



Regional
Observatory
of the Transition Process

Vision and plans of the main stakeholders in the face of the challenges of decarbonisation of the region related to the functioning of mining related companies and the future of their employees



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Trade Union of Miners in Poland

Prepared on the basis
of a survey report
by the research
team of the Trade Union
of Miners in Poland

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INTRODUCTION

This brochure is a synthetic study of the results of the study entitled "Vision and plans of the main stakeholders in the face of the challenges of decarbonization of the region related to the functioning of mining-related companies and the future of their employees". The study was carried out as part of the project entitled "Regional Observatory of the Transition Process" co-financed by the European Regional Development Fund under the Regional Operational Programme of the Silesian Voivodeship for 2014-2020 and implemented under Measure 1.4. Support for the innovation ecosystem, whose leader is the Marshal's Office of the Silesian Voivodeship. The study was carried out by the Trade Union of Miners in Poland - Project Partner.

The study presented in this brochure was carried out by a research team consisting of Bożena Gawryluk Eng, Joanna Górczyńska MA, Dorota Wiktorowska MA under the direction of Marcin Tomecki Ph.D., over a period of 10 months, i.e. from August 2022 to May 2023. On behalf of the Marshal's Office of the Silesian Voivodeship, Dominika Błasiak Ph.D. was responsible for the substantive consultation.

The timing of the survey undoubtedly had an impact on the results obtained, as the war in Ukraine caused a change in the respondents' approach to the issue of the energy transition of the Silesian Voivodeship. The political situation has caused an energy crisis, followed by a sudden and unexpected need for Polish mines to increase coal production. These stochastic changes caused a sense of uncertainty in many respondents regarding the implementation of the previously adopted assumptions related to the phasing out of the mining sector in Silesia.

The main aim of the study was to:

Getting to know the visions and plans of selected stakeholders (mining-related companies and their employees, public administration, trade unions (social partners), scientific and research institutions, business environment institutions) on one of the challenges of the energy transition of the Silesian Voivodeship, which is to support mining-related companies and their employees in safely going through the process of decarbonization of the region.

The study was conducted using the qualitative method, the technique of an unstructured interview (conducted by telephone) with the use of a research tool in the form of a questionnaire with instructions for the interview.

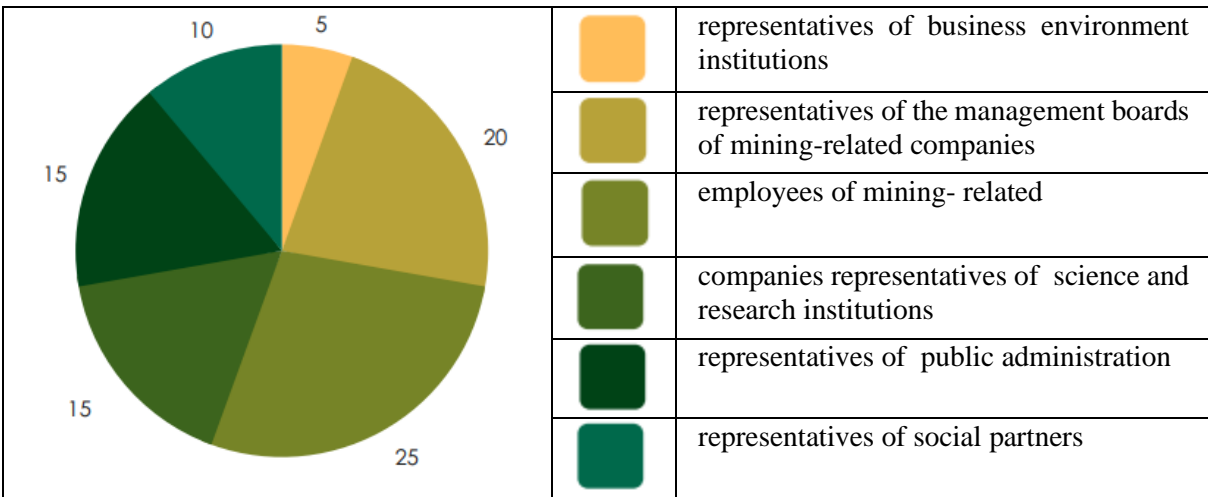
For the purposes of the study, the following definition of the concept of **STAKEHOLDER** was adopted:

Stakeholders are entities or individuals who have influence, are subject to influence or believe that they are affected by the Just Transition process in terms of the functioning of mining-related companies¹.

