate wars' – 'all talk no action' - no plausible sources of new employment in coal community
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HISTORY OF STRUCTURAL ADJUSTMENT POLICY

- Federal Scale policies that guided the restructuring of the Australian economy in the 1990s after trade liberalisation (trade policy is a Federal responsibility)
- Well-established policy model. High level of familiarity in both public and private sectors
- Proven practical success, effective for defusing political resistance
- Operates as de-facto regional policy
- *****
- Labor States (South Australia, Western Australia, Victoria) are using these policy frameworks to deal with the energy transition
- Federal Government has not implemented these policies for energy transition (not a Federal responsibility)

COAL-DEPENDENT COMMUNITIES

- Contrasting Latrobe Valley and Hunter Valley
- Latrobe Valley – high emissions brown coal, Victorian government planning for full closure. Over \$300 million spent on Just Transition but no new industries.
- Hunter Valley – lower emission black coal. Local contestation and local action, but no State-level transition plan and minimal intervention so far.
- Neither place has as yet managed to attract new industries for a new trajectory



ELEMENTS OF A 'JUST' TRANSITION IN LATROBE

Transitioning Workers	Transitioning Regions	Transitioning Industries	Coordinating Change
<ul style="list-style-type: none">• Generous Redundancy Provisions (Payouts)• Worker Transfer Scheme between power stations• Retraining and Job Placement• Counselling and support services	<ul style="list-style-type: none">• Infrastructure Spending• Road and Rail upgrades• Community Amenities• Sport stadiums (Planning for population growth and long-range commuting to city jobs)	<ul style="list-style-type: none">• Little interest in <i>in situ</i> transitioning energy production industries (not sunny)• Few other industries• Vic govt has adopted EU Smart Specialisation policies, which have little traction in this peripheral place	<ul style="list-style-type: none">• 2011-14 Multi-Level Task Force. Stakeholders but no access to funding or decision-making. Largely ineffective.• 2015-2021 LATROBE VALLEY AUTHORITY responsible to Victorian Premier. NO formal local input. Focus on 'getting the job done' but harshly criticised by recent inquiry, which saw it as pork-barrelling

CONCLUSION

- The Australian context is shaped by the interplay of centralized *and* dispersed forms of political power
- ‘Multi-level’ arena in which state and national actors actively (re)shape local conversations
- National policy initiatives can succeed, but (only) with the cooperation of both State governments and energy firms
- Local agents are effective (only) when their projects align with State-level priorities
- The Climate Wars will be rekindled as the new Labor government tries to accelerate the phase out of coal.

FURTHER INFORMATION

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Full List: <https://scholar.google.com/citations?user=kHTxCxsAAAAJ&hl=en&oi=ao>

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