

Labour Education Centre/ACW
Just Transition: Exactly What's in it for Workers?

Port Augusta

May 25 2020

Case Study: Closure of Northern Power Plant
Port Augusta, South Australia

Context

Port Augusta is a city of 14,000 people located in the Australian state of South Australia, at the northern end of the Gulf of Spencer, 320 km north of the Adelaide, the state capital. Port Augusta has a harbour and sits at the intersection of the Adelaide to Darwin and Sydney to Perth railway lines and roads. Port Augusta is important as a regional service centre. Its main economic activities, until 2016, were the coal-fired electric plant and tourism.ⁱ

Port Augusta was home to the last two coal plants in South Australia, the Playford B Power Station (opened 1969) and the Northern Power Station (opened 1985). Both used brown coal from an open pit mine at Leigh Creek. The original town was demolished to make room for mine expansion and rebuilt in 1982. In 2015, there was a population of 550. A 250 km railway connected the mine with the plants. At one time, the two plants produced up to 35% of the state's power needs. After the Playford B plant was mothballed in 2012 that was significantly reduced. By the time of the final closure, in 2016, the Port Augusta Power Stations supplied around 15 per cent of South Australia's electricity.ⁱⁱ

Originally publically owned, the plant, railway and mine were privatized in 1990. Flinders Power Partnership (FPP), a wholly owned subsidiary of Alinta Energy, held the leases. In the wake of the plant closure, the company was re-structured as Westnet Infrastructure Group Pty. The leases included conditions that specified what was to occur on closure of the power stations, although none of the conditions applied to displaced workers. The lease conditions were:

- Dismantle the power stations and remediate the underlying land in accordance with an agreed closure plan and in compliance with applicable State laws;
- Remediate and rehabilitate the Leigh Creek Mine in accordance with a mine restoration plan and applicable State laws; and
- Return the Leigh Creek Township and the Leigh creek Railway to the Government in a state that would permit ongoing function and operation.

The closure

A representative from Alinta Energy assured Augusta City Council in a presentation in February 2015 that the power station had a future operating expectancy to 2040, another 25 years. In June, five months later, without further notice a public announcement stated that the power station would be closing in 2018. Over the next few months, this timeframe was reduced several times, and the plant actually closed in May 2016. This ended over fifty years of coal-fired power generation in Port Augusta.ⁱⁱⁱ Many in the community learned about the closures from a front-page article in the state's only daily newspaper, the Adelaide Advertiser on June 11, 2015.^{iv} On that morning, CEO Jeff Dimery was on his way to Port Augusta to announce an

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early closure of the plant. At his announcement, Dimery said Northern would be de-commissioned in 2018, maybe earlier, and that 438 workers would lose their jobs, 258 of them at the Leigh Creek mine and 180 at Port Augusta's Northern coal plant. The mothballed Playford B would also be de-commissioned. According to Dimery, the decision to close the plants and mine followed a strategic review, noting that there was an excess supply of electricity, and that consumer demand had been falling. He said that during more than four years of running the business, Alinta had incurred operating losses of about \$100 million while investing another \$200 million to extend the operating life of the business.

Dimery's announcement surprised both the unions and the City Council, although it is clear from reports that the State Government had known in advance of the impending closures.^v According to an article by Michael Owen and Meredith Booth in The Australian newspaper on March 30, 2017, Premier Jay Weatherill rejected offers to work with the company to continue operations at the plant.^{vi1}

Number of Workers Affected

The closure of the Port Augusta power stations and the Leigh Creek Mine operations affected 438 workers.^{vii} According to an interview with Joseph Scales^{viii} Plant workforce at closure was 400 workers of which 300 were ASU members. There is a minimum management hierarchy so few managers were affected by layoffs. All managers except the Plant Director were members of a union. The Australian Services Union (ASU) represented the white collar, technical, planning, distribution and logistics workers at the plant. The Construction, Forestry, Maritime, Mining, and Energy Union (CFMEU) represented the trades and energy workers, and the daily minimum trades workers. Truck drivers belonged to the Transportation Workers Union (TWU) and the electrical workers were members of the Electrical Trades Union.