The following groups of stakeholders operating or working in the Silesian Voivodeship were identified, who constituted the research group:

- ▶ Employees of mining-related companies,
- ▶ Representatives of the management boards of mining-related companies,
- ▶ Trade unions,
- ▶ Public administration,
- ▶ Business environment institutions,
- ▶ Representatives of scientific and research institutions.

The size of the research sample was set at 90 respondents - representatives of the identified groups of selected stakeholders.



Source: Author’s own elaboration.

¹ PWC, 2021, Support in the preparation of Territorial Just Transition Plans in Poland, Report 2b - Stakeholder Engagement Report of 23 February 2021, p. 13.

Part 1 – mining – related companies

The impact of the energy transition of the Silesian Voivodeship on the functioning of mining-related companies and their employees in the opinions of employees and representatives of mining-related companies – key results of the study

The vast majority of both employees and representatives of the management boards of mining-related companies believe that the energy transition will affect their workplaces. These respondents anticipate the following impacts of the transition:

- ▶ employment reduction,
- ▶ the necessity to adapt – to transform the company’s business profile,
- ▶ possibility of liquidation of the company.

In addition, the representatives of the management boards of the companies pointed to other forms of influence, apart from those mentioned above, i.e.:

- ▶ the necessity to use new technologies (company reinvestment),
- ▶ restrictions on the provision of services to mines,
- ▶ retraining of employees.

In addition, the surveyed employees who raised concerns about the negative impact of the energy transition on mining-related companies justified it:

- ▶ high economic dependence of mining-related companies (MRC) on coal mines,
- ▶ market changes and „gradual shrinkage” of services and products for the mining industry,
- ▶ and strong competition in tenders.

Among the surveyed employees and representatives of the management boards of mining-related companies, some people expressed the view that the energy transition will not affect their company, referring to:

- ▶ the need to return to traditional energy sources, as highlighted by the conflict in Ukraine and the energy crisis,

- ▶ undertaking activities aimed at diversifying the business profile (changing the market of recipients) and investing in new areas of activity,
- ▶ the long-term prospects for the exploitation of cooking coal, the extraction of which is not subject to restrictions resulting from the implementation of the decarbonisation process.



Actions taken by mining-related companies to mitigate the negative effects of the energy transition

Most of the employees surveyed claimed that the employer had not taken any action, which they argued was related to the following circumstances:

- ▶ the distant time horizon of the mine closure,
- ▶ lack of decision-making premises justifying changes in the business - lack of knowledge about the government's plans for the further fate of the decarbonisation process,
- ▶ pending the implementation of the provisions of Annex 4 to the Social Contract², which is to specify the detailed rules of public support for MRC and their employees,
- ▶ socio-demographic characteristics of the workforce - the expected retirement of the majority of employees,
- ▶ a high degree of economic dependence on mines due to their focus on the provision of services to mines, which is a serious obstacle to the possibility of changing the business profile.

² Social contract on the transition of the hard coal mining sector and selected transition processes in the Silesian Voivodship signed 21 of may 2021 between the government side, the trade union side and mining municipalities, <https://www.gov.pl/web/aktywa-panstwowe/umowa-spoleczna>

Among the employees who declared that their employers would take measures to mitigate the negative effects of the transition process on employees, these actions consisted mainly of:

- ▶ technological changes - aimed at becoming independent from hard coal,
- ▶ preparation of activities aimed at rebranding the company.

