

Inquiry into the Closure of the Hazelwood and Yallourn Power Stations

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Quantum Support Services

**Submission to the Legislative Council Economy and
Infrastructure Committee**

***Inquiry into the Closure of the Hazelwood and Yallourn
Power Stations***

Submission

27 October 2021

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Introduction

Quantum Support Services (Quantum) is grateful for the opportunity to inform the Legislative Council Economy and Infrastructure Committee's Inquiry into the Closure of the Hazelwood and Yallourn power stations. As a leading support services provider in the region for over 30 years, we have a longstanding and strong interest in assisting the Committee.¹

The Latrobe Valley, which is a home to approximately 75,000 people, has been proudly generating electricity for more than 100 years for the state of Victoria. Following the closure of the Hazelwood power station, Latrobe Valley workers, their families and communities have faced extensive social, economic, health and wellbeing challenges. While the move away from the coal-fired power is inevitable, all these challenges would have been easier to manage with longer notice of power station closure enabling more coordinated and inclusive planning.

The submission is structured in accordance with the Committee's terms of reference and addresses the following:

- The impact of the closure of the Hazelwood Power Station on the economy and jobs of the Latrobe Valley and the success of economic recovery efforts to date;
- The expected economic impacts of the proposed closure of Yallourn Power Station in 2028 and options the State Government can pursue to offset the loss of more than 1,000 direct jobs from the plant, as well as associated contractors; and
- The success of the Latrobe Valley Authority (LVA) to help the region transition.

Quantum welcomes the Committee's timely planning and consultation on the closure of Yallourn power station to minimise the impacts on workers, families and communities in the region. Early transition planning and more certain timing of power station closure can help minimise economic, social and community costs.

We look forward to the deliberations and recommendations of this Committee.

¹ Quantum provides Victorian Government funded programs across a broad range of services for communities in Gippsland. These services include Family Violence Crisis Response and therapeutic care, Out of Home Care (including Kinship Care), programs to support families, children and young people, including residential advocacy services and crisis accommodation. Our service employs in excess of 200 employees.



The impact of the closure of the Hazelwood power station on the economy and jobs of the Latrobe Valley and the success of economic recovery efforts to date

The period immediately following the closure of the Hazelwood power station was marked by deep anxiety about the social and economic impacts of a sharp rise in regional unemployment. For example, in Morwell² the average unemployment rate following the closure rose to 17%, compared to 11% in 2013.³ This saw Morwell have the 8th highest unemployment rate in Victoria in 2017, compared to the 24th highest unemployment rate in 2013.⁴

The closure of the Hazelwood power station resulted not only in the loss of hundreds of jobs directly associated with the power station, but it also impacted local businesses that are supported by the wages of power station workers. Many local retailers have suffered a loss of business, with some deciding to close their outlets.⁵

Overall, according to the Latrobe City Council, closure resulted in approximately 750 direct and 300 indirect job losses in the region, decrease of \$1.2 billion in output, reduction by \$255 million in demand for intermediate goods and services, and consumption effects reduced by \$103 million. The loss of Latrobe City's gross regional product from the closure was close to \$340 million.⁶

Further, following the closure of the Hazelwood power station, Quantum recorded heightened demand for our family violence services. The escalated risk of family violence

² Morwell is a town in the Latrobe Valley.

³ Department of Employment, *Small Area Labour Markets Publication* (2018) <https://www.employment.gov.au/small-area-labour-markets-publication> at 15 October 2021.

⁴ Crawford School of Public Policy, Centre for Climate and Energy Policy, *Closures of coal-fired power stations in Australia: Local unemployment effects* (2018) Australian National University https://crawford.anu.edu.au/sites/default/files/publication/ccep_crawford_anu_edu_au/2018-09/burke_best_jotzo_2018_closure_of_coal-fired_power_stations_in_australia-local_unemployment_effects_ccep_working_paper_1809_centre_for_climate_economics_policy_anu_0.pdf at 5 October 2021.

⁵ E Field, K Lazzaro and ABC Gippsland staff, *Life in the Latrobe Valley one year on from Hazelwood power station shutdown* (2018) ABC News, <http://www.abc.net.au/news/2018-03-29/latrobe-valley-a-year-after-hazelwood-power-station-closure/9592346> at 21 September 2021.

⁶ Latrobe City Council, *Submission to Senate Standing Committees on Environment and Communications Inquiry, Coal-Fired Power Funding Prohibition Bill 2017* (2019) <https://www.latrobe.vic.gov.au/sites/default/files/2020-09/Coal%20Fired%20Power%20Funding%20Prohibition%20Bill%20-%20Latrobe%20City%20Council%20Submission.pdf> at 18 October 2021.



during economic and personal stress is well documented in the literature⁷ and many recent research studies have demonstrated the ways in which women in communities are impacted by coal industry closures. They frequently face additional pressures due to the impact on households of increased substance abuse and gender-based violence.⁸ We saw firsthand the enormous impact on our clients following the closure. This included escalated demand for our services, with clients reporting job insecurity anxiety and increased financial and rental stress.

Concern about the fate of Hazelwood workers saw the state and federal governments commit a substantial sum of money (more than \$300 million) for infrastructure and other local initiatives.⁹ The key policies and strategies aimed at promoting economic growth, business investment, re-training, and job creation in the wider Latrobe Valley community. These measures included the creation of the LVA and major infrastructure investments including Gippsland Regional Aquatics Centre.¹⁰

This large injection into the local economy explains why the Latrobe Valley unemployment rate did not continue to rise further in the years after the Hazelwood closure.¹¹ The unemployment rate in Latrobe a year following the closure in 2018 was 9.52%; and continued to decline 3 years following the closure to 5.28%.¹² At June 2021 the unemployment rate risen to 7.96% although the rise could be explained by the effects of the coronavirus pandemic.¹³

The expected economic impacts of the proposed closure of Yallourn Power Station in 2028 and options the State Government can pursue to offset the loss of more than 1,000 direct jobs from the plant, as well as associated contractors

The Yallourn power station is scheduled to close in 2028. Lessons learnt from the closure of Hazelwood power station indicate that continuing to build inclusive and resilient communities' post-transition will require strong ongoing government investment in health, education, energy, transport and communications infrastructure and services.

