

# Australia: Liddell coal power station closes, cutting jobs and raising supply concerns

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The Liddell coal-fired power station will shut down permanently this week, impacting around 140 workers and hundreds more contractors in the Hunter region of New South Wales (NSW).

The plant provided up to 10 percent of the state's electricity, sparking concern that the closure may lead to more frequent outages and drive up the already skyrocketing price of energy.

Liddell is one of five coal-fired power stations slated to close around the country by 2030. There is no rational plan to replace them, in terms of reliable energy supply, decent employment or reducing greenhouse gas emissions by the level necessary to avert catastrophic climate change.

While plant operator AGL claims there will be “no forced redundancies” at Liddell, only around two-thirds of the Liddell workforce will transfer to the nearby Bayswater facility, which currently employs around 460 workers, with the remainder retiring or leaving the industry.

While many of the individual workers employed at these power plants may be approaching retirement age, the closure will mean a sharp reduction in the number of full-time jobs available for younger workers.

According to the *Guardian*, the 100 workers transferring to Bayswater will take on duties currently performed by contractors and sub-contractors. This means that third-party and self-employed tradespeople in the region will likely not only lose work at Liddell, but at Bayswater as well.

A transfer to Bayswater is no guarantee of ongoing employment. The 2,640 megawatt coal-fired plant is slated to close by 2033. This could be brought forward, especially if AGL's cut-rate coal supply contract with Peabody's Wilpinjong mine expires in 2028 as planned. According to the *Australian Financial Review*, AGL pays just \$33 a tonne for Wilpinjong coal, barely 10 percent of the export price, as the result of a favourable arrangement struck while Liddell and Bayswater were still owned by the state.

Origin Energy's 2,880 megawatt Eraring coal-fired power station, less than 100 kilometres away, is set to be shut down in mid-2025, putting another 500 workers out of a job. The

company announced last year that the facility would close seven years earlier than previously planned.

Opened in 1973, the Liddell power station is among the oldest 1 percent of coal plants still in operation worldwide, and is AGL's largest emitter of greenhouse gasses, producing around 8 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>e) each year.

However, the closure is not motivated by concern for the environment, but the pursuit of profits, as the cost of solar and wind generation, and battery storage, declines.

AGL, Australia's largest electricity generating corporation, acquired the 50-year-old plant from the NSW government in 2014, as part of a \$1.5 billion package deal with Bayswater. Almost immediately, the company announced plans to shutter the Liddell station.

AGL's 2022 annual report makes clear that, having shed one fifth of its employees over the preceding 12 months, the company plans to further shrink its workforce as it moves towards renewable energy generation: “Our future workforce is likely to be smaller; employees will be located across a distributed network of sites.”

While the renewable energy sector employs some 30,000 workers across Australia, the bulk of these jobs are in construction, meaning they do not offer the same long-term stability as employment in a traditional power station.

The closure of Liddell and Bayswater, along with the broader transition away from coal, will have a major impact on workers in the Hunter region. According to Australian Bureau of Statistics (ABS) data, 8.2 percent of workers in the Hunter region are employed in the coal mining sector, compared with just 0.6 percent throughout NSW. 17.6 percent of Hunter workers are technicians and trades workers, almost 50 percent higher than the statewide figure, while Hunter residents are nearly twice as likely to work as machinery operators and drivers as the rest of the NSW population.

Two years after the 2017 closure of the Hazelwood coal-fired power station in Victoria's Latrobe Valley, fewer than half of the 850 participants in the state Labor government's

“worker transition scheme” had found full-time employment. This bogus scheme, hailed as a model for future shutdowns by the Construction Forestry Maritime Mining Energy Union (CFMMEU) and the Australian Council of Trade Unions (ACTU), was engineered to suppress opposition to the closure.

The role of the unions at Hazelwood should serve as a warning to Hunter Valley energy workers. AGL was lauded by the CFMMEU for announcing the Liddell and Bayswater closures early, in stark contrast with the sudden closure of Hazelwood, and the hastened shutdown of Eraring. But despite the advance notice, little has been done to make up for the shortfall of either jobs or electricity generation.

While a proposal to build a 250 megawatt battery at the Liddell site was granted planning approval in April 2022, its funding is still up in the air, with AGL saying it will make a final investment decision “probably in the second half of this year.”

A 750 megawatt gas-fired power plant being constructed at Kurri Kurri, in the Hunter, was slated to begin generating in time for the first summer season after Liddell’s closure, but has been delayed and will not come online until at least the end of 2024.

The 2,000 megawatt Snowy 2.0 hydro-electric pumped storage and generation facility has also encountered serious delays, including the collapse of major engineering contractor Clough, and will not be completed until the end of 2027, a year behind schedule.

The Australian Energy Market Operator (AEMO) is not predicting immediate supply issues following the Liddell closure, but its CEO, Daniel Westerman, warned last month that “reliability gaps” are expected to emerge from 2025.

As a result, NSW, Victoria, Queensland and South Australia are all “forecast to breach the reliability standard from 2027 onwards,” Westerman said.

Already, NSW is a net importer of electricity from the neighbouring states of Queensland and Victoria. As recently as mid-March, unseasonably warm weather forced AEMO to urgently secure emergency reserve generation in order to prevent power outages in NSW.

Energy industry consultant Matt Rennie told the *Australian Financial Review*, “change is coming faster than we have solutions ready to deal with it.” Rennie expects energy prices to increase each year for the next decade.

Late last year, the federal Labor government imposed 12-month price caps on coal and gas, claiming that this would provide “relief” for ordinary people, after retail electricity prices soared 23 percent between April and October.

In reality, these caps were aimed at protecting the profit margins of major manufacturing corporations and other

energy-intensive big businesses. The government was quick to reassure oil and gas producers that the caps would not affect exports, meaning they could continue to reap massive profits on the surging global market.

At the same time, Labor introduced its \$10 billion “Capacity Investment Scheme,” ostensibly aimed at speeding the transition to renewable energy. But the scheme is designed primarily to subsidise the profits of the energy corporations, with the taxpayer to foot the bill if revenue dips below an agreed “floor.”

In order to prevent global warming of more than 1.5 degrees above pre-industrial levels and avoid catastrophic and potentially irreversible climate change, worldwide greenhouse gas emissions need to be halved by 2030. According to the Climate Council, this would require Australia’s emissions to be cut by 75 percent.

The Labor government, however, has set a purely aspirational reduction target of 43 percent by 2030, far short of what is necessary, and zero emissions by 2050. This woefully inadequate climate policy has been enacted with the full support of the Greens and the so-called “Teal” independents. This underscores the role of all these parties as supporters of big business, who oppose any environmental action that might threaten the vast profits of the energy corporations.

Fossil fuel industries must be phased out, but workers in the mining and energy industries must not be forced to pay for the necessary transition to clean energy through the slashing of jobs.

The fight against the coming environmental catastrophe, which is already contributing to devastating “natural disasters,” including earthquakes, fires and floods, requires the mobilisation of the working class against the capitalist system, which subordinates every aspect of life to private profit, and the reorganisation of society along socialist lines. This would include providing well-paid, secure jobs, for all those workers currently working in the fossil fuel industry.



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