Some of the respondents do not have any knowledge about the planned actions on the part of employers.

Half of the representatives of MRC management boards declared that the company had taken measures to mitigate the negative effects of the energy transition, which consisted of:

- ▶ introducing changes in the applied technology - change of the technology park,
- ▶ changing the organization of work by improving the competences of employees and adapting them to new technologies,
- ▶ changing of business profile and diversification of business,
- ▶ undertaking initiatives involving the submission of applications in order to obtain funding for development works.

A smaller proportion of representatives of the management boards of mining-related companies indicated that remedial actions had not been taken for the following reasons:

- ▶ demand for hard coal,
- ▶ waiting for clear actions on the part of the government related to the implementation of Appendix 4 to the Social Contract.

Vision and plans of stakeholders regarding the organization of support for mining-related companies – key results of the study

Next, the results of the study were presented on selected aspects related to the organization of support for mining-related companies. Five of the six groups of respondents were asked to express their views, namely:

- ▶ mining-related companies,

- ▶ trade unions,
- ▶ public administration,
- ▶ business environment institutions
- ▶ and scientific research institutions.

Criteria for supporting mining- related companies

The survey shows that, in the opinion of the vast majority of respondents, the aid should be directed only to some mining-related companies. The respondents concluded that the key to the organization of aid for mining-related companies is:

- ▶ adequate definition of the concept of “mining company” and its adaptation to the needs of the design and measures,
- ▶ as well as the definition of criteria conditioning support for these companies.

With regard to issues related to the understanding of the term "mining-related company" for the purposes of the proposed aid, the respondents presented a number of concepts, which usually took the form of exemplifications relating to the types of services or supplies provided.

According to the respondents, the following types of mining-related companies should be supported:

- ▶ companies providing services directly to the mining industry, i.a. the so called underground companies,
- ▶ providing services and products for the mining industry,
- ▶ project companies that specialise in the mining industry (i.e. e.g. scientific and research units developing various types of expertise).

Next, the respondents referred to the criteria that mining-related companies should meet in order to receive support. The respondents most often indicated the following criteria:

- ▶ decrease in revenues reported in previous years in the context of supplies or provision of services to mining companies,
- ▶ percentage share of turnover from activities related to cooperation with mines and coal companies,
- ▶ employment volume,

- ▶ duration of mining-related activities or experience demonstrated by documented references,
- ▶ barriers to entry into another market.

Some of the respondents postulated the development of criteria for support for mining-related companies in the form of a tripartite dialogue.

Forms of support for mining-related companies

The respondents considered the following forms of financial support to be justified:

- ▶ financial aid aimed at reclassifying production into other industries, e.g. automotive,
- ▶ support in the purchase of new equipment (co-financing of the investment) and the introduction of new technology,
- ▶ loans to be redeemed for the purchase of equipment,
- ▶ low-interest loans,
- ▶ grants,
- ▶ financing of research and development works,
- ▶ refinancing of employment of employees (contractually up to the minimum wage),
- ▶ financing of workstation retrofitting,
- ▶ tax deductions,
- ▶ covering the costs of dismissal and severance pay for employees,
- ▶ solutions similar to the construction of special economic zones with preferential taxes,
- ▶ handing over post-mining areas for business purposes.

Respondents stressed the need to be very careful in providing financial support in order to make a real contribution to the effective transition of the economy.

On the other hand, in the area of non-financial assistance, the respondents submitted the following proposals:

- ▶ support in training employees in accordance with the identified needs,
- ▶ stimulating the market through public procurement of works that could be carried out by mining-related companies,
- ▶ research of other sales markets,
- ▶ organization of support in the opening of foreign markets,

- ▶ allocation of mining-related companies in copper mines,
- ▶ advisory support in the formulation of directions for further action, which could be linked to regional economic development programmes,
- ▶ consulting support from market analysts,
- ▶ information activities regarding further plans of the government in connection with the transition process,
- ▶ point preferences in tender procedures for mining related companies.