The South Australian government, through the Department of State Development, provided \$240,000 to Regional Development Far North to deliver career and job services to the affected workers. The group was able to mobilize people and resources quickly to deliver these services within a very short period. Still, the outcomes are not very positive for the workers affected by the closures.

While Regional Development Australia Far North was able to step in and help some workers, the nature of the rapid closure left the community of Port Augusta in duress. Similar to the Hazelwood closure in the LaTrobe Valley, there was no coherent plan for economic or environmental transition. As Port Augusta seeks to deal with the economic, social and environmental issues resulting from the closure of coal-fired power it has observed other areas being offered Federal & State Government funding and assistance, including Hazelwood, situated in the LaTrobe Valley in Victoria, and the northern suburbs of Adelaide and Whyalla. This government aid has not arrived in Port Augusta to the same degree.

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Toxic Dust

The community then had to deal with the burden of environmental problems. This included the issue of toxic dust as described in the City of Port Augusta's submission to the Senate. Those problems directly affect the health and image of a city without the funding capacity to address the issues.

Coal ash is a toxic by product left over from the coal burned on the site. Owner Alinta Energy initially covered the dam with a 15cm layer of soil and planted seedlings, but the plant is in an arid region and rainfall has been below the long-term average. Strong winds over the past two summers blew material from the dam across houses and businesses. Nurse Cheryl Dawson, a Port Augusta resident near the former coal plant site, believes she sees the threat posed by the ash dam in her carpet. Each week she vacuums up a small plastic bag's worth of heavy dust. She has developed a rash across her body, can no longer use normal soap due to the sensitivity and takes antihistamines to deal with recently developed allergies. "My doctor says 'I sympathise with you, clearly it is environmental'," she said.^{ix} As of August 2018, the company claims that rehabilitation of the site is underway and the coal ash is covered by sufficient top soil and newly planted trees.

Social Contracts

On the morning of the closure announcement, Joseph Scales, then with the Australian Services Union (ASU) called Dan Spencer of Repower Port Augusta asking that environmentalists not celebrate the plant's early closure. Scales knew his members would be shocked and angry at losing their jobs. As is often the case with coal plants, the coal operations were the biggest employer in town, offering well-paid jobs with good benefits. Comparable jobs would be hard to find. Many families had more than one person working in the plant, and often multiple generations.^x

Scales and Spencer knew each other well through Repower Port Augusta, which was a broad-based coalition of environmentalists, community representatives, business supporters and labour activists, plus City Council. The group was campaigning to replace the coal plants with renewable energy, specifically concentrated solar thermal (CSP). Repower Port Augusta arose from several other organizations, included Solar Citizen, the Australian Youth Climate Coalition, and local unions. As early as July 2012 Repower Port Augusta held a non-binding referendum asking town residents if they wanted a future generating plant that used gas or solar power. The results was 4,053 supporting solar, 43 supporting gas 98 per cent of the residents choose solar power.

In Sept 2012, Repower Port Augusta and the Australian Youth Climate Coalition organized a 328 km walk to the state capitol of Adelaide, where they met with, Tom Koutsantonis of the Labour Party, the Minister of Energy in the Jay Weatherill Labor government. Dan Spencer was one of the 80 Port Augusta activists on that walk.

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Due to its membership from various local organizations, unions and local politicians, Repower Port Augusta strategically employed an “inside-outside” strategy that built upon political will and “changed conditions for energy planning, embedding just transition principles into the planning and development process.”^{xi} The coalition focused on the message of securing long-term jobs in Port Augusta.^{xii} The Australian Services Union brought in academics and industry experts to talk with their members, as part of the community organizing. Members were trained to contact their local political representatives to maintain pressure and advocate for a switch to renewable energy.^{xiii} Repower Port Augusta successfully negotiated with the local and state governments to bring in a solar thermal plant, Solar Reserve, Aurora solar thermal plant, and to tie that to a Feed-in Tariff, FIT. Repower Augusta was very successful in changing the minds of community members, bringing an alternative to the coal plants and advocating for clean energy. Not all of their efforts, however, were equally successful.

