

Energy Industry Jobs Plan Review

CPD submission to the EIJP Review team

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We acknowledge and celebrate Australia's First Peoples.

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Summary

The Energy Industry Jobs Plan (EIJP) has an important role to play in ensuring that workers who depend on coal- and gas- fired power generators for employment are not left behind as these industries close. We strongly support its recognition that different businesses, workers and industrial arrangements will benefit from varying types of supports, and its inclusion of dependent businesses of closing fossil fuel generators rather than only the workers at the generators themselves.

We are grateful for the opportunity to provide input into the Energy Industry Jobs Plan consultation. Having worked on employment services for many years and made repeated calls for a coordinating agency like the Net Zero Economy Authority (NZE), CPD is well-placed to provide insights into the current state of the EIJP and what it should look like in the future. This submission details the key limitations that we see with the current model and explores how we believe employment services should be structured for those workers reliant on closing fossil fuel generators.

To best support workers who lose their jobs when fossil fuel power generators close, EIJP supports need to be more broadly defined and government activity should complement and fully integrate with employer-led support through the EIJP. In the short-term, this should involve changes to ensure that workers have sufficient time to engage with the program, that the EIJP offers support for different types of workers and for different types of challenges that workers may face, and that government supports are provided to bridge gaps. In the longer-term, the EIJP should evolve into a network of regional hubs that provides a people- and place-based approach to employment services.

We make the following recommendations:

<i>Timeframe</i>	<i>Recommendation</i>
Short-term fixes	Provide longer timeframes for intervention that are suited to local contexts – six months post-closure is insufficient to ensure workers can transition effectively
	Ensure the EIJP effectively recognises alternative routes for workers post-retrenchment including entering early retirement and starting new businesses
	The EIJP should fund government-led programs for SMEs affected by closing generators as well as workers identified as needing additional support
	Include targeted measures for mental health, financial literacy, transport, and relocation in the types of supports that must be provided through the EIJP
Medium-to-long term future EIJP	Establish regional hubs to provide a people- and place-based approach to employment services for transition-exposed workers

What we see as the main limitations of the current EIJP model

The EIJP has the potential to play an important role in delivering employment services in frontline communities. However, the following barriers have the potential to prevent it from fulfilling this role:

EIJP supports are too narrowly specified:

- The EIJP is intended to end six months after a power station closes. However, six months is likely too short a window of time.
- The EIJP is focused on moving workers from one industry (either a gas- or coal-fired power generator or a dependent business) to another. However, some former workers will wish to pursue other options including setting up their own businesses, undertaking longer-term study, or entering into early retirement.
- Following retrenchment, workers are likely to need broad support, including potentially with mental health and relocation, to ensure they have the best outcomes possible. The EIJP currently focuses on skills development and transition to new employment opportunities.

Employer-led EIJP activity should be complemented by and integrated with government activity:

- The EIJP places legal obligations on employers to provide support to their employees to help them transition to new employment. Although the Fair Work Commission can require employers to conduct certain activities to support their workers, there is a high risk that the employer-led process will mean workers receive varying levels of assistance.
- The EIJP has more potential to be integrated with existing federal- and state- mechanisms. For example, Workforce Australia has useful strategic direction setting to draw from, and local employment service providers have a great deal of knowledge and connections within the local context that the EIJP can tap into further.

Short-term fixes for the EIJP

In response to the barriers listed above, there should be changes made to the current EIJP to better support workers through the net zero economic transition. Below, we explore four key recommendations. This section of the submission responds to the question in the consultation “What aspects of the EIJP could be clarified or improved to support its operation in line with Parliament’s intent and/or to avoid any unintended consequences?”

Provide longer timeframes for intervention that are suited to local contexts – six months post-closure is insufficient to ensure workers can transition effectively

Research shows that it takes considerably longer than six months – or even a year – for retrenched workers to find new pathways for their lives. In Australia, around one-fifth of workers were still unemployed twelve months after losing their jobs in the automotive industry.¹ Many more (around 15%) had partially or temporarily left the workforce, including those who were studying or participating in unpaid activities like voluntary work. This lack of time would likely be amplified in fossil-fuel-exposed communities, which often have limited economic diversity, meaning there are unlikely to be enough alternative jobs to absorb all of the workers.

Other similar programs last much longer than six months. The European Globalisation Adjustment Fund for Displaced Workers provides support for all European workers displaced through large-scale lay-offs.² Each version of the program lasts for two years. In Australia, the Worker Transition Service, which was set up to help workers formerly employed at the Hazelwood Power Station, was in place from 2017 to late 2021.³ The Service was open to all previous employees

and contractors at Hazelwood as well as employees in supply chain businesses and family members.