Involvement of the institution in the implementation of activities supporting mining related companies

The vast majority of respondents representing the five surveyed groups indicated that these activities should be carried out at the level of the voivodeship self-government by the Marshal's Office of the Silesian Voivodeship. In turn, local government institutions should be supported by:

- ▶ relevant ministries, i.e. the Ministry of State Assets, the Ministry of the Environment and others,,
- ▶ state institutions whose tasks include processes related to the restructuring of the mining industry,
- ▶ local institutions with competences in the field of climate and environmental protection.

Timeframe for the organisation of support for mining related companies

The views of representatives of mining-related companies, representatives of public administration and business environment institutions were dominated by two opinions:

- ▶ „As soon as possible",
- ▶ „We're already late".

Representatives of the management boards of the companies pointed out that aid measures should be taken well in advance. In their statements, the respondents repeatedly referred to the need to synchronize aid activities at the national level with the activities of the European Union in the field of shaping climate policy.

The most diverse views were presented by representatives of trade unions and scientific and research institutions, who suggested the following moments in which support should be offered:

- ▶ well in advance,
- ▶ in 3-5 years,
- ▶ following the notification of the Social Contract by the European Commission,
- ▶ actions should already be carried out,
- ▶ Now is a good time,
- ▶ at the time of loss of financial capacity by mining-related companies,
- ▶ It depends on what the further policy on the energy transition will be.

Given the uncertainty of political conditions, it is not surprising that views are so divided.



Vision and plans to involve stakeholders in mitigating the negative effects of the transformation for mining related companies

The study made it possible to identify potential opportunities to support the mitigation of the negative effects of the energy transition process by trade unions, public administrations, business environment institutions and scientific and research institutions.

In this respect, the respondents declared plans, which were presented broken down by institutions providing assistance.

Type of stakeholder	Type of action
Trade union (social partner)	<ul style="list-style-type: none"> ▶ Activities aimed at developing programmes for the just transition of the Silesian Voivodeship, ▶ Participation in meetings of national institutions, substantive teams operating at ministries, dealing with the issues of economic transition, ▶ Participation in negotiation processes at various levels of bilateral and tripartite social dialogue,

	<ul style="list-style-type: none"> ▶ Supporting training processes for employees, ▶ MRC support in development opportunities and contacts with other entities, ▶ Participation in meetings with representatives of mining-related companies in order to discuss current problems, exchange experiences, a.o. in the context of transition.
Public administration	<ul style="list-style-type: none"> ▶ Lease or sale of post-industrial areas to MRC, ▶ Granting tax reliefs and exemptions in real estate tax and other levies, ▶ Development of land for specific activities – preparation of new investment areas, ▶ Provision of communal premises for starting a business on preferential terms, ▶ “Soft” aid activities, i.e. consultations and discussions.
Business environment institutions	<ul style="list-style-type: none"> ▶ Activities implementing subsidy programmes, ▶ Advisory support for the mining sector, ▶ Granting of loans, implementation of european and national measures, ▶ Monitoring of the labour market at the level of employment needs, ▶ Analysis and monitoring of the situation in the Silesian Voivodeship in the mining industry – support with analytical information, ▶ Provision of economic information.
Scientific and research institutions	<ul style="list-style-type: none"> ▶ Supporting cooperation between universities and student internships, including MRC, ▶ Opportunities for independent experts to prepare expert opinions, ▶ Research–level support, ▶ Possibility of preparing training programmes, ▶ Conducting postgraduate studies tailored to the reported needs on the labour market, ▶ Consulting and preparation of projects, ▶ Consulting activities.

Source : author’s own elaboration.