In November 2016, Gary Rowbottom was the chairperson of RePower Port Augusta, convinced that solar thermal was the future for the region. He had worked as a mechanical technical officer at the power station for 17 years. After the plants closure he was left to find work. In his submission to the Senate Inquiry, he notes:

Fifty job applications and 11 interviews later I am still looking. I find the process of trying to obtain another job very disheartening, there is not much on offer that is a proper match for my skills, experience and education as a mechanical technical officer with trade background. I have reached the point of interview a number of times but clearly have not been able to establish a compelling performance in that arena so far. I have been a little alarmed at how quickly those experiences erode self-confidence, self-worth, and sense of dignity. I feel I am letting my family down. Gary continues by saying that there must be more coordination and opportunities in place before major employers close the door.^{xiv} Five months after the closure “30 of those aren't or don't need to look for work, 28 are doing demolition work for Alinta and another 50 still need jobs.”

The submission to the Senate Inquiry from the South Australian Government as well as a report from the Australian Services Union^{xv} recommend creating a task force or specific body to manage Just Transition for the workers from decommissioned power stations and mines, their families and communities. The government never acted on this recommendation.

The Seven R's of Just Transition

This research led the Labour Education Centre to develop a framework to organize the type of assistance that workers and unions need to ensure a Just Transition, the Seven Rs. Any public money allocated to emission reduction retrofits or equipment purchases for companies should

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only be available to companies with a Just Transition program in place, endorsed by a written agreement with their union. The seven categories are:

1. Re-employment – grants that provide support for workers to transition to new jobs
2. Retirement - financial support (bridging) for workers who are close to retirement but not yet eligible for their employer pension.
3. Re-location – assistance to move a substantial distance for a new job that includes moving costs and help with the purchase of a home
4. Re-education/training – grants or assistance to learn new skills or change careers, accompanied by income support to allow the affected workers to access the programs
5. Re-deployment – different, perhaps related jobs within the same employer and/or industry
6. Rehabilitation – workers may be employed in the decommissioning or re-habilitation of the site of the plant or mine
7. Re-investment in the community – this would include both social and economic investment to insure communities are not devastated by plant closures and are able to maintain a sense of community pride. This might be investing in a worker-led community economic development strategy to re-build and re-vitalize communities after the departure of a major employer and must also include:
 - a. Support for counselling services
 - b. Services for victims of domestic abuse and/or family violence
 - c. Support for child care services to ensure that workers can access new employment, training or re-education
 - d. Income support to pay for food and cover basic expenses while displaced workers are re-training or in education programs.
 - e. Public works, recreation and/or infrastructure projects
 - f. Energy efficiency projects for homes, businesses and institutions

The seven Rs in Port Augusta – What happened to the workers?

1) Relocation of workers within the same employer

Many workers in Port Augusta had to leave the area to find commensurate employment and there was no support provided by either the company or the government.

2) Rehabilitation of the worksite

Filling decommissioning and rehabilitation jobs was handled through contracts with local companies instead of managed through an employment agreement with the former workers. Alinta contracted with an international engineering firm to handle the demolition of Northern Station. Twenty-eight of the former Alinta workers are engaged in the decommissioning and

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rehabilitation work. The decommissioning work was inadequate, causing a toxic dust clouds that affected local traffic and peoples' homes.

3) Re-employment in local area jobs

Some union members with very long service dating back to the days of public ownership may have been able to transfer into other state government jobs. There is no available data as to how many chose that path. Up to 133 workers had the right to re-enter the public sector as part of a deal made when the plant was privatized in 1999.)^{xvi}

4) Re-training for a new Profession

In addition to the payments listed in six below, the company paid an additional \$3.5 million to support workers to transition into new work through counselling and some retraining or re-certification.

