

Committee Secretary
Senate Environment and Communications References Committee
Parliament House
Canberra ACT 2600

8 November 2016

To Whom It May Concern,

Inquiry into the experience of closures of electricity generators and other large industrial assets on workers and communities

The Australian Psychological Society (APS) welcomes the opportunity to make a submission to the Senate Inquiry into the experience of closures of electricity generators and other large industrial assets on workers and communities.

As a country that is committed to implementing national policies to mitigate climate change, Australia is now in a position to advance its resolutions to reduce its carbon emissions in a number of ways, including the planned closure of our coal-fired power stations which are contributing excessive greenhouse gas emissions. There are of course other reasons for mass closures of electricity generators, such as the global decline in demand for coal, and the poor health of coal mining communities (Heal, 2013).

Closures of large industries always have a significant psychosocial impact on workers and communities, but the phasing out of coal-based electricity generators can also open up significant opportunities.

In this submission, we wish to comment on the following aspects of the Inquiry:

- (a) the experience of closures of electricity generators and other large industrial assets on workers and communities, both in Australia and overseas;
- (b) the role that alternative mechanisms can play in alleviating and minimising the economic, social and community costs of large electricity generation and other industrial asset closures, drawing on experiences in Australia and overseas;
- (d) policy mechanisms to give effect to a just transition for affected workers and communities likely to be impacted by generator closures, in line with the 'Paris Agreement'.

About the APS

The APS is the national professional organisation for psychologists, with more than 22,000 members across Australia. Psychologists are experts in human behaviour and bring experience in addressing the many facets of human experience and functioning at individual, family and societal levels. Psychologists take a social determinants of health (SDOH) approach to understanding the impacts on individual and community wellbeing of phenomena like mass closures of industry, as well as the impact of environmental threats like climate change on people's health and wellbeing.

A number of convergent areas of psychological work and practice inform our understanding of these issues, including environmental psychology, community psychology, social psychology, health psychology, clinical psychology, disaster psychology, and organisational psychology.

(a) the experience of closures of electricity generators and other large industrial assets on workers and communities

Unplanned closures of electricity generators like coal mines and other large industrial assets which employ large numbers of workers can have significant negative impacts on the health and wellbeing of workers, their families, and the community at large, which is why these closures must be planned, with attention to a just transition for workers.

Failing to involve the community and the state can result in numerous adverse outcomes, including:

- Uncertain employment.
- Economic hardship for families and local business.
- Economic ripple effects which also impact on downstream industries and communities (Neil, Tykkylainen, & Bradbury, 1992).
- Plummeting real estate values.
- Worsening of living standards (Haney & Shkaratan, 2003).
- withdrawal of services, like health, social, educational services (Laurence, 2006; Warhurst et al., 1999).
- Increase in social problems, including relationship stress, crime and alcoholism (Laurence, 2006), social instability and alienation (Haney & Shkaratan, 2003).
- Breakup of communities, families moving away.
- A negative corporate and industry image (Laurence, 2006).

Other studies have explored the psychological and emotional impact of unplanned closures on workers and community members (e.g., McDonald, Mayes, & Pini, 2012). These impacts include:

- Uncertainty and distress (Laurence, 2006; Pini et al., 2010; Warhurst et al., 1999).
- Concerns and anxiety about long term health impacts for the community from an un-rehabilitated mine site.
- A sense of betrayal and abandonment, and a feeling of being left behind (Pini et al., 2010).
- Grief, disorientation, disconnection from a place to which workers were emotionally attached via the rhythms of a working day, and the everyday encounters and interactions with colleagues (Pini et al., 2010).
- A deep sense of loss, not just about existing relationships, experiences and practices within the home, work and community but also future imaginings of the possibilities and potentialities of home, work and community (Pini et al., 2010).
- Debonding of community structures which disrupts the warp and weft of the community, sending the community adrift (Gordon, 2007).

(b) The role that alternative mechanisms can play in alleviating and minimising the economic, social and community costs of large electricity generation and other industrial asset closures.

Phased closures that anticipate the negative impacts on the psychosocial wellbeing of workers and communities and plan strategies to mitigate the risks and support communities through the transition are critically important.

While the impacts of job losses following large infrastructure closures are very real, they can also bring new opportunities to build vibrant, diversified local economies with good local jobs, and lift the prospects of all citizens. There are also benefits to be realised when large numbers of workers are released from energy intensive industries and can produce greater value in other economic activities. Finally, there are opportunities for communities impacted by the closure of fossil fuel based electricity generators to develop renewable energy projects and become energy sustainable communities.

Strategies for just transitions require input from the company concerned, as well as from governments, municipalities, policy makers, civil society, the community itself, researchers, entrepreneurs, organisations and environmentalists, amongst others. Strategies cross a range of domains:

- workforce development – retraining workers
- education
- health and community services
- renewable energy and energy efficiency
- environmental rehabilitation
- sustainable agriculture
- sustainable forestry
- local food production

- arts industries
- local infrastructure.

Community-based interventions

There is a large body of research into community-based interventions following major events which threaten community's economic, physical and psychosocial wellbeing (e.g. Velazquez et al., 2016; Gordon, 2007).

Community mobilisation and reorganisation are the central focus of this approach. Central elements in these community psychology models are the community's needs and resources, strengthening the local people's capacity for their own recovery after shocks, and the need for community participation in the formulation of and control of change (Bishop & Syme, 1996). The community psychology model emphasises decentralisation, with the national Government taking responsibility for general planning, but for regional or local institutions to be responsible for designing and implementing changes (IASC, 2007).

