



Hazelwood Mine Fire  
Inquiry - Submission of  
AGL Loy Yang in Response  
to Health Improvement  
Forums of 13 and 19  
October 2015



## **INTRODUCTION**

1. AGL Loy Yang Pty Ltd (**AGL Loy Yang**) owns and operates the Loy Yang coal mine (**AGL LY Mine**) and Loy Yang A power station (**AGL LYA**) at Traralgon South, Victoria.
2. AGL Loy Yang lodged a submission to the Board of Inquiry (**Board**) in respect of paragraph 6 and 7 of the terms of reference (**ToR**) for the Hazelwood Mine Fire Inquiry on 10 August 2015 (**Submission**).
3. AGL Loy Yang representatives attended the Health Improvement Forums held on 13 and 19 October 2015, in addition to the earlier forums held on 28 September to 30 September 2015.
4. AGL Loy Yang commends the Board on the final two Health Improvement Forums, which brought together representatives from a wide range of State, regional and local organisations that are currently engaged in health service provision and community engagement in the Latrobe Valley. The forums provided unique opportunities to listen and to participate in a discussion of issues which are critical to the community within which we operate and our people live and work.
5. AGL Loy Yang appreciates this opportunity to respond to some of the issues raised during the Health Improvement Forums held on 13 and 19 October 2015.

## **SOCIAL IMPACT BONDS**

6. Both the forum on the Health Conservation Zone and Health Advocate of 13 October 2015 and the forum on Governance, Leadership and Sustainability of 19 October 2015 canvassed the idea of alternative funding models for health services, including the potential imposition of a Social Impact Bond on the coal industry in the Latrobe Valley.
7. AGL Loy Yang notes that this idea was raised in the report entitled 'Improving the Health of the People of the Latrobe Valley' by Professor Donald Campbell and Professor David Clarke (**Report**), which was commissioned by the Board of Inquiry. Professor Campbell was a participant in several forums.
8. AGL Loy Yang notes that the Report proposes the potential establishment of a Social Impact Bond scheme for public and private investment in improved health outcomes, and the linking of the production of particulate air pollution to the imposition of such a Social Impact Bond.
9. Unfortunately, the format of the workshops was such that Professors Campbell and Clarke were not examined in relation to this concept and so the specifics of how a Social Impact Bond may operate in practice has not been properly assessed, as it could have been in the event that either or both of Professor Campbell and Professor Clarke had been called to give evidence and subject to examination and cross-examination.
10. AGL Loy Yang understands the need for "thinking outside of the box" in order to address complex issues of chronic health prevention and management in the Latrobe Valley. However it notes that the EPA indicated to the Board during the Healthy Environments workshop that ambient air quality in the Latrobe Valley under normal operating circumstances (ie, when there are no bushfires burning) is "very good" and

that there is no established link between particulate emissions and impacts on community health in the Latrobe Valley. AGL Loy Yang is concerned that the Social Impact Bond may seek to link particulate emissions and health outcomes that the evidence indicates are not related. We do not think this would send an appropriate message to the community.

11. AGL Loy Yang notes that in discussions of the Social Impact Bond idea during the Governance, Leadership and Sustainability forum that Ms Peake noted that there is mixed evidence about the cost-benefit analysis of imposing social investment models. Ms Peake noted that in her opinion a social investment approach may not necessarily add value above a "driven outcomes approach". These comments raise questions about the utility and effectiveness of Social Impact Bonds in achieving improved health outcomes. This further supports our view that the Board should be very cautious about recommending that Government pursue a Social Impact Bond.

### **APOLOGY**

12. AGL Loy Yang refers to Recommendation 1 in the Report that:

The Government and Mine Operators should formally acknowledge the perception of harm to health caused by the mine fire and the operation of the mines and power stations generally, which is genuinely held by the residents of the Latrobe Valley.

13. AGL Loy Yang accepts the evidence regarding the impacts of the Hazelwood Mine Fire on the health and wellbeing of the Latrobe Valley Community. AGL Loy Yang is of the view that Recommendation 1 conflates the consequences of the mine fire, and the operation of the mines and power stations generally, when they are completely separate issues. AGL Loy Yang accepts that the question of whether there ought to be an apology given in relation the Hazelwood fire is a matter of legitimate discussion. Acknowledging community concerns, AGL Loy Yang is of the firm view that meaningful and long community engagement will provide a pathway to address local concerns, rather than a formal apology for the existence of AGL Loy Yang's assets which have long been present in the Latrobe Valley.
14. AGL Loy Yang operates the AGL LY Mine and AGL LYA in accordance with extensive environmental and health legislative frameworks (as detailed in its Submission). The perception of harm to health from ambient air quality impacts arising from the operation of the power stations and coal mines (to the extent such a perception exists) is not generally supported by the evidence, as noted by the EPA's representative in the Healthy Environments Forum. Rather than acknowledge (and so give greater weight to) a perception that is factually inaccurate, the focus of effort should be on correcting the underlying misperception.

### **CONCLUSION**

15. AGL Loy Yang acknowledges the extensive information provided to the Board and the diversity of opinion expressed on health improvement via the community consultations, written submissions, public hearings and commissioned reports. AGL Loy Yang commends the Board on collating new ideas about health improvement in the Latrobe Valley, but also notes that some proposals would require careful evaluation and close scrutiny by multiple stakeholders prior to implementation.

16. AGL Loy Yang is committed to working with the Board and community towards improved health outcomes for the Latrobe Valley and looks forward to the release of the Board's recommendations regarding health improvement in the Latrobe Valley.