⁷ A Morgan and H Boxall, *Social isolation, time spent at home, financial stress and domestic violence during the COVID-19 pandemic* (2020) Australian Institute of Criminology <https://www.aic.gov.au/publications/tandi/tandi609> at 11 September 2021.

⁸ World Bank, *Managing Coal Mine Closure: Achieving a Just Transition for All*, (2018) <https://www.worldbank.org/en/topic/extractiveindustries/publication/managing-coal-mine-closure> at 18 October 2021.

⁹ Above n 4.

¹⁰ Above n 6.

¹¹ Above n 4.

¹² Remlan Latrobe City, *Economy, Jobs and Business Insights* (2021)

<https://app.remplan.com.au/latrobe/economy/trends/unemployment?state=R0yvC2!BXrMFVYvrC03YBVSeWJGki4FmHnK7uAHGHvHXhNHGdW> at 13 September 2021.

¹³ Ibid.



Quantum would like to propose several policy levers that would achieve positive outcomes in the Latrobe Valley in the wake of the closures of the power stations. We recommend that the Victorian Government:

- **Continue substantial investment in economic and community strategies, tailored to regional strengths and informed by local experience.**¹⁴

This includes job guarantee programs; adequately resourced re-employment; early retirement programs; early access to high-quality retraining opportunities and ensuring that these skill-upgrading opportunities are broadly available. Despite many industry workers and community members initially expressing considerable scepticism about government policy and funding commitments during the closure of the Hazelwood,¹⁵ these initiatives proved to be instrumental to the community's recovery.

- **Ensure respectful and inclusive engagement with workers and communities with a particular focus on vulnerable groups.**

The development of social and economic plans must be led through local representation. Bringing together community organisations and members, businesses and public agencies to solve local problems and build on local strengths can empower people to develop and drive innovative community solutions, and successfully integrate them over time. Members of the community should be engaged in decision-making about their future to engender ownership and a commitment to change. This means decisions incorporate local community knowledge, create community trust, and avoid applying solutions inappropriate in a particular community context.¹⁶

Further, particular attention must be paid to effectively engaging people experiencing disadvantage as they have less capacity to engage and influence decision-making. This includes women, young people, low-income households, and Indigenous communities.¹⁷ Organisations serving them, like Quantum, play a crucial role in that

¹⁴ Crawford School of Public Policy, Centre for Climate and Energy Policy, *After the Hazelwood coal fired power station closure: Latrobe Valley regional transition policies and outcomes 2017-2020* (2020) Australian National University https://ccep.crawford.anu.edu.au/sites/default/files/publication/ccep_crawford_anu_edu_au/2020-11/ccep20-10_wiseman_workman_fastenrath_jotzo_after_hazelwood.pdf at 29 September 2021.

¹⁵ Ibid.

¹⁶ Victorian Council of Social Services, *Retirement of coal fired power stations Submission* (2016) <https://www.aph.gov.au/DocumentStore.ashx?id=dfe0935e-acef-4a6a-8451-1d402c3559f9&subId=460190> at 1 October 2021.

¹⁷ Above n 14.



engagement. These organisations create value by amplifying the voice of people facing disadvantage and building community cohesion.¹⁸

- **Provide additional funding to manage the increased demand for the support services.**

Diverse community organisations are at the forefront of assisting disrupted communities and supporting people and families affected by closures. Higher financial and emotional stress on individuals and families increases demand on local community services, including emergency relief, financial counselling, employment services, housing and homelessness services, mental health and drug and alcohol services, child and family services, and family violence services, among others.¹⁹

The success of the LVA to help the region transition, considering the decline of funding made available to the LVA over successive State Budgets

The LVA was established by the Victorian Government in November 2016 with the aim of 'leading the transition and transformation of the Latrobe Valley by working for and with workers, business and the community to transition to a strong future through response, recovery and long-term strategic work'.²⁰

Employment and economic outcomes in the three years since closure indicate promising initial progress in creating the foundations required to facilitate an equitable transition to a more prosperous and sustainable regional economy. For example, the significant unemployment rate drop in the years from 2018 to 2020 clearly points to LVA's success in achieving its aims. While longer notice would clearly have made the task far easier and much hard work remains, employment and economic outcomes prior to the impact of COVID-19 demonstrate promising initial progress in creating the foundations required to facilitate an equitable transition to a more prosperous and sustainable regional economy.²¹ Continued funding of the LVA is, therefore, essential to the effective recovery of the region.

¹⁸ Above n 16.

¹⁹ Ibid.

²⁰ Latrobe Valley Authority, *Transitioning to a strong future* (2020) https://lva.vic.gov.au/news/community-report-released-today/12770-DJPR-RRV-LVA-community-report_v7a-web-ready.pdf at 17 October 2021.

²¹ Ibid.



Recommendations

The Victorian Government:

- **Substantial government investment - Continue the substantial investment in economic and community strategies, tailored to regional strengths and informed by local experience.**
- **Continue to adequately fund the LVA to continue its successful work.**
- **Ensure respectful and inclusive engagement with workers and communities with a particular focus on vulnerable groups.**
- **Ensure that women are fully consulted in navigating the transition planning process and that employment opportunities and community services infrastructure recognise and address the particular challenges faced by women.**
- **Provide additional funding to manage the increased demand for the support services.**