The community approach has been shown to be the most appropriate because it integrates the participation of a wide range of stakeholders and offers a collaborative model for working with affected populations (WHO, 2013). Central to these collaborative approaches is the importance of accepting social conflicts or differences in interests as healthy for the community as a whole, and to develop a concept of a resilient community as being able to tolerate a diversity of opinion (Bishop & Syme, 1996).

Overseas examples

Coal communities in the USA have had many years of experience in dealing with closure of large energy generators. Case studies from Kentucky and West Virginia, where communities have taken on the challenge of transitioning their regional economies away from coal mining in particular, show how these communities have focused on five areas (Strobo & Mem, 2012):

- 1) retraining, retiring and redeploying workers.
- 2) ensuring the proper rehabilitation of mine sites as an opportunity to create jobs.
- 3) investing in renewable energy and energy efficiency businesses.
- 4) revitalising existing industries such as agriculture, tourism and education.
- 5) lobbying government to upgrade local infrastructure and provide assistance to attract new industries.

The Appalachian Transition Initiative developed a website that is a clearinghouse for ideas, research, opportunities and success stories, and it also links to other organisations working to improve Appalachia's economy. Efforts like this demonstrate that opportunities for diversification exist, and people may

just need help finding and cultivating them (See <http://appalachiantransition.net/>).

Building skills, re-invigorating people's sense of purpose and belonging

An often-cited solution to closures of coal mines around the world has been the development of renewable energy projects in the same region. OECD data reveals that "rural areas hosting renewable energy installations actively contribute to the development of new products, new technologies, and also new policy approaches" (OECD, 2012, p. 8). This not only engenders capacity building, but it also empowers communities to transition their collective identity and prevent some of the sense of loss that is often attributed to closures of large mining operations (McDonald, Mayes, & Pini, 2012). These communities enjoy multiple psychosocial and economic benefits like the creation of local ongoing jobs, and the development of a positive image for their region as innovative, modern, and technologically progressive (Busch & McCormick, 2014).

At an individual level, it has been shown that as people accumulate skills and become more specialised in new renewable industries, their capacity to learn and innovate is enhanced (OECD, 2012). Supporting industry diversification not only strengthens local economies, but it re-invigorates people's sense of purpose and belonging in their community, and can serve to moderate the fractured, 'out-of-place' feeling that is often experienced by people when large-scale industries close down (Pini et al., 2010). Renewable energy developments potentially benefit rural communities, "particularly if some sense of community ownership and involvement is maintained" (Hanley & Nevin, 1999, p. 536). Thus there can be considerable psychosocial benefits for both individuals and whole communities where new renewable industries are established following the phasing out of fossil fuel based industries in the region.

Community-led transitions taking charge and creating a 'common good'.

Concomitant with capacity building is the role of renewable energy projects in empowering communities to take charge. Local interests and social cohesiveness can serve as a generator of structural change towards a more sustainable future (Islar & Busch, 2016). Having communities invested in their future has also been shown numerous times to be critical to the successful withdrawal of mining companies (Laurence, 2006; McDonald et al., 2012).

One of the ways in which communities can become invested in their futures is by establishing a common good for their region. The process of creating a common good is essential in two ways. Firstly, it creates a commitment to the solution (or the problem) that the community faces. Secondly, it helps the community to define their shared values, and in doing so re-establish the community's collective identity (Islar & Busch, 2016).

Research suggests that even though communities' primary motivations are often economic, at the same time they have also chosen to invest in renewable energy technology, and as a result, collectively increase their ecological awareness and sense of commitment to a common good (Islar & Busch, 2016).

The message that has arisen from research in Australia is that unique opportunities for economic transformation are not only about 'an orderly transition away from coal', but are also about a transition towards economic systems that tackle injustices and environmental challenges (Cahill, 2016).

c) Policy mechanisms to give effect to a just transition for affected workers and communities likely impacted by generator closures.

Findings from OECD research and analysis offer a number of key approaches to policy development to bring about a shift in the approach, away from a model that emphasises sectoral policy and subsidies to one that is place-based, grounded in local conditions and opportunities, and that focuses on the empowerment and competitiveness of the local area (OECD, 2012).

Key factors important in this policy shift are:

- Developing a place-based approach that combines renewable energy with rural development
- Embedding rural energy strategies in the local economic development strategy
- Supporting community-owned renewable energy initiatives that empower communities and shires to own their own energy infrastructure.
- Using inclusive governance and proper community consultation to ensure social acceptance.

A community psychology approach to policy also emphasises an ethical position to ensure that economic, social and political changes are just and reasonably expected to be to everyone's advantage, particularly that of the least well off (Bishop & Syme, 1996).

Policy suggestions that specifically address the psychosocial needs of a community impacted by closures include:

- Broadening the eligibility base for social protections benefits to include people in downstream industries, and extending the life of assistance to five years or more.
- Building capacity on the community level by increased financing for local government and non-governmental organisations that constitute civil society. Recognising the leading role of local governments in directing the response to the dramatically changed conditions in the life of the community, and providing them with the knowledge and skills they need to manage these complex processes.

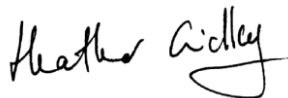
Conclusion

As psychologists we are concerned not just about the economic impacts of mass closures but also the flow-on psychosocial impacts on individuals, families and whole communities. Whilst anxiety, grief and loss are realities following the closure of long-established industries which have dominated a region's economy and character, closures are also opportunities for building vibrant, diversified, energy sustainable communities with good local jobs, and capable of lifting the prospects of all citizens.

Strategies for just transitions require input from a range of stakeholders, including the company, all levels of government, the community, and organisations. Community-led transitions that identify the community's needs and resources, involve the community in the formulation and control of change, and strengthen the local people's capacity for action, are critically important components of planned transitions.

Please contact us for further information, on 03 8662 3327.

Yours sincerely,



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