The length of time that the EIJP should be enacted depends on the characteristics of the region of focus. In CPD’s analysis of eleven of Australia’s local government areas most exposed to declining demand for fossil fuels, we found a generally low level of economic diversity in all LGAs, suggesting that the overall length of time needed to effectively transition workers will be considerably longer than six months.⁴

However, the ability to recover and create new jobs will also vary across regions, meaning that some regions will need a longer timeframe for transition and potentially more support than others. LGAs in NSW, including Singleton, Muswellbrook and Mid-Western Regional, and Collie in Western Australia have relatively dynamic and innovative local economies, with good proximity to domestic markets. In contrast, LGAs in the Pilbara and Central Queensland have less dynamic local economies and are less connected to local domestic markets, so it may take more effort and planning for them to develop new thriving industries.

Ensure the EIJP effectively recognises alternative routes for workers post-retrenchment including entering early retirement and starting new businesses

Options like early retirement and workers opening their own businesses should be supported in the context of the EIJP. Currently, the purpose of the EIJP is to transition workers from closing businesses to new jobs at other employers in their region, taking into account their skills, interests and qualifications. However, this is only one possible pathway post retrenchment:

workers may aspire to different trajectories, and this should be recognised and supported.

Early retirement incentives would reduce the amount of involuntary displacement from the closures. Directives from the Fair Work Commission could compel closing employers to provide this support for workers voluntarily wanting to enter early retirement, or it could also be partially funded by the public sector. In Germany, after the end of coal subsidies was announced in 2007, a suite of policy measures was introduced to ensure support for workers, including early retirement for those miners who had worked at least twenty years and were at least aged 49.⁵ These miners received a monthly stipend until they reached an age that qualified them for a pension. Similar plans are now being used in the closure of coal-fired power generators in Germany. Similarly, the Spanish Government is offering generous early retirement subsidies for miners over 48 who are employed at the ten remaining coal mines, which are expected to close over the next decade.⁶

Workers may also wish to set up their own businesses, which is a powerful way to increase economic diversity in areas where fossil fuel generators and dependent businesses close. In Australia, the Worker Transition Service that was established after the Hazelwood power station closed, provided retrenched workers with advice and assistance on starting up small businesses, alongside information, training and support to find new jobs or enter into retirement.⁷ The European Globalisation Adjustment Fund for Displaced Workers supplies workers with support in finding a job and seeking further training and qualifications, as well as funding assistance for business start-ups of up to €22,000 (around AUD\$39,500).⁸

The EIJP should fund government-led programs for SMEs affected by closing generators as well as workers identified as needing additional support

The federal government should step in to ensure workers of smaller dependent businesses are adequately assisted to transition to new job opportunities. As the EIJP is currently expected to work, eligible employees will access support from their employers (both closing and dependent employers).⁹ However, different businesses will differ in terms of how much they are willing and able to provide for their workers. This will depend on factors such as union representation and agreements, capacity (amount of funding and extra staff to replace workers who choose to do training), the mindsets of employers, and the possibilities for retraining in a given geographical area. Smaller businesses, such as those who provide security, cleaning or canteen services to power generators, are likely to find it more challenging to provide adequate assistance to their employees as they face greater liquidity and credit constraints than power generators.

Government support, including financial assistance and advisory services, is needed to ensure that workers from SMEs can bridge the gap to new employment. Research shows that SMEs typically provide less work-related training for their employees, even when the SMEs could directly benefit from the training because they are not in the process of closing down or reducing their workforces.¹⁰ The need for government support is compounded by the fact that workers outside of fossil fuels are often paid less and so are less able to fund their own transitions to new employment and financially cover any periods out of work.¹¹

Different groups of people will find it more or less easy to find new opportunities for high-quality work. For example, people who fly-in fly-out to their jobs will likely find it considerably easier than those who live in regional communities to find new jobs as they have access to a capital city labour market. In many countries, including Australia, older workers, those who are female, and those who have lower levels of future-fit skills have found it more difficult to find new employment.¹² Those with more specialised

skills such as miners and mining engineers (in the case of a closing coal mine) are likely to need longer to find new jobs than those with more generalisable skills including electricians and truck drivers.¹³ The support offered to workers should therefore be differentiated: workers who find it more challenging to find new employment should receive more support while people with less complex needs would potentially benefit from job matching and placement services.

Some governments have tackled this challenge through offering alternative options for specific groups of workers. For example, the EU Youth Employment Initiative supports young people not in education, employment or training, through apprenticeships, job placements, and education leading to qualifications.¹⁴ Japan's Silver Human Resources Center program provides part-time work specifically for retirement-aged people.¹⁵ In the context of the EIJP, there needs to be more intensive support offered to people who are likely to find it more challenging to find new pathways post retrenchment.

