

Submission to Productivity Commission study on Transitioning Regional Economies

Transition in the Latrobe Valley

from Voices of the Valley

Voices of the Valley was formed in 2014 to advocate for the people of the Latrobe Valley during and following the Hazelwood Mine Fire,

Statement of Purpose

- To protect and inform the Latrobe Valley Community
- To tap into the ideas of the community.
- To advocate for resources on behalf of the Latrobe Valley Community
- To identify risks and needs and funding required to meet these
- To advocate on behalf of the health and well-being needs of the Latrobe Valley community
- To collect, retain and disseminate data of relevance to the health and well-being of the Latrobe Valley community
- To establish and maintain networks with community groups and members, government bodies and others.

The major focus of the group now is advocating for a Just Transition for the Latrobe Valley in relation to the closure of Hazelwood Power Station and mine, the anticipated closure of Yallourn W Power Station and the decline of the coal industry related to reduced demand for coal in response to climate change.

A Just Transition would

- Acknowledge that the coal industry is in decline, and that even if new uses for coal, or clean coal technology, were found they would not employ anything like the numbers of workers who used to work in the power industry.
- Take account of the community as well as the displaced workers.
- Build on existing energy infrastructure to develop a new renewable energy economy including energy harvesting, storage, conditioning and feeding into the electricity grid and manufacturing renewable energy technology.
- Facilitate the development of a range of industries and enterprises to meet local needs as well as producing goods for export.
- Require that any new industries must take into account the health of the population.
- Recognise that while most adults want to work, and parents want jobs for their children, there will be people who will not be able to gain employment.
- Acknowledge that structural unemployment cannot be solved by coercing the unemployed.
- Investment in diversity, not in a single industry.
- Include community ownership of the process and of what is established so that it cannot be removed by a board room decision of a transnational corporation.
- Enable a culture through which people in this region can live a good life, that is a life in which they can feel of value, gain satisfaction in what they do and are able to engage in activities, either paid or voluntary, that contribute to the community.

- A Just Transition requires both economic and cultural change for the community to survive and thrive.

The history of the Latrobe Valley for most of the twentieth century was the history of the power industry. In the post WWII years there was massive migration into the area to work in the coal mines and power stations and there were both full employment and extensive apprenticeships, at least for men. There were fewer employment options for women, for the culture was one of male workers earning enough to support families. During the 1970's when women were increasingly expected to become part of the workforce, textile industries were set up in the region, but these were comparatively short-lived because of the shifting of this industry off-shore. With passage of equal opportunity legislation and affirmative action policies during the 1970's and 1980's, women began to be recruited into the operational areas of the power industry, but this was at a time when each new iteration of power generation technology required fewer workers to produce a given unit of power. It is not always acknowledged that 'increased productivity' inevitably means a structural reduction in jobs. In 1973, the Central Gippsland Social Survey found that the State Electricity Commission of Victoria (SECV) was the direct employer of over one third of the workforce of the Latrobe Valley. By the time of privatisation in the 1990's direct employment in the power industry had been reduced by thousands of jobs, and many who continued to work in the industry had to become contractors. The power industry continued to dominate the regional economy but employment had become much less secure. A Report by the Committee for Gippsland in 2016 estimated the power industry employs about 10% of the Latrobe Valley workforce. However, the industry still dominates how the region sees itself.

The closure of Hazelwood Power Station was expected but not anticipated in planning processes. Governments at all levels are now trying to deal with the consequences of the second major disruption to the power industry in two decades (the effects of the first, that is privatisation, are still being felt), but mainly with programs for the current displaced workers. There are, as yet, no plans for the next cohort of workers who will lose their jobs (the workers decommissioning the power station and mine), nor the following cohorts (Yallourn power station and mine workers and eventually Loy Yang mine and power stations workers). There is little attention being given to those people in the 'working' age group who are currently unemployed and who have little hope of finding a job in the region although there are more of them than there are of power industry workers.