5) Retirement

Gary Rowbottom states in his submission that approximately 30 workers did not intend or did not need to find work, presumably because they were able to retire. Alinta paid \$3.5 million to support workers to transition into new work, in addition to the \$75 million in entitlements and benefits.^{xvii}

6) Redundancy Payments

At Port Augusta, under the various Enterprise Agreements (union contracts) Alinta was obligated to pay out \$75 million in entitlements. This was of huge benefit to those who had been with the plant for many years or who had reached a certain age, or a combination of factors.

7) Reinvestment in Affected Communities

There is approximately 6.6 billion in total investment in renewable energy projects in South Australia, with around 36 per cent realised in regional areas.^{xviii} In raising the awareness and support for clean energy, the Port Augusta area has become a regional hub for renewable energy. Development is underway of Wind, Solar PV, Solar Thermal, and Battery Storage plus use of renewable energy for commercial food production facilities. This includes:

- SolarReserve Plant - In August 2017 (15 months after the coal plant closure and 21 months after the Leigh Creek mine closure an American company, SolarReserve, won the contract to build the plant. The state of South Australia committed to buy up to 125 MW of power at the price of \$78/ megawatt hours (7.8 cents /kilowatt hour), and the land was owned by South Australia. The Commonwealth (federal) government provided a \$110 m (Aus.) loan. About 600 jobs would have been created during the construction phase, about half local construction jobs. Preference for the construction jobs was to go to workers from the plant, many of whom were in the trades. Construction was to begin in 2018, with completion by 2020.

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However, on April 5 2019 the Liberal government of Steve Marshall announced that the \$650 (Aus.) plant would not be going ahead as SolarReserve had notified the government it was not able to secure commercial finance for the project. Critics charged that this in part was due to the new government's decision to spend \$1.3 billion to build an interconnector power line from the neighbouring state of New South Wales, whose electricity is mainly generated by coal plants. Repower Port Augusta. Dan Spencer of Repower Port Augusta stated that this decision was a huge disappointment as this was the centrepiece of the Repower Port Augusta campaign and a feed-in tariff was been negotiated. Spencer and others believe that the government favoured an interconnector to New South Wales. "They prioritised another state's "dirty coal power over South Australian renewable power". Repower Augusta had been influential in the power purchasing agreement the government committed to with Solar Reserve that was to result in a feed-in tariff (FIT). The state of South Australia committed to buy up to 125 MW of power at the price of \$78/ megawatt hours (7.8 cents /kilowatt hour), and the land was owned by South Australia. ^{xix} The cancellation of the plant also meant the end of the FIT.

- Bungola Solar Farm - Bungola Solar Farm's profile states it will create approximately 350 jobs in the Port Augusta region. A large share of these jobs will be short- term construction jobs. Bungola Solar PV farm, located 10 km northeast of Port Augusta, completed a 220MW generating station in Nov 2018. It is a joint venture between Italian power utility Enel, through its subsidiary Enel Green Power, and the Dutch Infrastructure Fund, which together invested US \$157 million.
- Port August Renewable Energy Park - Port Augusta Renewable Energy Park construction will create 250 person years of employment, with 600 workers at the height of building activities. It will have 15 to 20 ongoing operational jobs. DP Energy has development approval for the Port Augusta Renewable Energy Park. The plan is to build this on a coastal plain to the south east of the town. The project is a unique combination of wind and solar PV technology, and will generate 375MW. ^{xx, xxi}
- Sundrop Farms, a global leader in sustainable agriculture, opened its first trial facility in Port Augusta, in 2010 in partnership with Seawater Greenhouse Ltd, growing tomatoes in an arid-land horticulture operation. Sundrop opened a 20-hectare facility in Port Augusta in 2016. The Australian farm uses a desalination plant and a solar field with more than 23,000 tracking mirrors to purify saltwater into irrigation water. ^{xxii}
- A225 MW seawater pumped hydro energy storage plant now in development in Cultana, 67kms to the southwest of Port Augusta. This is a hydroelectric energy storage plant planned for the Australian Defence Force's Cultana Training Area, near the northwestern tip of the Spencer Gulf in South Australia. When complete, the scheme will be able to store 3.5 gigalitres of water to flow through turbines allowing the generation of 225MW of electricity for up to 8 hours.
- Hornsdale wind station near Jamestown SA, east of Port Augusta, lithium ion solar battery Hornsdale power pack. 129 MWh completed Nov 2017. Tesla's Eon Musk famously said that he would install the battery on time, or it would be free^{xxiii}. The installation was completed on time.