Include targeted measures for mental health, financial literacy, transport, and relocation in the types of supports that must be provided through the EIJP

Beyond support with career counselling, training, and job matching, workers may also need further support to equip them to re-enter the workforce. The scope of EIJP supports should be broadened to include support with mental health, financial literacy, transport to job interviews and training, and relocation, as part of a broad suite of assistance. Alternatively, the government can also play a key role in providing this support, and this would be a useful way to ensure workers receive a similar level of assistance, regardless of their previous employer.

Mental health:

Involuntary job loss is often linked to reduced psychological and physical wellbeing, a loss of social connection and routine, and diminished self-worth and sense of purpose. Many workers in fossil fuels have a very strong connection to the industry, formed through multiple generations of their families working in it and the dependence of their region on this industry as a key employer. The closure of these industries may therefore be associated with a loss of purpose and identity, increasing the risk for the development of psychological illness.¹⁶ Given the high proportion of men in fossil fuel industries, the support would need to acknowledge how gender shapes the way people are affected mentally by labour market transition and the kinds of services they may access.¹⁷ The mental health of men is likely to be at least partially linked to their ability to provide for their families.

The EIJP should offer mental health support that is fit-for-purpose, relevant to employees who become retrenched because of closing electricity generators, and provided in a non-stigmatising way. We commend the NZEA for acknowledging the need to provide workers with access to assistance for mental health and wellbeing. While not directly part of the EIJP, the Regional Workforce Transition Plans, for example, provide links to services that can provide support with mental health. However, these services are generic in nature, such as Beyond Blue, and may not be able to offer the specialised support that workers who lose their jobs in regional areas with limited opportunities for alternative employment may need.

Mental health support should be offered to workers confidentially and at various touchpoints throughout their journey of transition. The Gippsland Trades and Labor Council project served as a key intake point to the Worker Transition Service for workers retrenched because of the Hazelwood power station closure. As part of one-on-one peer sessions, former workers could access mental health support and social connections

alongside services like employment advice and help with resume writing.¹⁸

Financial literacy:

Many workers who become retrenched as fossil fuel generators close will receive large payouts and poor financial decision-making around these payouts has led to family breakdowns and bankruptcy in the case of the closure of the automotive industry in Australia.¹⁹ Many employees subsequently made poor investment decisions, such as buying a boat or travelling to the point where they had dismantled their future financial security. As part of the response to the closure of the automotive industry, Holden's Transition Centre provided financial literacy programs to equip workers and their families with the necessary knowledge and capacity to manage their pay-outs.

Transportation:

For those workers who find themselves without a job and insufficient savings, travelling to and from training and starting a new job can be financially challenging. Workers may require support to cover the costs of transport. Jobs Tasmania offers Area Connect as a bus service to assist people to get to work and training, collecting them from a designated pick-up point and either driving them directly to where they need to be or to the nearest public transport option.²⁰

Relocation:

Being able to relocate to new regions in search of employment can reduce the amount of time that retrenched workers spend out of work, however some lower-income workers may need financial assistance. Analysis of a closing coal mine in New England found that 98% of workers who could relocate to anywhere in Australia would be able to find a job in one year, compared to 28% of workers if they do not relocate.²¹ These figures will depend on characteristics

of the regions in which closing generators (and dependent businesses eg. coal mines) are located. Geographic distance from markets and sources of demand will make it harder for some regions to adapt to closing generators. For example, it will be more necessary for workers in regions like the Pilbara to relocate than for those in regions located closer to capital cities.

Assistance with relocation could be provided through grants, general advice, and/or support with searching for jobs and accommodation. The NSW Regional Skills Relocation Grant, for example, provided specialised, eligible workers up to \$12,500 between 2018 and 2023 to relocate to regional NSW.²² A revamped version of this grant scheme could be used to provide financial assistance to workers affected by the closures of fossil fuel generators who want to but lack the means to relocate to work at identified industries such as renewable energy.

Regional hubs to provide a people- and place-based approach to employment services for transition-exposed workers

A regional hub model would provide a locally tailored approach for workers that are retrenched when fossil fuel- powered generators close while delivering on our four recommendations: (1) a longer timeframe for intervention; (2) assisting workers with alternative routes post-retrenchment; (3) ensuring workers receive the workforce support they need; and (4) connecting workers with broader supports. This model is our response to the consultation question 3 “What could an “orderly and positive” transition supported by the EIJP look like? “What does best practice look like for supporting the transition of affected workers to new employment under the EIJP?”

CPD first proposed the regional hub model as a national response to the impacts of COVID-19 on unemployment.²³ The model combines two layers: a network of employment service providers who support people looking for work and a governance arrangement that sets the overall pathway for a region and connects into state and federal processes, including the NZEA. There would be a constant flow of information between these layers to ensure that learnings are shared and that on-the-ground work can directly affect a region’s overall economic and planning strategy. The functions and initiatives of the regional hub should be underpinned by deep engagement with the people affected by the outcomes of the regional hub, including retrenched workers, employers and the local community. There should be a deep understanding of the key stakeholders and an ongoing commitment to use this knowledge to create and implement programs.