During privatisation, the rhetoric from government was that 'the market' would provide new opportunities for the skilled workforce displaced from the 'more efficient' power industry. It did not. Some workers became contractors, some found work in mining in other areas and became 'fly in, fly out' workers, with inevitable disconnections from family life. Young men who might previously have taken up apprenticeships with the SECV had to leave the area for education and training, or became part of an increasing cohort of unemployed people. Structural unemployment has been an intractable feature of the Latrobe Valley economy since that period.

It is not always acknowledged that improvements in productivity mean a structural change in employment opportunities. Decisions to restructure or shift industries are made by those who control corporations, businesses or government, but the unemployed are considered to be responsible for their situation and measures to assist them in finding work deal with individuals by offering such assistance as helping them to write better resumes, insisting that they apply for a certain number of jobs in a specified time, threatening them with loss of income support, even

cancelling their income if they do not comply with various conditions. Such measures penalise individuals who are unemployed but do not recognise the realities of structural unemployment. It is a cruel policy that coerces unemployed people to apply for jobs that are not available and labels those who are not successful in gaining employment as failures or as unwilling to try.

Capacity to adapt

The initial report of the Productivity Commission on Transitioning Regions identified parts of the Latrobe Valley (specifically Moe and Morwell) as having lower than average capacity for adaptation, and this is quite understandable when considering the recent history of the area. Moe and Morwell were more heavily reliant on the SECV than the other towns the populations of those towns were SECV workers (not management) and thus they were more detrimentally affected by privatisation than the other towns which had a more diverse social structure. The people that did not find new opportunities or were not able to reorient their lives successfully remained in the area, devalued, discouraged and despairing that things could change. For a population already feeling abandoned and grieving, the closing of power stations is confirmation that the life and the prosperity they knew is gone and no-one cares much about their future or the future of their children.

Since the establishment of the Latrobe Valley Authority, several programs have been instituted to assist retrenched workers. One such program offers business consultancy to established contractors who want to redirect their business focus away from the coal industry. Another is to help workers move to other power stations, although this is problematic for those whose qualifications are 'in house' and not nationally recognised; further, Yallourn power station will close within a few years and Loy Yang A and B power stations are 'improving productivity', a euphemism for reducing their workforces.

There seems to be an implicit assumption that skilled workers can make the transition from employee to self-employed contractor if they have skills that are in demand. However, taking skills from one employer to another is not quite the same as setting up as a business – a whole additional skill set, from book keeping and accounting to marketing, is needed, as is knowledge of regulations governing small business. There is the further difficulty, frequently discussed among those who think about translating their skills and experience into a new enterprise – how to set a price on their skills or products, and how to compete in an unfamiliar market. The experience of those who invested their redundancy packages in new businesses and franchises after privatisation and lost their money are a caution against risking further loss.

There is funding for investment, but to get access to it one must have a business plan demonstrating financial viability, not a simple matter for people whose work has always been for wages and who may not even know what business skills they need to acquire. There are small and medium enterprises in the Latrobe Valley, and there are entrepreneurs seizing new business opportunities, some in renewable energy. However, to perceive new opportunities, to take them up, to be entrepreneurial, require energy and some degree of hope. These qualities are not typical of those who have just lost their jobs and their future.

There is evidently a great deal of unpaid work to be done in any community, and an increasing amount is being devolved to volunteers. Latrobe City Council, for instance, has a program to build volunteer capacity. Young people looking to enter the workforce are advised to undertake volunteer work to get experience. Older people who have been retrenched are also encouraged to volunteer. (Older people on New Start may volunteer instead of applying for jobs, but this is not an option for younger unemployed.) However, even volunteering requires resources; as a self-funded community advocacy group, for instance, we have paid for phones, stationary, postage, printing, travel, and

venue spaces, not to mention the time involved. Some volunteer organisations have resources because of their membership, but some people simply cannot afford to be volunteers.

