

Industry shutdowns are messy and painful: Four lessons Australia's coal sector can learn from car makers

March 25 2024, by Vigya Sharma and Julia Loginova



Credit: Unsplash/CC0 Public Domain

Shifting Australia's electricity sector to low-carbon technologies and closing coal plants is vital to tackling climate change. But such

transitions are easier said than done.

People and economies are often deeply connected to the [coal industry](#). Coal plants have often been integral to a community for decades, and closing them is a complex social process.

So how do we minimize the social and economic effects of such closures, and ensure communities and regions continue to thrive?

To answer this question, we looked to another sector that's recently undergone large-scale shutdowns: Australia's car-making industry. Our [research](#) highlights four lessons to help plan the end of the coal-fired power sector.

The huge loss of the car industry

Australia's [coal plants](#) are polluting, [aging](#) and inefficient. Closing them sooner rather than later makes sense.

But the shift is challenging. First, [renewable energy](#) must be scaled up to cover the loss of coal-fired power. Second, poorly managed closures can lead to widespread social and economic disruption.

For guidance, we can look to closures in the Australian car industry in recent decades, mostly in South Australia and Victoria. The closures were due to [economic and policy shifts](#) which made the domestic industry untenable.

The last closure occurred in October 2017, when Holden shut down its [Elizabeth plant](#) after 70 years of operations. The move led to mass [job losses](#). It also disrupted [community and social cohesion](#), leading to family breakdowns and [social and health issues](#) among workers.

Lessons for coal plant closures

Holden's closure process was not perfect. [Research](#) showed three years after the Elizabeth plant closed, many workers remained financially vulnerable. And while workers were helped into new employment as quickly as possible, this often came at the expense of quality employment, and did not meet the demand for new skills to align with emerging industries.

The Holden experience nonetheless offers lessons for the coal-fired power industry.

Both industries are male-dominated and involve a high proportion of blue-collar workers with low levels of formal education and skills training. Plants are often located in communities dominated by single-income households. The industries are a source of pride for locals and form a major part of people's social and cultural identity, often across generations.

In [our research](#), we spoke with people from various groups involved in Holden's closure process. These included the car industry and its supply chain, agencies across all levels of government, community organizations and academia.

Our research highlights four standout lessons:

1. Timing matters

The Elizabeth plant closure was a gradual process that unfolded over several years. This extended timeline allowed most workers, families and businesses to be prepared—as well as they could be—for imminent restructuring.

Holden planned a staged release of workers over three years. This prompted local and state agencies to coordinate resources, and helped workers and their families plan for the transition without experiencing immediate pressure on their social and economic well-being.

2. Try innovative solutions

Holden's "transition center", established in 2014, was a one-stop shop where employees could access a range of services and information. A local government representative told us the transition center "took care of every aspect of [the worker's] life [...] their social, their health and well-being, their finances."

With the mental health of the workers and their families in mind, for example, the center provided information about healthy eating and exercising. However, the center wasn't always on the cards. As one interviewee observed: "Although Holden's leadership wanted to make a difference, it wasn't easy to convince the company to fund the center. There was no other way [...] Government funds were not arriving soon enough and were going to be accessible only to certain employees for certain purposes. At the government's request, the center opened its doors to the whole supply chain eventually."

3. Consider families, too

When longstanding industries close, the impact is felt beyond the [worker](#). It changes family dynamics and poses risks to mental health. It also demands new skills such as financial literacy among redundant workers and families so they can better manage payouts and future investments.

Research participants told us these issues were overlooked in the early phases of Holden's closure of the Elizabeth plant. In several cases, poor

financial decision-making led to family breakdowns and bankruptcy.

However, the transition team eventually recognized the need to engage with affected families. It organized morning and afternoon tea sessions for workers' partners, and mailed financial literacy information to employees' homes.

4. Work together

In the early days of Holden's closure planning, there was limited coordination between workers and government agencies providing support services to workers and their families.

What's more, one state government expert closely involved with the transition process said agencies recognized the need for consultation with workers; however, "the translation of the messages into something that was appropriate for the scale of the transition and that responded to the specific needs and aspirations of the community was significantly lacking."

Over time, industry and governments recognized the need to coordinate efforts to engage with and assist workers and their families, to ensure the transition was as smooth as possible.

Navigating a difficult time

Like the car industry shutdowns, the closure of coal-fired power stations is likely to be messy at times—but the negative effects should be managed as well as possible.

The car industry's experience can guide governments and the private sector in how to minimize disruption for regions, communities and

workers.

This article is republished from [The Conversation](#) under a Creative Commons license. Read the [original article](#).

Provided by The Conversation

Citation: Industry shutdowns are messy and painful: Four lessons Australia's coal sector can learn from car makers (2024, March 25) retrieved 9 May 2024 from <https://techxplore.com/news/2024-03-industry-shutdowns-messy-painful-lessons.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--