Part 2 - Employees of mining-related companies

Vision and plans of stakeholders regarding the organization of support for employees of mining-related companies – key results of the study

An important part of the study concerned the human aspect, i.e. support for employees who may lose their current employment as a result of transition. Such a situation is associated with the need to retrain or even change the workplace. All respondents were asked to express their views on this topic.

Criteria for support for employees of mining-related companies

The majority of all respondents believed that any aid should be directed only to some employees of mining-related companies who found themselves in a difficult situation on the labour market as a consequence of the energy transition.

The main reasons for this approach, according to respondents, are:

- ▶ the need to provide targeted assistance to workers most at risk of the negative consequences of the energy transition process,
- ▶ Workers in certain professions have the opportunity to find a job quickly, so assistance is not as necessary as for workers who have difficulties in retraining,
- ▶ By nature, young employees are able to adapt more quickly to the changing market environment.

The criteria for providing assistance to employees of mining-related companies most often cited by the vast majority of respondents are:

- ▶ employee's age,
- ▶ specificity of the employee's competences,
- ▶ potential difficulties in retraining an employee.

In addition, some representatives of public administration pointed to criteria such as:

- ▶ workers working "downstairs" with appropriate practice (e.g. 20 years of),
- ▶ support in obtaining pension rights when the missing number of years necessary to obtain pension benefits does not exceed 5 years.

The support preferences that appeared in the respondents' statements also concerned specific situations and circumstances in which there is a greater degree of risk of negative effects on the professional position of employees, i.e.:

- ▶ directly related to the performance of mining works, employed in positions that are particularly endangered, as these positions will not be needed due to their mining specificity after the change of activity,
- ▶ employees of small service companies providing services directly on the mine premises.

Forms of support for employees of mining-related companies

In terms of financial support, a few respondents proposed the following instruments:

- ▶ early retirement for employees of mining-related companies,
- ▶ severance pay for employees of mining-related companies,
- ▶ mining holidays,
- ▶ financial support in the field of starting one's own business.

According to the survey, the vast majority of respondents are very cautious about providing financial support. Respondents often referred to negative experiences related to the transition of the Polish mining industry in the second half of the 1990s. For all respondents, financial support is assessed critically and can only be used in exceptional cases.

On the other hand, the respondents' proposals for non-financial support are as follows:

- ▶ support in retraining,
- ▶ organization of courses and trainings,
- ▶ providing access to career counselling,
- ▶ access to placement services,
- ▶ organising cooperation with employers to offer paid work placements financed from public funds,
- ▶ measures to create new jobs to replace those that have been eliminated,
- ▶ development of vocational and sectoral education addressed to both young people and adults,
- ▶ conducting information campaigns,
- ▶ as an auxiliary psychological and social support - helping in overcoming crisis situations and adapting to changes.

Involvement of institutions in the implementation of activities supporting employees of mining-related companies

The views presented by the various stakeholders are slightly differentiated and present different concepts regarding the implementers of the support actions. Overall, however, it can be concluded that the majority of respondents are in favour of the involvement of the government in order to create a framework for the system of institutional assistance and to coordinate taken actions. Another action taken by the government should

be to delegate competences to the regional and district level, so that aid activities are carried out at the local level by institutions that are familiar with the conditions of the local labour market and the business environment.

In addition to public institutions, stakeholders also called for the involvement of public institutions in this process:

- ▶ trade unions,
- ▶ employers,
- ▶ non-governmental organizations (foundations, associations, etc.).

Optimal time frame for the organization of support for employees of mining-related companies

Respondents' opinions on the proposed moment at which support should be offered to employees of mining-related companies in connection with the decarbonisation process are highly diverse. Respondents indicated the following moments when it would be most beneficial to take action to mitigate the negative effects of the transformation process:

- ▶ as soon as possible,
- ▶ in a few years,
- ▶ one year prior to the dismissal,
- ▶ when workers lose their jobs,
- ▶ when the need arises,
- ▶ taking into account the provisions of the Social Contract.