A Good Life

For thousands of people, the Latrobe Valley is home. Some people move away for work, there are newcomers (those who move here for housing, resettled refugees), but the core population was born here, grew up here, watched their children grow up here and are concerned for their children's future. Long term residents want to remain, and want to be able to live here with some degree of security. A good life usually depends on a job, a livelihood, prospects for children's employment. However, not everyone is going to be able to work or to have continuous work, especially as improvements in productivity eliminate even more jobs. People who were late entering the workforce, people who have been retrenched, carers of children, of sick family members, of the elderly, people with chronic health problems or low vitality, people whose skills are no longer wanted, can still engage with others. Coercion and punishment have not worked to get these people into the workforce and proposed measures to force young people into underpaid jobs are iniquitous.

The Latrobe Valley has seen an increase in drug use and domestic violence, both indicators of a depressed, discouraged and socially and economically disadvantaged community. These need to be considered as issues to be addressed in a just transition as well as health issues. As a community, as a society, we need to find a way to support those who do not have a job, not just with money (although the means to live is a basic necessity) but with affirmation that they can do things for themselves, their lives are worth living and they are valued members of the community. One way of doing this would be to acknowledge the unpaid work people do that the community requires to function, ranging from the obvious Council sponsored services delivered by volunteers (Meals on Wheels, park maintenance) to community support for major institutions (School Councils, Community Advisory Committees) and community-based organisations that serve a range of interests not otherwise provided for (for instance, GippslandFM, a community radio station established in 1978). Increasingly, the work of maintaining a liveable society has become the province of unpaid work. Such activities require resources, often provided by the volunteers themselves, which limits the ability to be a volunteer to those who already have resources.

Equally importantly, we need to recognise that people can live valid and satisfying lives even when they do not have jobs. The nature of work of work has changed in recent decades as a result of mechanisation and, increasingly, automation and the shift of paid work, both manufacturing and service work, to other countries. The mantras of competition and productivity have made wages a cost to be minimised where once they were considered to be the way workers were able to acquire life's necessities, such as food, clothing, shelter. At the beginning of the 20th century, the Harvester Judgement established the principle that wages should be sufficient to support a family in reasonable comfort. At this point in the 21st century, the principle seems to be wages should be as low as employers can get away with paying and, concomitantly, people must be coerced to compete for these wages. For someone who has studied 19th century history, it is reminiscent of the period of workhouses and the shaming of the poor for being poor. Instead of penalising people who have little chance of participating in the paid workforce because of structural changes we should ensure they have adequate means to live, and enable them to engage in satisfying activities that give their lives meaning.

The Latrobe Valley community is working on some measures to improve living in the Latrobe Valley, including the Health Improvement Zone established by the Victorian government on the recommendation of the Hazelwood Mine Fire Inquiry, and the Health Assembly to provide direction and implementation of the HIZ; some Pride of Place projects to improve physical amenity; and projects to develop food security, including community gardens. To be effective, these measures require financial support and, more importantly, encouragement for people to participate. Encouragement includes acknowledgement that such projects are valuable and should have continuing support. Short term projects with funding tied to achievements specified by the funding body have little capacity to engage the people who are supposed to benefit. We have seen such projects come and go, scarcely touching people's lives (apart from the few individuals who must keep track of the performance indicators and acquit the grants). Real change requires a different approach

Government assistance packages to help the Latrobe Valley to transition following the close of Hazelwood Power Station have been focused on business investment to date. While these may be useful for businesses affected by the closure, and business people who perceive the opportunity for investment in new businesses, they are not likely to make a great deal of difference to residents who are long-term unemployed, excluded from the workforce because of age, health, family responsibilities or are just so discouraged that they have little hope or vitality to change their lives. We need, as a community, and as a society, to change social conditions so that those who have little likelihood of being able to join the workforce can still live decent lives. This could include providing places (and materials) where people can make things for their own use, allocating some land where they can grow food (or flowers), maintaining various places that are dry, warm (or cool) where they do not have to buy things to be allowed to be there and where they can develop interests and skills. These kinds of provisions require both funding and a change in policy and attitude to respect rather than contempt. A Just Transition must be for the community, not confined to the displaced workers.