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Conclusion

Thanks to the efforts of Repower Port Augusta and others, Port Augusta is now the site of the largest solar farm in the southern hemisphere. As of September 2019, there are 13 projects in various stages of development in the Upper Spencer Gulf region. These projects not only use renewable and sustainable sources of energy, they also provide jobs. Initially the majority of jobs are in construction but solar thermal uses steam to spin a turbine, thus creating the need for at least 50 skilled workers.

Today Port Augusta is a town that has begun to rebuild and revitalize. The area is an ideal locale for diverse economic activity. The area offers excellent solar resources, high voltage transmission infrastructure connected to the National Electricity Market and a skilled workforce. While the past of Port Augusta was dim, and there is still a significant level of lung disease from the coal ash, the future is promising.

Ironically, while all this economic activity is going on, the 438 workers who lost their jobs with the closure of Northern Power Station and the transition of the local energy economy from coal to renewable found little justice. With no agency or commission put in place to assist workers with their transition it has not been possible to determine who among those workers have retired, found jobs in any of the regional renewable projects, found other jobs or moved to other regions. It was also not possible to track whether the up to 133 eligible workers who worked at the plant prior to privatization were able to get new jobs in the state public sector. If there were any such workers, they are likely the only ones who had a relatively seamless transition. The vast majority faced despair and economic loss as they muddled through. There is still toxic dust in the environment and the company's efforts at clean up and rehabilitation have been insufficient. While there is much to admire about the investment in South Australia in renewable energy, it is difficult to know how many of the former workers affected by the closures are able to enjoy this prosperity.

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Endnotes

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- ⁱⁱ IBID
- ⁱⁱⁱ Ibid, page 2
- ^{iv} Interview with Joseph Scales, Assistant Secretary for the Northern Territory and South Australia for the Australian Services Union
- ^v <https://www.change.org/p/sa-premier-jay-weatherill-demand-the-resignation-of-the-energy-minister-for-high-power-prices-causing-sa-s-jobs-crisis-and-15-000-household-power-disconnections-frequent-power-blackouts-and-the-july-2016-power-crisis/u/19904174>
- ^{vi} The Australian, March 30, 2017, Michael Owen and Meredith Booth
- ^{vii} Port Augusta Economic Growth and Investment Strategy, Regional Development Far North, April 8, 2016
- ^{viii} [Interview with Joseph Scales, Assistant Secretary for the Northern Territory and South Australia, July 5, 2018](#)
- ^{ix} <https://www.theguardian.com/environment/2018/aug/14/dirty-coal-health-fears-of-a-town-covered-in-dust-from-disused-power-station>, downloaded on October 28, 2019
- ^x Interview with Joseph Scales, Assistant Secretary for the Northern Territory and South Australia, July 5, 2018
- ^{xi} Ibid
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- ^{xiii} [Learning from Port Augusta's potential for a just transition, Australian Services Union, 2017, downloaded October 15, 2019](#)
- ^{xiv} <https://www.theguardian.com/environment/2018/jul/20/life-after-coal-the-south-australian-city-leading-the-way>, downloaded on October 24th, 2019
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- ^{xiv} <https://www.theguardian.com/commentisfree/2016/nov/21/port-augusta-can-show-the-world-what-just-transition-for-workers-looks-like5>, 2018, downloaded on October 24th, 2019
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- ^{xxi} April 2019 <http://www.rdafn.com.au/regional-economic-information-and-updates>
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