A majority of respondents believe that this action is already overdue. Some respondents are uncertain about the course of future geopolitical events, including the timing of the end of the conflict in Ukraine and the energy crisis.

Knowledge of effective actions to support mining-related employees under conditions of transformation

In order to create a support system for employees of mining-related companies, it may be useful to learn about the experience related to the organization of support for dismissed employees.

Therefore, respondents were asked to share their knowledge about support actions and good practices. The results are presented in Table 4.

Table 4. Forms of support dedicated to employees of mining-related companies within the framework of transition

Example of action	Good practices - worthy of consideration in the Polish context
Poland - Special Economic Zones	<ul style="list-style-type: none"> ▪ a solution that can mitigate future potential risks in the labour market
Germany - Transition of the Mining Industry	<ul style="list-style-type: none"> ▪ professional and social activation (whole families were helped), ▪ job-search assistance, including relocation (increasing the labour mobility of workers)), ▪ the government's active efforts to protect jobs, ▪ actions supporting and aiming at the full use of human resources in the labour market, ▪ involvement of trade unions in the organisation of soft activities supporting mining-related companies and their employees, ▪ long-term planning of transition, which makes it easier for employees to plan their professional future (50 years).
Spain - Mining Transition	<ul style="list-style-type: none"> ▪ long-term perspective for the transition of the mining industry (30 years), ▪ financial support for the retraining of workers.

Source: Own elaboration based on the results of the study

Vision and plans for stakeholders to engage in activities mitigating the negative effects of transition on employees of mining-related companies

The conducted study made it possible to obtain declarations from four stakeholder groups regarding actions to support employees of mining-related companies in the face of the challenges of the energy transition process, i.e.:

- ▶ trade unions (social partners),
- ▶ public administration,
- ▶ business environment institutions,
- ▶ and scientific and research institutions.

Actions declared by stakeholders to support the company's employees mining-related industries in the face of the challenges of the energy transition proces

No.	Stakeholder type	Type of action
1.	Trade union (social partner)	<ul style="list-style-type: none"> ▪ activities aimed at developing programmes for the transistion of Silesia (TPST) ▪ participation in meetings of national institutions, task forces operating at ministries and dealing with the issues of economic transition ▪ participation in negotiation processes at various levels of bilateral and tripartite social dialogue ▪ supporting training processes for employees
2.	Public administration	<ul style="list-style-type: none"> ▪ organization of training for employees ▪ attracting investors – indirect actions supporting employment growth ▪ organization of information meetings for employees
3.	Scientific and research institutions	<ul style="list-style-type: none"> ▪ support for training employees whose competences and skills are adapted to the new areas of economic activity ▪ involvement of students in research and implementation projects supporting the energy transition process

Source: Own elaboration based on the results of the study.

It is worth mentioning that the trade unions strongly emphasised the need to diagnose employees' expectations in terms of the planned support, which in turn will enable effective coordination of the provision of assistance and signalling any problems to the relevant institutions.

Proposals for the development of a support system for employees of mining-related companies in Appendix 4 of the Social Contract

According to the survey, the respondents also propose to take into account the interests of employees who do not work in mines, but in mining-related companies, performing work directly related to mining, and to cover them with the same form of protection as employees of state-owned hard coal mines.

Representatives of the management boards of mining-related companies postulated the retraining of employees and adapting their needs to the new areas of activity.

In the opinion of the representatives of trade unions, the following solutions should be considered, which should be included in the proposed support system for employees of mining facilities:

- ▶ the possibility of retraining employees and changing their competence profile,
- ▶ ensuring access to vocational training and social skills (so-called 'soft skills')"),
- ▶ actions aimed at equalizing the rights of employees of mining-related companies (in particular underground workers) to those of mine employees.

Conclusions

The process of energy transition of the Silesian Voivodeship applies both to the mining sector as well as to other industries that are functionally related to mining, including numerous mining-related companies operating in the field of, a.o, the supply of products and services to mines.