The service delivery layer of regional hubs would focus on bringing together employment service providers, training providers, employers, and relevant NGOs to provide a range of activities and services that collectively offer holistic, tailored services that suit the needs of an individual and their

family. Activities and services would facilitate pathways to job outcomes, and include pre-employment support, job placement, case management, personal support such as assistance with mental health and relocation, training and skills development, and post-employment support. By bringing important stakeholders together, this layer would enable local actors to adapt programming to design activities and services that are appropriate for specific regions. The layer would support the governance layer with coordination of service delivery and engagement with local employers.

This version of service delivery would equip case workers and workers to collaborate to determine employment goals that are more appropriate for the local context and job market. This aligns with recommendation 8 of the Workforce Australia Inquiry’s *Rebuilding Employment Services* report that “the core service model for the new Commonwealth Employment Services system provide far more tailored and flexible support, with tailored Participation and Jobs Plans that recognise more diverse pathways to employment”.²⁴

In an ideal situation, these Participation and Jobs Plans would replace mutual obligations for workers retrenched because of closing fossil fuel- generators. Even for jobseekers who have low barriers to employment and who are relatively capable of actively searching for jobs, this system is regularly linked to poor employment outcomes, including low pay, short-term and casual work, longer job search times, less hours worked, and poor matching between the skills of a jobseeker and the employment that they find.²⁵ For workers who lose their jobs in regional and remote areas with limited economic diversity, jobseekers may struggle to satisfy their mutual obligations regardless of the effort they exert.

The governance layer would then set and deliver a regional vision, track progress towards specific objectives, and interact with other levels of governance. To do its work effectively, this layer would need to deliver a regional engagement strategy to ensure it fully understands a region's needs, opportunities for future economic development, and existing actors and programs. This understanding would enable regional hubs to successfully respond to the specific needs and challenges of their local communities. The governance layer would be responsible for monitoring overall progress and reporting this progress as well as any systemic issues to state- and federal-government bodies including the NZEA.

The Tasmanian Government's Regional Jobs Hub Network is an oft-lauded example of regional hubs, which brings together local jobseekers and employers to create employment pathways for local communities.²⁶ The Network provides several services to support people into work, including career counselling, training, and support with transportation. The Regional Jobs Hub initiative works with their Advisory Boards and Jobs Tasmania to form a network that ensures regional issues can be elevated and inform the design and implementation of policies and programs. The Network has a common ambition and policy agenda and shares the diverse expertise and learnings of its members.

One of the key benefits of regional hubs compared to the existing model for employment services is their ability to be highly responsive to the different needs and opportunities of workers and regions through their strategic coordination of governance

and service delivery. In the current Workforce Australia model, there is very little connection between these two aspects of employment services. As a response to the COVID-19 pandemic and its impact on labour markets, the federal government set up a network of Local Jobs and Skills Taskforces to set plans and key priorities for each region based on good understanding of what is happening across a region. However, the Taskforces do not currently have powers to directly influence operations by employment service providers. Providers are not obliged to share knowledge or attend meetings set up by the Taskforces, which means that Taskforces can have a great deal of local knowledge but lack the ability to apply this knowledge on-the-ground. A regional hub model that integrates service delivery and governance would enable strategic planning to directly influence outcomes for individual workers.²⁷

The main responsibility of the NZEA in a regional hubs model would be to coordinate with the Department of Employment and Workplace Relations, Workforce Australia, Jobs and Skills Australia, state and local governments and regional hubs. The NZEA can play a key role in strategic conversations, including by bringing experts together to discuss questions like: What should be the overall strategy for decarbonisation in Australia? What are the new technologies coming online? What skills mix does Australia need and what role do different institutions – e.g. education, training, employment – need to be playing to get us there? The NZEA could also bring regional hubs together to learn from each other, share case studies and data, and adopt a national direction that is then implemented at the local level.

Our call to action

The short-term fixes that we have discussed will go some way to solving the challenges we see with the current version of the EIJP. In the longer-term, a regional hubs model would be ideal for flexibly supporting workers who are retrenched due to the closures of coal- and gas- fired power generators to transition to new employment or other stages of life.

The regional hubs model offers a way to deliver employment services that centres people and place, and over time should be rolled out nationally. Transition-exposed regions would be an ideal place for the piloting of this approach through a future and improved version of the EIJP, given the

gravity of both the climate crisis and the large impacts fossil fuel closures will have on unemployment rates in these regions. Governments are already working to address the expected spike in potential unemployment in these regions, through such policies as the EIJP, and adopting a regional hub approach would increase the effectiveness of these policies. Moreover, there is likely a small number of employment service providers in these areas, potentially making it easier to coordinate between providers and bring them together under a regional hub.

Endnotes

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