The implementation of the energy transition will lead to significant changes that may have a negative impact on both mining-related companies and their employees. The problem therefore has both a social and an economic dimension.

The main conclusions of the study are presented below, referring to two main areas of consideration, i.e. the assumptions of the proposed support system for mining-related companies and the proposed aid addressed to the employees of these companies.

I. Preliminary conclusions:

1. The energy transition will have a negative impact on companies in the mining environment and will lead to the necessity to: reduce employment, transform the business profile and, in some cases, liquidate the company.
2. It is necessary to adapt the resources of mining-related companies to new technologies and to ensure the possibility of retraining employees.
3. There is a sense of uncertainty among representatives of the management boards of enterprises and employees of mining-related companies related to the further fate of the energy transition of the Silesian Voivodeship. They are linked to the government's

lack of information as to what to do with the transition process. This situation makes it difficult to make decisions about your business or professional future.

II. Main conclusions regarding the vision and plans of stakeholders regarding the planned support dedicated to mining-related companies

1. Aid for companies in the mining industry should be directed only to some mining-related companies. To this end, it is necessary to carry out detailed analyses aimed at defining the term "mining-related company" in order to ensure maximum effectiveness of public intervention.
2. The list of entities covered by the support includes enterprises providing services and manufacturing products directly for the mining sector, as well as scientific and research units providing expert services for the mining industry.
3. The criteria (premises) determining support for companies include income criteria, the size of employment and the duration of business activity.
4. Financial support addressed to mining-related companies should be focused mainly on co-financing the rebranding of operations, changes in the technology used, equipping workplaces and refinancing the employment of employees.
5. Financial support should be provided in the form of grants and loans. However, the framework for the use of such financial instruments should be carefully reviewed so as not to lead to untargeted spending of public funds.
6. Among the forms of non-financial support, mining-related companies should be provided with: assistance in training employees, support in opening other markets, information activities concerning undertakings related to the implementation of the transition process.
7. Aid activities aimed at mining-related companies should be undertaken at the level of the regional government, but coordinated and supported from the national level by government institutions.

8. The main proposals of the provisions in Appendix 4 to the Social Contract relate to the provision of support in the reprofiling of activities, co-financing of investments in production assets adapted to new areas of economic activity and assistance in the retraining of employees in a manner adapted to the needs of enterprises.

III. Main conclusions regarding the vision and plans of stakeholders in the field of preparing support addressed to employees of mining-related companies

1. Development of a support system for employees of mining-related companies, and this assistance should be directed to those most at risk of the transition process.
2. The application of two main criteria determining the provision of assistance to employees of mining related companies: the age of the employee and the specificity of his or her professional competences and potential difficulties in changing the industry.
3. Offering individualised support to employees of mining-related companies, but taking into account the mechanism of group support for similar groups of recipients.
4. Providing financial and non-financial assistance to workers at risk, but financial assistance should only be offered in exceptional situations.
5. Among the forms of non-financial support for employees, the most awaited are activities in the field of their retraining, organization of courses, training and providing access to career counseling.
6. The government should create a system of institutional support addressed to employees of mining-related companies. Competences for the implementation of specific aid activities should be delegated to the regional and district level, with the postulated involvement of non-governmental organizations in this process.

7. Taking into account the interests of persons who are employed in mining-related companies and perform work directly related to mining in the provisions of Appendix No. 4 to the Social Contract in the scope of support dedicated to employees of mining-related companies. Extending the same form of protection to employees of mining-related companies as employees of state-owned hard coal mines.

Summary

The study made it possible to learn the opinions of representatives of various stakeholder groups of the transition process. The Trade Union of Miners in Poland hopes that this knowledge will be used to effectively design a public intervention aimed at mitigating the negative consequences of the energy transition process in the Silesian Voivodeship for mining-related companies and their employees.

